A PREDICTIVE MODEL OF SPORT
SPONSORSHIP RENEWAL IN AUSTRALIA

by

Francis John Farrelly

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ABSTRACT

This thesis investigates key drivers of sponsorship renewal. Both parties in the focal relationship are examined to ensure a comprehensive assessment of the sponsorship renewal decision. The focal relationship involves sponsors and their sponsored entities, otherwise known as properties. The impact of market orientation, collaborative communication, commitment, trust, and satisfaction, are deemed critical to the sponsor's decision to renew the relationship. Consistent with recent developments in inter-firm research, satisfaction is defined in both economic and non-economic terms.

The market orientation of sponsors, and their perception of their property's market orientation, are analysed as antecedents of 1- the trust invested by sponsors in the relationship, 2- the level of commitment they exhibit and 3- both the economic and non-economic satisfaction they derive from it. Sponsor economic and non-economic satisfaction and their commitment to the relationship, are considered in this study as the ultimate drivers of the decision to renew. A sponsor's perception of a property's market orientation is measured, along with a property's self-reported level of market orientation, and a range of communication activities with the sponsor.

In this thesis an argument is presented that sponsorship, particularly in the case of large sponsorship arrangements, is a form of strategic or co-marketing alliance. This approach provides a new perspective on sponsorship as it stresses as essential the need for both parties to invest marketing and related resources to enhance their mutual satisfaction and long term association.

The results show that a sponsor's market orientation has a strong bearing on their level of trust and commitment, whereas a sponsor's perception of the property's market orientation influences sponsor trust, but not their commitment to the relationship. In turn, however, a sponsor's trust influences both economic and non-economic satisfaction. Commitment has a strong impact on economic satisfaction, but little influence on non-economic satisfaction. Indeed, commitment appears to be the most significant predictor of the decision to renew, whereas neither economic nor
non-economic satisfaction had a significant impact on the decision to renew. Property market orientation does not drive their collaborative communication efforts with their sponsors and, perhaps not surprisingly, these communication efforts have little impact on how a property's level of market orientation is perceived by the sponsor.

By selecting the leading sponsorship property in Australia, the Australian Football League (AFL), as a context for the empirical part of this thesis, a majority of key Australian sponsors were investigated allowing the author to draw managerial implications of direct relevance to other sponsors and properties aiming to secure long lasting sponsorship relationships.
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STATEMENT OF DECLARATION

This thesis contains no material which has been accepted for the award of any other degree or diploma in any university and that, to the best of my knowledge and belief, the thesis contains no material previously published or written by another person, except when due reference is made in the text of the thesis. I give consent to this copy of my thesis, when deposited in the University Library, being available for loan and photocopying.

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Name of candidate
PUBLICATIONS

The following publications have significantly influenced the research presented in this thesis, and include aspects of the material and results presented herein.


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CHAPTER ONE

INTRODUCTION

1.0 Background

Despite an increasing academic interest in the area of Relationship Marketing on the one hand and Sponsorship on the other, little research has considered sponsorship from this emerging perspective. Notable exceptions include papers by Cousens and Slack (1996) and Cousens, Babiak and Slack (2001), who used the relationship marketing framework to examine particular relationships deemed important in the sports industry, including those linking professional sports properties with broadcasters, sponsors, and merchandising and licensing firms.

The alliance between the focal partners in the sponsorship relationship, namely the sponsors and sponsored properties, clearly reflects the type of long-term business-to-business relationship from which the relationship marketing paradigm has evolved. Whilst conceptual research by Farrelly, Quester and Smolianov (1998) and Olkkonen (2001) have helped articulate the broader network of relationships that can impact the sponsorship alliance, the need for empirical research examining sponsorship from a relational perspective has been identified by numerous authors (refer Cousens and Slack, 1996; McDonald and Milne, 1997; Olkkonen, 2001).

In the case of the sponsorship relationship, there is very little that can be described as a single, discrete ‘exchange’. The sponsorship association involves a series of interactions and inter-relationships. Once the sponsorship fee passes from the sponsor to the sponsored firm, the ‘exchange’ becomes far less easily defined. It encapsulates many exchange processes that can happen simultaneously, or can only be performed over time. It involves value generation in many forms, including that associated with achieving the type of objectives typically associated with sponsorship.
It may even involve less apparent benefits including the sharing of commercial wisdom, experience, creativity, and skills.

Recent trends in the Australian marketplace highlight the need to apply relationship marketing thinking to the sponsorship context. In the past, Australian sport sponsors have tended to transfer their sponsorship arrangements from one sport to another more frequently than their US and European counterparts (Pritchard, 2001). One reason for this switching behaviour appears to be a failure on the part of the sponsored entity, thereafter referred to as 'the property', to contribute effectively to the ongoing development of the relationship (Burbury, 2001; Pritchard, 2001). Compounding the problem is the fact that optimal value from the sponsorship investment is typically only realised in the medium to long term (Wright, 1988; Crimmins and Horn, 1996; Pritchard, 2001).

Sheth and Parvatiyar (1995) state that relationship marketing is “the understanding, explanation and management of the on-going collaborative business relationship between suppliers and customers” (p. 2). With this in mind, the application of relationship marketing to sponsorship should contribute to the articulation of critical relational bonds, such as trust and commitment, and to an understanding of how they impact the collaborative interplay between the sponsor and the property, for the achievement of long-term mutual gain.

1.1 The Context of the Study

The dyadic relationship, or more particularly a strategic alliance between two firms, is the unit of analysis in this study. Sponsorship, as a form of co-marketing alliance, is the industrial setting and the study aims to develop a predictive model of sport sponsorship renewal in Australia. The sponsorship alliance is viewed as a dynamic, evolving relationship. Market orientation, collaborative communication, commitment, trust and satisfaction, are postulated to grow in a mutually reinforcing way, and are considered crucial factors in the strategic decision to renew a business-to-business relationship, in this case sponsorship. They also are thought to have a direct bearing on commercial success by influencing the effectiveness of inter-firm interaction, and partner propensity to invest resources to generate favourable returns.
The importance of studying alliances is highlighted when one considers the large proportion that fail (Blecke and Ernst, 1993). Industry observers have noted that most alliances fall short of expectations. Some of these failures have been attributed to changes in business conditions, many are said to be a consequence of inappropriate partner selection, while others are thought to occur because partners fail to develop dedicated structures and processes (Kale, Dyer and Singh, 2001). However alliances can provide great commercial benefit as documented in the literature. Such benefits are secured through the synergistic blending of resources that extend firm boundaries (Dev and Klein, 1996; Oliver, 1997; Dyer and Singh, 1998).

The study is significant for a number of reasons. First, it clarifies and measures the impact of market orientation, collaborative communication, commitment, trust and satisfaction, in the sponsorship context. This is important, given the paucity of dyadic research in the business-to-business or marketing channels literature, and a complete lack of dyadic research, conceptual or empirical, into the workings of the focal sponsorship relationship between the sponsor and the property.

It is also significant that the dyad is the unit of analysis in this study. The channels literature reveals that the majority of empirical research considers the view of either one or the other party in the dyadic relationship, either the manufacturer or supplier, or the distributor or retailer. A similar problem exists in the sponsorship literature. Almost all research focuses on the view of the sponsor (Meenaghan and Shipley, 1999) even though the resource input, and an understanding of the views of both parties, are thought to be critical to the success of the relationship, and to a deeper understanding of the relationship (Meenaghan, 1998a). To the author’s knowledge, a dyadic study has not been carried in the sponsorship literature.

Third, after an extensive review of the literature, it appears that this research is the first attempt (whether from a dyadic or single partner perspective) to explore the impact of market orientation on key relationship constructs in the sponsorship context. Moreover, the research is considered timely given the increasing use of sponsorship as a platform on which an entire brand (and sometimes corporate) positioning is based (Cornwell, 1995).

In this thesis, the concept of value is introduced to structure the literature review, and to better understand how market orientation impacts partner perceptions,
including how market orientation drives commitment and trust in the specific research context. It is also used to develop a more complete understanding of the nature and impact of satisfaction in the sponsorship relationship. The value generated from a business-to-business relationship is viewed as a multi-dimensional concept. It comprises measurable gains achieved from past activity such as an increase in brand equity as the result of a sponsorship association, and, it serves as a diagnostic cue to determine which resources offer the best prospects for future profit. The prospect of value in the future is also critically important as it is directly linked to the likelihood of renewal. This approach also helps focus the research on critical marketing decision issues and facilitates the articulation of extensive sponsorship management implications.

1.2 Defining Key Relationship Constructs in the Sponsorship Context

A firm develops a market orientation in order to build relevance into the products and services it offers its customers. In this pursuit, a market orientation serves as the prerequisite to the formulation of effective competitive response and innovation. Effective competitive response typically results from the generation and internal dissemination of pertinent market information, and innovation requires substantial consumer knowledge as well as a thorough appreciation of company resources and capabilities (Varadarajan and Jayachandran, 1999). A firm nurtures its market orientation to ensure the continuous assessment of its customers’ needs (Deshpandé and Farley, 1998b), the early detection of shifts in the marketplace, and to prompt introspection and realignment of marketing strategies and activities when required.

This thesis contends that a market-oriented sponsor or property are better equipped to understand the dynamics of a consumer market (and corporate culture) different to their own core business. Market-oriented sponsorship partners are thought to stand a far greater chance of succeeding in the critically important brand alignment efforts (based on image complementarity between property and sponsor brand), often required to achieve sponsorship objectives. The ‘market learning’ processes derived from such an orientation is also thought to benefit the sponsorship resource blending process generally.
A market-oriented property should not only seek information to understand audience needs but, by definition, should seek and respond to information from a range of key target groups including the media, agents, and competitors. Such information, if effectively communicated to the sponsor, should encourage them to form favourable impressions about the marketing competency of the property. For example, a market-oriented property would be likely to communicate more regularly with the sponsor since market-oriented activities necessitate such communication.

Based on the empirical evidence provided by Siguaw, Simpson and Bakers’ (1998) results, a property’s actual market orientation would be expected to influence their sponsor’s perceptions. However, industry evidence suggests that collaborative communication may be critical for a sponsor to develop a favourable impression of a property’s market orientation (Burbury, 2001). This may occur for a number of reasons.

First, the level of market orientation exhibited by a firm in relation to its core business may not carry over into its sponsorship activities; particularly as effective sponsorship practice has lagged behind general marketing practice (Farrelly and Quester, 1999). Second, properties have been inactive in the relationship and sponsorship has often received scant attention relative to pursuits more directly related to the properties core business (ie. fans, spectators etc). Sponsors have often been almost solely responsible for putting measures in place to activate the sponsorship in order to achieve its objectives (Farrelly and Quester, 1999; Pritchard, 2001; Skildum-Reid, 2001). Finally, the respective organisational cultures of focal partners may be markedly different (eg. a large financial institution and a football club), requiring concerted efforts at communication in order to establish marketing capabilities, opportunities, and the type of processes that could be activated to exploit these capabilities and opportunities. For this reason, collaborative communication construct must be examined in this study.

_Collaborative communication_, as conceptualised by Mohr, Fisher and Nevin (1996), comprises a combination of relationship building communication attributes. These include frequency, bi-directionality, formality, and influence activities. By highlighting shared interests and common goals, collaborative communication is postulated to generate volitional compliance between partners and thus bolster
relationship performance (Mohr et al., 1996). Each of the four dimensions of collaborative communication are evaluated in this research.

*Commitment* refers to an orientation signalled by specific intentions and behaviours purposefully activated to achieve value for both parties over the long term. In this study the focus is on commitment-related behaviours (consistent with the interpretation of market orientation), since it is those commitment behaviours and associated outcomes that ultimately sustain the relationship. Anderson and Weitz (1992) conceptualised commitment as a preparedness to act (i.e. sacrifice through investment of relationship specific resources) to generate positive commercial return over the long term. Commitment is defined as “*a willingness by the parties involved in the sponsorship dyad to make short-term investments with the expectation of realising long-term benefits from the relationship*”. The ‘desire to develop a stable relationship’, and the ‘confidence in the stability of the relationship’, both issues emphasised by Anderson and Weitz (1992), are implicit in the ‘expectation of realising long term benefits’.

In the sponsorship context, commitment typically takes the form of additional investments and comprises essentially leveraging activities. These include the allocation of additional resources (over and above the initial rights fees) in order to promote the brand association. Leveraging may encompass magazine, television, and newspaper advertising, as well as direct marketing using property databases, client entertainment, licensing and merchandising, in-store displays, sampling, and incentives. The importance of leveraging sponsorship is repeatedly emphasised in the literature (Burton, 1996; Cornwell, 1997) and the positive effects of leveraging on performance have been demonstrated empirically (Quoster and Farrelly, 1998; Cornwell, Roy and Steinard, 2001; Quoster and Thompson, 2001).

Commitment signals both parties’ strategic intent, including whether there is a long-term focus. Optimal benefits of sponsorship are achieved cumulatively, that is, when the arrangement has been in place for a number of years and the association has become embedded in the minds of key stakeholders.

Another central relationship construct, *Trust* has been referred to as “the cornerstone of the strategic partnership” (Spekman, 1988, p. 79), and its positive moderating effects on relationship planning, investment, satisfaction and
performance, have been reported in many business-to-business relationship studies (eg. Anderson, 1990; Moorman, 1992; Morgan, 1994; Zaheer, 1995; Selnes, 1998). Conceptually, trust is viewed in this study as a construct encompassing a cognitive element (based on credibility and task reliability) and a strong affective element (based on benevolence and goodwill).

Trust is thought to develop mostly through actions that highlight personal values deemed important to parties in the sponsorship dyad. A relationship partner is thought to draw on a multiplicity of factors prior to bestowing trust, but particularly those processes that fortify personal relations between sponsorship partners including open communication and the exchange of vital information (Mohr et al., 1996). Cementing trust in the sponsorship exchange is significant in that it may pre-condition the exchange of sensitive information vital to the formulation of sponsorship objectives. Trust in the relationship may also serve to reassure a sponsor that the association is worthwhile, and that the property has done its utmost to ensure success. This may be critical given the difficulties in accurately assess sponsorship economic outcomes, as it can be impossible to isolate its effects from other marketing activities.

Channel member satisfaction is consistently referred to as a positive affective state derived from the appraisal of all aspects of a firm's working relationship with another firm (eg. Gaski and John, 1985). This study furthers an emergent theme in the literature and deconstructs the concept of satisfaction into two dimensions, economic and non-economic satisfaction. Geyskens, Steenkamp and Kumar (1999) conclude that the differences between ‘economic’ and ‘non-economic’ satisfaction are significant, and should be addressed in business-to-business research to advance the understanding of the construct.

1.3 Examining Key Relationship Constructs in the Sponsorship Context

The model developed in this thesis (cited in chapter four) indicates that the sponsor’s perceptions of the property’s market orientation are the antecedent to sponsor trust in, and commitment to, the relationship. Market-oriented behaviours are tangible evidence of the partners’ capacity to achieve objectives, particularly economic outcomes. As a result they stimulate the confidence to invest further to leverage the relationship, and deepen commitment to the relationship. Similarly, the
sponsor's own market orientation is an antecedent to their trust and commitment in the sponsorship relationship.

The properties market orientation will also heighten their credibility in the eyes of the sponsors. This may also lead sponsors to place their trust in the property. Similarly, the open communication that stems from market-oriented behaviours should induce sponsor's trust in the relationship. Hence, the market orientation of both parties potentially effect the relationship, either directly in the case of the sponsor, or indirectly via sponsor's perception of the property. It is also thought that sponsor's trust in the relationship will stimulate risk taking and the willingness to commit additional resources to leverage the relationship.

Commitment, which in the sponsorship context relates mostly to the leveraging investment, should have a direct effect on economic satisfaction ie. satisfaction with commercial results. Trust, on the other hand, is thought to have a direct effect on psychosocial forces that shape process satisfaction, and is less directly connected to economic goals. Both economic and non-economic satisfaction are thought to influence the intention to renew.

The sponsor's perception of the property's market orientation is ascertained according to the level of collaborative communication between sponsor and property. In other words, the property's market-oriented actions stimulate collaborative communication, which in turn influences the sponsor's opinion of the property's market orientation. This opinion may encompass an assessment of mutually beneficial resource investments that determine sponsorship value.

1.4 Outline of the thesis

1.4.1 Chapter One

Chapter one provides an introduction and background to the research.

1.4.2 Chapter Two

Chapter two reviews the literature concerning the importance of value in business-to-business relationships. Key developments in the research on value in dyadic relationships are reviewed by focusing on the microeconomic and social,
behaviourist perspectives. Inter-relationship bonds and the moderating effect they exert on the development of the relationship are examined and defined in the context of this study. These variables include commitment, trust, and satisfaction. Antecedents to these variables are explored including market orientation and communication. The impact of the antecedents and the benefits of these bonds are reviewed.

1.4.3 Chapter Three

Chapter three constitutes the second part of the literature review, and specifically examines the sponsorship literature from a relationship marketing perspective. The focal sponsorship relationship is evaluated from an alliance perspective and the dimensions of the alliance are established. Sponsorship value is considered from a competitive advantage perspective, drawing on the resource based view of the firm. Factors that impact sponsorship value are discussed and key resource requirements are examined.

1.4.4 Chapter Four

Chapter four formalises the conceptual framework derived from the literature review of the previous two chapters to explain why the relational forces represented in the proposed models are thought to drive the sponsorship renewal decision. A rationale to explain the role of market orientation and communication as antecedents to the intention to renew is articulated. The proposed effect of the moderating variables (trust, commitment and satisfaction) is also outlined, and formal hypotheses are presented.

1.4.5 Chapter Five

Chapter five describes the methodology used for collecting the data necessary to test the model and to establish the critical determinants of sponsorship renewal. The chapter includes a background on the sample and the procedures used to administer the questionnaire. Important issues relating to the research instrument, operationalisation of the constructs, an examination of their reliability and validity, and questionnaire design are also examined.
1.4.6 Chapter Six

In this chapter we examine the models and test the hypothesis developed in chapter four in relation to each of the relationships between the constructs leading to the intention to renew. The moderating effects of commitment, trust and satisfaction are considered. The effects of the moderator variables on the relationships between the antecedents and the intention to renew are examined.

1.4.7 Chapter Seven

This chapter discusses key findings and highlights related managerial implications. The theoretical and methodological contributions to academic knowledge are noted, and the limitations of the study and the opportunities for future research are also detailed.
CHAPTER TWO

KEY CONCEPTS IN BUSINESS TO BUSINESS RELATIONSHIPS

2.0 Introduction

A commercial alliance is a dynamic and evolving relationship where each value exchange is a forerunner to the next. Consistent with the opinions of prominent researchers (Bhattacharya et al., 1998; Rousseau et al., 1998), and empirical findings (Anderson and Weitz, 1992; Mohr and Spekman, 1994; Morgan and Hunt, 1994; Gulati, 1995; Gundlach et al., 1995; Andaleeb, 1996; Siguaw et al., 1998), market orientation, commitment, trust and satisfaction, are recognised as crucial ingredients for successful long-term alliances. This study posits that market orientation, commitment, trust and satisfaction, occur in an iterative fashion. They often grow in a mutually reinforcing way and are crucial factors in the strategic decision to renew business-to-business relationships.

This chapter highlights the significance of commitment, trust and satisfaction to the renewal of the dyadic relationship. The concept of value is used as a means to distinguish between commitment, trust and key dimensions of satisfaction, as well as establish linkages between these and other key concepts emphasised in the literature, including market orientation. The inclusion of value enables a better understanding of cause and effect in the business-to-business alliance, and enhances the degree of managerial insight afforded by this research. The term's 'relationship', 'partnership', and 'alliance' are used interchangeably throughout the following chapters. It is also important to note that while these constructs are reviewed in terms of whether they are or not present, the reality is that they would occur with varying intensity in different relationships.
2.1 The Importance of Value in the Study of Key Relationship Constructs

An understanding of how value is developed in an alliance, and how it impacts critical business-to-business relationship constructs such as commitment, trust and satisfaction, is lacking in the marketing literature (Barber, 1983; Gundlach et al., 1995; Hosmer et al., 1995; Ulaga, 2001). This is surprising given that value both underpins the motivation for building an alliance and represents its outcome (Anderson and Narus, 1991). Research examining marketing decision making that leads to the generation of value and commitment and trust (and to a lesser extent satisfaction), is needed to help managers develop successful relationships. A notable exception to this lack of research is the work of Baker, Simpson and Sigauw (1999), and Sigauw, Simpson and Baker (1998), which focus on market orientation and its effect on various relationship constructs, including trust and satisfaction. (This research is considered in detail at appropriate points in the thesis).

Commitment, trust and satisfaction can be nurtured through purposeful marketing actions, hence this research aims to identify the value-producing resources and processes that enhance commitment, and increase the level of trust and satisfaction within the relationship. Importantly, the concept of value is introduced to guide the literature review and to better understand what drives commitment and trust in the specific research context. It is also used to develop a more complete understanding of the dimensions and impact of satisfaction within the relationship.

Selnes (1998) points out that development of buyer-seller relationships can be understood as a sequence of decisions that buyers make regarding whether they should enter a relationship, continue a relationship, or enhance the scope of a relationship. The focus here is on the critical ‘value’ inputs to this decision as well as associated expectations and outcomes. A focus on value contributes to uncovering these factors in a particular industrial context.

The value generated from a relationship is viewed as a multi-dimensional concept. First, value comprises measurable gains achieved from past activity, for example, an increase in brand equity. Second, it can also be viewed as a diagnostic cue to help determine which resources offer the best prospects for future profit and to
determine the attractiveness of additional investment based on the likelihood of future profit. The prospect of value in the future is important and central to the preparedness to commit resources, and to satisfaction derived from economic outcomes. In this sense value also relates directly to the future stability of the relationship, including expectations of future profit. The approach adopted in this sense is similar to that adopted by Woodruff (1997) who also emphasised the multi-faceted nature of value. Both attributes and consequence of value make up the perceptions held by partners in a commercial relationship. It is also important to note that value, as treated in this thesis, is distinct from the personal values and value systems that guide individual behaviour and are commonly associated with the generalised experience of trust and the propensity to trust (Rokeach, 1973; Olson and Zanna, 1993; Mayer et al., 1995).

The opportunity to generate value - the basis on which a commitment is typically made - may reside in the market-oriented capabilities of a firm, including the ability to research the marketplace and seize opportunities. An example of a business-to-business opportunity may include aligning a firm’s brand with the successful brand of another firm. It may also derive from co-marketing alliances that bring media access, additional financial resources, or new distribution channels.

This approach to understanding value differs from the interpretation of other researchers such as Wilson (1995) who consider value singularly as an outcome of the collaborative relationship. The interpretation of value utilised in this thesis more closely resembles that adopted by resource-based competitive advantage (RBCA) theorists. RBCA theorists believe that value needs to be understood to establish the worth of an outcome (e.g. how valuable a relationship is to date), and (significantly) to distinguish the quality of a resource before it is manipulated in an effort to achieve a competitive advantage. The importance of RBCA theory is discussed further in the next chapter.

Anderson and Narus (1991) refer to value as "the perceived worth in monetary terms of the economic, technical, service, and social benefits received by a customer firm in exchange for the price paid for a product offering" (p. 98). Importantly, they concentrate on the costs and benefits incurred by the customer in both economic and social terms. They do not, however, explicitly include future benefits that might accrue from the relationship. On the other hand, Walton (1982) refers to the
accounting value of a relationship and defines it as the net present value (NPV) of the cash benefits accruing from current and future transactions. In this approach, the value of a relationship is determined by the extent to which it provides future cash flow benefits and the discount rate used to determine their present worth.

Value, as conceptualised in this thesis, comprises elements of both these definitions by considering benefits (instead of cash flow) attributed to commercial and particularly marketing-related outcomes in the light of current and future expectations. Relationship value, as a future-oriented measure of performance, contrasts with some of the more commonly used measurements of relationship performance such as market share, profit, sales, or return on investment (ROI). The literature is replete with the use of such measures, despite the fact that they are derived from past outcomes, which, in an ever-changing competitive landscape, offer limited guidance for the future. Financial measures may also be inadequate because they disregard intangible resources and people-based skills, elements fundamental to competitive advantage, and offer limited guidance for the development of marketing strategies.

Value is defined in this study as “the totality of relationship resources and outcomes (tangible and intangible) that contribute directly to the perceived net economic worth of the life of the marketing alliance”. This definition of value is an adaptation of that proposed by Bechtel (1998). Bechtel (1998) focused on the concept of value with other relationship constructs as secondary considerations. Value is considered as a means to better understand the impact of other key relationship constructs, ie. market orientation, commitment, trust and satisfaction. Value is used in the determination of those marketing factors deemed critical to a particular relationship context, and to fully understand the impact of value generation (or potential value generation) on key relationship attributes and outcomes, including the intention to renew. Consistent with the approach proposed by Simpson, Siguaw, and Baker (2001), a distinction is made between the economic and psychosocial value derived from an alliance, however in the study greater attention is focused on understanding those value producing behaviours that directly impact the economic worth of the relationship.
A similar approach to defining value has been discussed by Raval and Gronroos (1996), who state that the clearest and most appropriate definition of value is found in the pricing literature. They cite Monroe (1991) who defines customer-perceived value as the ratio between perceived benefits and perceived sacrifice. "Customer-perceived value is a function of Perceived benefits/Perceived sacrifice" (p.18). Monroe's (1991) definition clearly places value in an economic context, and, consistent with this study, distinguishes it from personal values, and compares inputs and outcomes. While Monroe's interpretation is mostly discussed in relation to consumer markets, it appears equally relevant in the business-to-business context.

Simpson et al. (2001) have recently proposed a model of value creation to assess supplier behaviours and their impact on reseller-perceived value. A critical element of their framework is supplier market orientation. Supplier market-oriented behaviours are conceptualised as significant factors in determining supplier value-creating activities. Such behaviours are thought to significantly reduce reseller costs, and to bolster reseller financial performance, and reseller-perceived value creation within the channel relationship. This outcome is also thought to improve reseller-perceived value, which serves to positively reinforce reseller commitment, cooperation, and satisfaction.

Further confirming the importance of focusing attention on value to better understand business-to-business relationship dynamics, Raval and Gronroos (1996) have noted that the concept of value has received only limited attention in the marketing literature. Ford, McDowell, and Tomkins (1998), suggest that despite two decades of business-to-business research, "there has been a lack of attention in relationships research work to concepts of value definition which individual companies can interpret easily at more than a binary (presence versus absence) level" (p.79). Along similar lines, Anderson (1995) suggests that specifying how value is determined has seldom been a point of focus in the research on business-to-business relationships.

In a recent special edition on Customer Value in Business Markets in Industrial Marketing Management, the editor noted in the agenda for future inquiry, "it is still not clear how customer value interacts with related marketing variables. What are its antecedents and consequences? How does value relate to constructs such
as quality, trust, commitment, satisfaction, and loyalty" (Ulaga, 2001, p318). In the same edition, Simpson et al. (2001), note that almost no research has been conducted which examines how value is created for channel partners or its consequences, and while this tends to overlook the contributions of research such as Anderson and Weitz (1992), it is clear that research on inter-firm relationships that uses value as a platform for analysis is very limited.

In this study therefore, we propose to investigate value in terms of its generation (through market orientation behaviours), its impact (trust, commitment and satisfaction), and key outcomes (including the intention to renew), in the case of a specific and increasingly important type of marketing alliance: sponsorship. This approach helps, overall, to integrate the literature review, to sharpen the focus on critical marketing decision issues, and enables the development of extensive managerial implications.

The next section considers two prominent interpretations of value discussed in the literature.

2.2 The Origins of Value in the Interorganisational Relationship Literature

Stern and Reeve (1980) highlight the contribution of the marketing channels literature to the present understanding of inter-organisational relationship dynamics. They also note that the marketing channel literature has drawn from the microeconomic, managerial and social paradigms. The microeconomic view, the response to the microeconomic view, including the managerial and social view, and the importance of value, are considered in the following sections.

2.2.1 The Microeconomic Interpretation of Value in the Dyad Relationship

Early analysis of the dynamics of business-to-business relationships featured an economic cost-based representation of relationship worth, and a short-term relationship horizon (Williamson, 1979). Value was mostly evaluated in cost reduction terms (or costs associated with safeguarding relationships) with little attention to the service, mutual brand equity or social benefits that could be derived from the association. Production and exchange transaction efficiency were key
underlying determinants and the decision to involve an external commercial party was often determined on the basis of economies of scale (Mallen, 1963). A fundamentally microeconomic paradigm, its origins have been attributed to the research of Baligh and Richartz (1967) and Bucklin (1970), and Williamson's (1975) Transaction Cost Analysis (TCA).

Of these early theories, TCA is the most categorical in a determination of why firms form relationships. As such it has been the subject of some criticism and divided opinion. Some researchers have gone so far as to challenge its effectiveness in any capacity (Ghoshal and Moran, 1996), while others suggest that such criticism fails to recognise the depth of its contribution, citing only the earliest theories without consideration of more recent developments (Heide and Rindfleisch, 1997). Others suggest that TCA has been a rich source of theoretical insights into cooperative behaviour. Quoting Heide (Heide, 1994) and Tallman (1991), Varadarajan and Jayachandran (1999) rightly confirm that both transaction cost and resource dependency are foundation concepts of a theory of structure and governance, rather than of relationship strategy.

Production efficiencies and transaction cost minimisation are analysed as a predominant mode of governance in TCA theory. A major assumption is that parties in an exchange are opportunistic and firm behaviour is designed to protect transaction specific assets from the other's opportunism (Williamson, 1975; Williamson, 1979; Williamson, 1985). The singular transaction episode is the basic unit of reference, and this is in itself considered a major limitation as this fails to consider organisations that work with each other on an ongoing basis and prosper accordingly (Ring and Van de Ven, 1992; Zajac and Olsen, 1992; Gulati, 1995).

Other weaknesses are said to lie in the overemphasis on authority through contractual control (Fisher and Brown, 1988), and subsequent failure to assess key relationship attributes such as interdependence, trust (Lorenz, 1988) and commitment (Achrol et al., 1983). However, more recent work in TCA theory (eg. Williamson, 1991a; Williamson, 1996) does suggest that firms can safeguard their specific assets through a wide range of hybrid governance mechanisms, such as pledges and bilateral contracting.
The assumption of opportunism has been criticised as not representative of many relationships, particularly those characterised by high levels of commitment and trust, where opportunism is of less concern. This is said to highlight that other factors drive firm behaviour (Weitz and Jap, 1995), and that relationships with significant commitment and trust can actually limit the transaction costs associated with alliances (Marsden, 1981; Granovetter, 1985).

It is important to note that the criticism levelled at TCA theory appears to have as much to do with the perspective and point of focus adopted, than with any major flaws in the research itself. TCA theory does not posit that other relationship factors, such as trust and commitment, are unimportant to relationship performance. Rather, it concentrates on particular economic motivations and behaviours as a means of relationship control and value generation. TCA theory suggests that relationship specific investments stabilise relationships by altering the firm's incentive structure (Williamson, 1979). Firms become more committed to relationships because they stand to lose their investments if they fail to do so. An alternate perspective explored in this study is that relationship-specific investments are made to increase relationship value which in turn propels opportunities, commitment, trust, satisfaction and so on.

A number of the TCA views have been proven empirically and on different levels. As an example, early TCA work found that a firm generally seeks to minimise its transaction costs through vertical integration (as a means of greater control) when faced with the need to safeguard specific assets invested in an exchange relationship (Williamson, 1985). Since then numerous studies have shown that vertical integration as a safeguard for specific assets during foreign market entry, is related positively to the need for higher levels of control in foreign markets (Anderson and Coughlan, 1987; Gatignon and Anderson, 1988; Frazier and Roth, 1990; Klein and Roth, 1990). When Pilling and Zhand (1992) studied exchange relationships based on the TCA framework, they concluded, consistent with the propositions of Williamson (1985), that higher asset specificity serves to maintain an exchange relationship and that investments dedicated to the relationship can provide a motive for partners to further the relationship.

TCA continues to receive attention in the literature as a way of analysing strategic alliance structures (Parkhe, 1993). It has also influenced research where the
need to protect transaction-specific assets is posited as driving the relationship (Heide and John, 1988; Heide and John, 1990; Noordewier et al., 1990; Heide, 1994). There is strong evidence of the influence of TCA thinking in the writings of other prominent management researchers including Hamel (1989) and Hamel and Prahalad (1994). They emphasise the need for controlling the flow of information so that the other side is not privy to unintended information. Their emphasis on preventative measures as a means of gaining relationship control, is at odds with the notions of commitment and trust noted by Gundlach, (1995), Rousseau et al. (1998), Lewis (1990), Gulati (1992) and Barber (1983).

Value resources and outcomes and their influence on strategic marketing decision making in dyadic relationships are not adequately considered in TCA theory. TCA views trust and commitment principally as a means to protect relationship specific assets. This study views commitment, trust, and satisfaction as a means by which firms maximise the value derived from important relationship specific assets. This approach seeks to illuminate how value affects firm behaviour in collaborative relationships and in doing so, offer insight for strategy and implementation.

2.2.2 The Response to the Microeconomic Approach

Responses to the microeconomic approach spawned new ways of looking at interpersonal business relationships. The concept of ‘mutually shared alliances’, first examined by Gulati (1992), is a useful description of the body of work that evolved out of the TCA approach. In mutually shared alliances, value is not assessed based on single transactions, but rather, according to gains achieved through mutual input and effort, derived from combining resources, strategies and actions greater than that achieved from protecting against opportunism or cost minimisation. Gulati (1992) note that trust, generosity, feedback and repair, should be the guiding principles of an alliance.

The dyad-planning horizon is distinguished according to the economic-based (short term) paradigm and a mutually shared (long-term) paradigm. Lorenz (1988) proposes that the key in partnerships is to sacrifice short-term gains for the long-term value that stems from mutual cooperation. While the short term economic view does not consider the role of trust in co-operative buyer-supplier relationships in any depth
(ie. beyond a calculative definition), the long term view supports the notion that trust is fundamental to the longevity of a mutually-shared alliance, and provides the means of minimising transaction costs and maximising transaction value over time. For example, Lorenz (1988) emphasises that the presence of trust can mitigate the need for drafting comprehensive contingency agreements and, in doing so, reduces transaction costs. Madhok (1995) argues that managing opportunism and relying on trust are two alternative approaches to managing joint ventures.

Trust can be a major force in the maintenance of long term relationships. It can be an ideal counter force to opportunism and has been shown to engender the development of social bonds over time (Campbell, 1994) and to limit transaction costs in an alliance (Marsden, 1981; Granovetter, 1985; Granovetter, 1992). Numerous researchers emphasise the benefits of long term relationships and note the favourable positional and financial outcomes that can result from them (Varadarajan, 1986; Bucklin and Sengupta, 1993; Gundlach et al., 1995).

Anderson and Weitz (1992) demonstrated empirically the importance of commitment. They extend on the research of Dwyer, Schurr, and Oh (1987) and Lorenz (1988) and define commitment as the willingness to make short term sacrifices for long term benefits. Anderson and Weitz (1992) looked at the distributor's perception of commitment from the manufacturer's perspective and found commitment to involve a never-ending cycle of reinforcing actions that stem from various types of relationship pledges.

A different perspective to the microeconomic approach, the social interpretation of value in business-to-business relationships, is discussed below.

### 2.2.3 The Social Interpretation of Value in the Dyad

Thibaut and Kelly (1959), in their Theory of Interpersonal Relations and Group Functioning, provided a theoretical platform for a more complete understanding of the determinants of successful dyadic relationship. They provide valuable insight on the social dimensions of business-to-business relationships, and so provide a balance to the economic view of the TCA theorists. Taking a social, behaviourist perspective, they presented a theory based on the interaction of groups, and posited that predictable outcomes would result from the input that a group
receives from their complementary partner. The authors’ theoretical work focussed primarily on the interaction of dyadic relationships, which allowed them to exclude multiple group interactions and resultant complexities and complications (Anderson and Narus, 1984).

Further development of the Theory of Interpersonal Relations led to its re-designation as the now more widely noted nomenclature - The Social Exchange Theory. The Social Exchange Theory uncovered numerous ideas to help explain action and reaction in dyadic relationships. The influence of power in relationships is particularly evident in this paradigm. Thibaut and Kelly (1959) suggested that while promises of rewards have the potential to alter the actions of the receiving group, this is contingent on whether those offering the inducements are perceived by the prospective receiver as possessing the necessary power to deliver the said reward. The input/output considerations, and the understanding of power within the relationship, have made a smooth transition from sociological study to commercial research and application.

The diffusion of Social Exchange Theory into the business literature, particularly with respect to the distributor-manufacturer partnership, became apparent in the literature in the late 1960's, most significantly through the work of Stern (1969). It gathered momentum during the 1970's and continues to influence on dyadic research to the present day (El Ansary and Stern, 1972; Pfeffer and Salancik, 1978; Kasulis et al., 1979; Stern and Reve, 1980; Ganesan, 1994; Morgan and Hunt, 1994).

Five other theoretical developments that build on Social Exchange Theory, constitute significant contributions to the examination of the dyadic relationship, and are drawn upon at various points in this thesis. These are, “the use of pledges to build and sustain commitment in distribution channels dyads” (Anderson and Weitz, 1992); “the structure of commitment in exchange” (Gundlach et al., 1995); “the commitment trust theory of relationship marketing” (Morgan and Hunt, 1994), “antecedents and consequences of trust and satisfaction in buyer-seller relationship” (Selnes, 1998); and “the effects of supplier market orientation on distributor market orientation and the channel relationship: the distributor perspective” (Siguaw et al., 1998).

The Social Exchange Theory provides important understanding of value inputs, particularly marketing determinants, and how these effect the development of
commitment and trust in the commercial alliance. More specifically, the concept of commitment provides a key link between the Social Exchange and separate social and economic exchange and the development of relationship commitment centred on social factors alone, such as trust, power, and communications (Cook and Emerson, 1978). However, further analysis of business partnerships through the use of the Social Exchange Theory has led to the consideration of a more comprehensive list of determinants in models of commitment. Such marketing determinants include, for example, idiosyncratic investments and dependence (Anderson and Narus, 1990; Anderson and Weitz, 1992; Bucklin and Sengupta, 1993; Weitz and Jap, 1995; Andaleeb, 1996). Incorporating additional marketing determinants has provided more robust models of the commitment development process, particularly in channel research.

2.3 Contextual Dimensions of Trust, Commitment and Satisfaction

Research on trust is not new. It has been developing for over 40 years and the view of trust as a foundation for social order and decision making spans many intellectual disciplines and levels of analysis. Understanding why people trust, as well as how trust shapes social and economic relations, has been a central focus for psychologists (Deutsch, 1958; Loomis, 1959; Worchel, 1979; Tyler, 1990), sociologists (Granovetter, 1985; Gambetta, 1988), political scientists (Barber, 1983), economists (Axelrod, 1984; Williamson, 1993), and anthropologists (Ekeh, 1974). Recently, researchers within organisations have focused on understanding the efficiencies of trust and explaining its emergence (Sitkin and Roth, 1993; Hosmer et al., 1995; Mayer et al., 1995).

Several studies have dealt with auditing inter-firm efforts to assess the degree of commitment and trust in the relationship, and the impact this has on the strength of a relationship, including the level of satisfaction (Anderson and Narus, 1990; Anderson and Weitz, 1992; Moorman et al., 1992 Gundlach, 1995; Ganesan, 1994; Baker et al., 1999). While this has added considerably to the general understanding of these constructs, the conceptual domain particular to each construct and their antecedents remains unclear. The difficulty in working with concepts such as commitment and trust stems from the vast array of available definitions and
descriptions suggesting 'precisely' what each means and defining its constituent constructs. In other instances, there is a reluctance to clearly differentiate between commitment and trust and to articulate how such distinctions materialise in the business-to-business relationship (Morgan and Hunt, 1994). On some occasions, the terms are used interchangeably, further adding to the confusion (Blundstone, 1994). This has weakened the managerial usefulness of this area of research.

This lack of consistency has been attributed to the different disciplines where the research has been conducted, with divergent assumptions often resulting in quite different language used in the analysis (Fichman, 1997), and the many industrial contexts to which the constructs have been applied (refer below). Theorists have often sought to find all encompassing definitions of commitment and trust (Morgan and Hunt, 1994; Hosmer et al., 1995; O'Malley and Tynan, 1997; Rousseau et al., 1998), and generalisable implications that have relevance to a wide range of industries and relationships. This ultimately may have limited the value of the research and its applicability given that such constructs, as pointed out by Gravetter (1985), are inevitably embedded in a context and shaped by dynamics specific to particular social and industrial settings.

The context of this study must therefore be specified in order to ensure that the concepts as they are understood, applied and tested, are relevant and representative. Research to date has tended to take a partisan look at market orientation, commitment, trust, and satisfaction considering the views of one or the other party. This thesis considers the determinants of commitment and trust from the perspective of both parties (as advocated strongly by researchers) to facilitate a better understanding of relationship development and management (Weitz and Jap, 1995).

The study also adopts a rationalist view and is influenced by the writings of Barney and Hansen (1994), and Williamson (1985), particularly in the investigation of commitment and the pragmatic determination of the economic value that drives it, and results from it. This is not to say that this view overshadows or underestimates the importance of social influences. Nor is the view held that 'calculative opportunism' is necessarily a driving force in relationship dynamics. Rather, it is the author's belief that where possible it is important to make distinctions between the source of economic and social benefits in the alliance relationship. There is also a belief that the
opportunity to blend resources for mutual commercial gain can override a motivation to exploit a partner in the dyad.

It is therefore essential to understand the meaning ascribed to the important constructs considered in this study. A clear distinction is made between commitment and trust and the focus is on those alliance activities most effective in delivering commitment, or engendering trust. Trust is viewed as a broad relationship orientation containing multiple components including a cognitive element (based on credibility and task reliability), and a strong affective element (based on benevolence and goodwill). Commitment, on the other hand, is considered more in the context of rationalised behaviours directly associated with the generation of value from the investment, and often resulting from an evaluation of the objectives set down for the investment. This distinction also extends to the way satisfaction is derived. Satisfaction is conceptualised along both economic and non-economic dimensions. Consistent with this approach, this dissertation investigates commitment, trust and satisfaction at the inter-firm level. This is most pertinent in view of the prime objective of this study - to further an understanding of what drives organisations to renew alliances. Each of these constructs is clarified in turn in the following sections.

2.3.1 Trust

The definition of trust used in this research is a minor adaptation of that provided by Rousseau et al. (1998) who carried out an extensive review of this concept. They define trust as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another" (p. 4). Trust is redefined in this study as "a psychological orientation comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of the other party in the dyadic exchange".

The decision to use the word 'orientation' instead of the word 'state' is influenced by the work of O'Malley and Tynan (1997) who reviewed commitment and trust as relationship marketing constructs, and who in turn were influenced by the work of Tyler and Kramer (1996). O'Malley and Tynan (1997) point out that the word 'orientation' highlights that trust is more than a belief or a state. It is an attitudinal inclination toward an exchange partner. The definition captures this 'inclination' as
well as the affective and cognitive features of trust that includes an acceptance of the condition of vulnerability based on goodwill and associated positive expectations of intent or behaviour. The subject context, ‘party in the dyadic exchange’, is also added to the definition to make it operationally relevant to the research.

The two key features of trust most commonly referred to are credibility and benevolence. Credibility refers to one party’s confidence that the other party has the required expertise to perform a task, and benevolence pertains to the belief that one party will serve the other party’s best interest and act in a manner that is beneficial to the other party. Both dimensions have direct relevance in an industrial buying context. A buying firm facing some degree of risk in an exchange will be more inclined to form relationships with a partner it believes can perform effectively and reliably and is interested in their best interests (benevolent).

Risk is a key condition that must be present for trust to come into play in business relationship. Trust and risk are thought to form a reciprocal relationship. First, risk leads to trust (Lorenz, 1988) or is an element of trust (Fairholm, 1994). If a firm performs well in a high-risk situation, trust is generated. Second, trust leads to risk (Luhmann, 1988; Lewis, 1990) or risk taking behaviour (Mayer et al., 1995). The behaviour of a proven performer who can be trusted over time in increasingly risky situations motivates the beneficiary of this behaviour to behave in a trustworthy manner. This reciprocity has been found to be a key element in trust building (Larson, 1992).

Risk-taking places a party, or parties, in a vulnerable position (vulnerability is also a key condition of trust), and makes the bestowal of trust meaningful. In an alliance, the risk - or ‘relational risk’ as it has been described (Das and Teng, 1996) - emanates from the uncertainty about the level of cooperation between parties. While there are obviously risks associated with making investments in the marketplace, in an alliance, the pre-eminent risk is the relational one. Cooperation is critical if parties are to realise benefits from alliance investments. Cooperation has been defined as a willingness of a partner firm to pursue mutually compatible interests rather than acting opportunistically (Das and Teng, 1998).

Trust provides partners with the necessary confidence that a partner will cooperate and cooperation is thought to be vital if firms are to take risks and to build
trust in the relationship (Das and Teng, 1998). However, there is another potential source of confidence in partner cooperation, confidence that stems from level of control in the relationship. Das and Teng (1998) make a sound argument that trust and control may coexist in an alliance, and importantly in the context of this study, that they may both be manipulated to improve alliance operations and achievements.

Previously, trust and control have been said to have an inverse, negatively reinforcing relationship – the more control, the less trust in a relationship, and vice versa (Leifer and Mills, 1996). From the social network perspective, a trust-based social structure enables firms to work more closely together without burdening the relationship with cumbersome governance controls and associated costs (Dyer and Singh, 1998; Gulati, 1998). However Das and Teng (1998) adopt a more balanced view, arguing that trust and control can jointly, and independently, contribute to the level of confidence in cooperation. They note that confidence in alliance cooperation may be predicated on trust and control functioning as parallel phenomena. Perhaps most importantly in terms of understanding alliances, they highlight that the two mechanisms can be employed and manipulated simultaneously “in full awareness of the role and efficacy of each other” (Das and Teng, 1998, p. 498).

The type of control mechanism used in a strategic alliance can include contracts, or less obviously binding mechanisms such as planning systems, frequent meetings between partners, periodic written reports and evaluations (Eisenhardt, 1985). Importantly, there must be a fit between task characteristic and the control mechanism employed, otherwise control may undermine trust. However, if control measures are instituted diligently, and if they can be used to bring parties together to progress the relationship, control in the relationship can build trust (Mayer and Davis, 1996). But for control to be used in such a strategic way, some level of trust must already exist. Heide and John (1992) note that without a reasonable level of trust, it is extremely difficult to agree on relationship objectives and goals, or to impose rules, or nurture teamwork to reach goals.

2.3.2 Commitment

There are many definitions of commitment, each emphasising different characteristics. The critical aspects of commitment, are however common to most
definitions. These issues are considered below and the definition of commitment used for this study is also noted.

Gundlach et al. (1995) argue that commitment has three components: an instrumental component in some form of investment, an attitudinal component that may be described as affective commitment or psychological attachment, and a temporal dimension indicating that the relationship exists over time. The desire for the relationship to endure, and the confidence that it can remain stable over time, is not included in the definition used in this thesis, as it is considered to be implicit in the future (long-term) oriented actions. The desire for the relationship to endure is bound up in the belief that the short-term investment will result in inter-firm synergies that reap benefits over the long term.

An "enduring desire to maintain a valued relationship" has also been used as the definition of commitment (Moorman et al., 1992, p. 316), however a firm can have a lasting desire to maintain a relationship and yet not be prepared to make substantial investment in it. Hence, it is important to ground the definition of commitment in the managerial context where ‘actions speak louder than words’ and to recognise the significant difference between marginal activity, or activities associated purely with interpersonal exchange, and those relating to substantial, value-enhancing investment and actions.

This distinction also highlights the need to distinguish between a pledge, a term coined by Anderson and Weitz (1992), and a sacrifice or investment. A pledge is a verbal commitment whereas the investment of resources including marketing activity, often the direct outcome of the pledge, is the managerial activity that gives meaning to the pledge. Managerial responses in accordance with a pledge contribute to the profitability of the relationship and may directly impact on the decision to extend the relationship.

Commitment refers to an orientation signalled by specific intentions and behaviours that are purposefully activated to realise value for both parties over the long term. It is through the behaviours and associated outcomes that ‘commitment’ ultimately becomes meaningful as what Anderson and Weitz (1992) describe as "a desire to develop a stable relationship", and "a confidence in the stability of the relationship" (p. 19). In this study, commitment is defined as “a willingness of the
parties in a dyadic exchange to make short term investments in an effort to realise long term benefits from the relationship". This definition is in line with the thoughts of Johansen et al. (1991), who noted that commitment may manifest in many ways but very often commitment is signalled through investment in the relationship. The view in this thesis is that commitment to an alliance must have an instrumental base and this typically takes the form of ongoing investment implemented to extract commercial gain. As Cullen et al. (2000) note, "businesses do not enter alliances to make friends; they enter alliances to gain some form of economic reward" (p. 241).

The definition used in this study is also based on research by Anderson and Weitz (1992) who highlighted the importance of commitment as a 'preparedness to act' (to make sacrifices) to advance the relationship. Anderson and Weitz (1992) refer to these sacrifices as investments in the relationship, as 'the giving up of something'. This study replaces the word 'sacrifice' with 'investment' simply because the latter term indicates a more positive outlook toward the exchange. Since the focus in this study is on marketing alliances and marketing-related decision-making, the term investment better encapsulates a willingness to input resources in an effort to realise objectives. The term 'effort' is included in the definition to emphasise the obligation that commitment entails. Attached to the commitment is the need to expend the necessary effort to appropriate resources and realise long-term, valued outcomes.

Weitz and Jap (1995) make an important observation concerning the timing of investments and commitment. They raise the question of whether idiosyncratic investments are an antecedent to commitment or the result of a committed relationship. They also discuss the incremental nature of commitment by recognising that it is in a constant state of flux depending on the circumstances of the moment. In this sense, they provide the solution to their own query. Reflective of most social exchange phenomena, there is no discrete beginning or ending point for the development of commitment. Investments can help in building commitment, and in turn, such commitment can spawn new investment in the relationship. Hence, a longer-term view is critical so that the 'evolving' nature of commitment can be better understood, and sufficient time must be allowed for commitment to self-reinforce and result in incremental benefits over a long period.
The ‘investment’ aspect of commitment also reflects the expectation of value generation in the future. Commitment-related investments have been categorised in various ways in the literature including: 1) idiosyncratic investments; 2) pledges; and 3) adaptations. 1) “Idiosyncratic investments are investments specific to a channel relationship. They are difficult or impossible to redeploy to another channel relationship; therefore, they lose substantial value unless the relationship continues” (Anderson and Weitz, 1992 p. 20). Idiosyncratic investments, as a rule, are expenditures of time, effort and skills, as well as funds, directed mainly at marketing initiatives. Idiosyncratic investments have been discussed in the literature in relation to the manufacturer/distributor supply chain but they can also be related to other industrial relationships such as the lateral marketing alliance. Some examples of idiosyncratic investments are training, dedicated personnel, co-branding, promotional programs including advertising, sponsorship, sales and trade promotion campaigns, direct mail initiatives and so on.

2) Pledges are actions undertaken by members of a business-to-business relationship that demonstrate good faith and serve to bind these members to the relationship. They can be made by one partner of a dyad or be bilateral in nature. Pledges often precede highly valued relationship specific investments or adaptations.

3) Relationship specific adaptations represent investments of time, skills or capital that are highly specific to the relationship, cannot easily be redeployed to other relationships, and may fundamentally alter the structure or operations of the firms in the relationship (Hogan, 1998). They invariably lose value unless the relationship continues. They might involve, for example, the integration of communication or distribution systems, joint promotion activities, and co-branding initiatives that are unique to the alliance. Typically such adaptations involve significantly more than a modification of behaviour in a common routine.

2.3.3 Satisfaction

Like trust, satisfaction represents an overall evaluation, feeling or attitude about the other party in a relationship or about the relationship itself (Selnes, 1998). Satisfaction and trust have often been evaluated together due to their close interrelationship in impacting the business-to-business exchange (Dwyer et al., 1987;
Andaleeb, 1996; Dunphy and Bryant, 1996; Selnes, 1998; Baker and Sinkula, 1999). Satisfaction is a key evaluative outcome of relationship interaction and, as such, is likely to be an indicator of relationship renewal. Dwyer (1980) considers channel member satisfaction to be the key to long-run channel viability, and Ruekert and Churchill (1984) has described the construct of satisfaction as of fundamental importance in understanding channel relationships.

Interestingly, researchers continue to state that empirical models of satisfaction in the business-to-business domain are rare (Patterson and Spreng, 1997; Schellhase et al., 2000) despite some 71 studies between 1970 and 1996 that incorporated satisfaction in their models of channel relationships (Geyskens et al., 1999). Geyskens et al. (1999) found “no consensus regarding the conceptualisation and measurement of channel member satisfaction” (p.223), and “more than 80 different variables, often with inconsistent findings across studies” (p.223). Similarly, Melone (1990) has argued that a lack of agreement about the concept of satisfaction has led to numerous operationalisations and equally diverse conceptual definitions, most of which are lacking in theoretical foundation.

Despite this apparent lack of consensus, Anderson and Narus (1990) make a convincing argument that satisfaction should be a focal construct in business-to-business relationship research. They argue that satisfaction is a close proxy for constructs such as perceived effectiveness and efficiency, and that it may be more predictive of future managerial actions than conventional economic measures such as sales.

One emergent theme in the literature centres on the deconstruction of satisfaction into process and outcome components. Channel member satisfaction is consistently referred to as a positive affective state derived from the appraisal of all aspects of a firm's working relationship with another firm (eg. Gaski and John, 1985), and it may be better understood if divided into more identifiable dimensions. For example Geyskens et al. (1999) advocate the separation of ‘economic’ and ‘non-economic’ (psychosocial) aspects that mirrors the ‘process’ and ‘outcome’ delineation identified in earlier consumer research into satisfaction (Lai and Widdows, 1993). While not providing empirical evidence, Woodroof and Kasper (1998) also suggest that the notion of process and outcome is critical to assessing satisfaction within an
information systems context. Schellhase (2000) identify 'instrumental' or economic-related dimensions, and 'interaction' based dimensions, which are less directly economic in nature.

Based on their meta-analysis of 71 satisfaction based studies, Geyskens et al. (1999) conclude that the differences between 'economic' and 'non-economic' satisfaction should be addressed in primary channels research. They demonstrate that economic satisfaction and non-economic satisfaction are distinct constructs that are conceptually and empirically separable from the related constructs of trust and commitment. According to Geyskens et al. (1999), previous studies have failed to consistently measure the construct because the proportion of items capturing both the economic and non-economic dimensions have varied considerably, impacting on both the antecedents and consequences of satisfaction. They also note that much research is needed to determine which factors drive both economic and non-economic satisfaction.

Further rationale for the distinction between outcome and process satisfaction in this thesis was unearthed in the writings of Drucker (1963) and Bonoma (1984). These authors advocate drawing a point of strategic difference between effectiveness (doing the right things) in relation to outcomes, and efficiency (doing things right) in relation to process. These distinctions have also been considered in business-to-business relationships by Jarillo (1988), and specifically in co-marketing alliances by Bucklin and Sengupta (1993). However, there has been a tendency to only consider process efficiency in cost economies terms (Jarillo, 1988), even though Bonoma’s (1984) conceptualisation is devised to apply to a whole range of organisational processes at both the strategic and tactical level. Process is broadly concerned with “the relationship between inputs and outputs, maximising the latter relative to the former” (p.25).

Consistent with the viewpoint of others (Stern and Reve, 1980; Gassenheimer et al., 1998), this study posits that business-to-business relationships do not thrive solely on either economic or social value, but on a combination of the two. Hence, for relationships to prosper over the long-term, parties must establish a trusting environment and nurture a mutual exchange that ensures that both parties are satisfied with both the economic and psycho-social dimensions of the relationship. Ring and
Van de Ven (1994) proposed that a decision to continue an inter-organisational relationship is based on an assessment of economic outcomes and fairness of past transactions, and thus satisfaction with the supplier.

Though largely confined to the consumer domain, the notion of twin dimensions of satisfaction – process and outcome – is well developed in services research (Zeithaml et al., 1988; Gronroos, 1990). Terms such as 'core' and 'peripheral' are regularly used to reflect the notion that certain aspects of service are more or less central to the core benefit derived by the consumer. Some of the many related terms include ‘technical - functional’ (Gronroos, 1990), ‘core - supplementary’ (Lovelock, 1992), ‘intrinsic - extrinsic’ (Zeithaml et al., 1988), and ‘what – how’ (Swartz and Brown, 1989).

In what appears to be the only empirical, inter-firm research that examines economic and non-economic satisfaction (the latter measured as social satisfaction), Geyskens and Steenkamp (2000) focus on the effect of power use in the channel on both dimensions of satisfaction. Their results confirm the importance of distinguishing the economic and social component of satisfaction as opposed to treating it as a uni-dimensional construct. This distinctiveness between the two elements was supported by the fact that the two types of satisfaction were differentially related to a number of antecedents and consequences.

Geyskens and Steenkamp (2000) find that channel members with partners using non-coercive power exhibit higher economic satisfaction regardless of whether the non-coercive power is exercised contingently or non-contingently, where contingency refers to a reward supplied if a channel member complies with focal partner request. Perhaps not surprisingly, they also found that social satisfaction was negatively affected by the partner’s contingent use of non-coercive power, and positively influenced by the partner’s non-contingent use of non-coercive power. Moreover, the use of coercive power by the partner, whether contingent or non-contingent, was found to decrease social satisfaction for the focal channel members.

The following section explores key antecedents to the development of commitment, trust and satisfaction.
2.4 Antecedents to Commitment, Trust and Satisfaction

2.4.1 Defining Market Orientation

A market orientation is said to be a critical organisational resource (Hunt and Morgan, 1995) and is considered fundamental to generating superior performance for the firm and superior value for the customer (Deshpande and Webster, 1989; Narver and Slater, 1990; Deshpande et al., 1993; Slater and Narver, 1994b; Han et al., 1998; Siguaw et al., 1998).

Market orientation is essentially the implementation of the marketing concept. Customer focus and the generation of value are at the heart of the marketing concept and thus a critical feature of market-oriented companies. Dawes (2000) notes that the theoretical basis for a link between market orientation and performance was elucidated as early as 1958 by McKitterick (1958). McKitterick (1958) highlighted that in a competitive environment, organisations must be aware and responsive to customer needs, or else rivals will outsmart them with products more attuned to customer needs and so capture their market share. Narver and Slater (1990) defined market orientation as "the organisation culture that most effectively creates the necessary behaviours for the creation of superior value for buyers" (p.21).

A market orientation can be viewed as a prerequisite to the formulation of effective competitive response and innovation. Effective competitive response is typically the result of the generation and internal dissemination of pertinent market information, and innovation requires a substantial degree of consumer insight as well as an understanding of developments in related fields (Varadarajan and Jayachandran, 1999). Such market-based knowledge and insight are likely to stem from an organisational culture that encourages and facilitates efficient ways to focus on market dynamics. Market orientation enables early detection of shifts in the marketplace that prompt introspection and realignment of marketing strategies and activities. It can also enable the firm to anticipate change and to benefit from the value derived from, 'early mover' advantage. Moreover, a market focus can highlight and reinforce the need to continually pursue competitive advantage and ensure that such a goal is omnipresent within the organisation.
An examination of the market orientation literature reveals a lack of consensus about how the term should be defined, and reveals that related terms are often used interchangeably. Synonyms often cited include ‘marketing philosophy’ (Baker, 1989; Kotler, 1991), or being ‘market-driven’ (Shapiro, 1988) or ‘market-focused’ (Slater and Narver, 1996). The terms marketing and market orientation have also been used interchangeably in the literature. In this study, the term market orientation is used because it focuses attention on the broader market including customers/clients, competitors, stakeholders and the market environment (e.g. macro trends).

Researchers disagree about how market orientation should be developed within an organisation, but agree that its central pillar is the marketing concept. Kohli (1990), Narver (1990) and Deshpande, (1998a) all understand market orientation to be the implementation of a general philosophy, while Hunt and Morgan (1995) argue that a market orientation should be an organising framework which, if adopted and implemented, could become culturally embedded in an organisation over time.

Whether to focus on the market driven behaviours that signal the existence of the organisational attribute, or whether to focus on the relevant organisational values embedded in a person’s way of thinking, has been the source of some debate. Much of the confusion can be attributed to a failure to specify whether market orientation is essentially a philosophy, or a managerial approach which prescribes the activities necessary to implement that philosophy (Kohli and Jaworski, 1990).

Advocates of the former view, such as Sharp (1991), categorically define market orientation as a business philosophy. Factors influencing attitude formation and change are considered elements, conditions or consequences of a market orientation but do not constitute part of the definition (Dreher, 1994). From a philosophical perspective, it is believed that to achieve a market orientation a fundamental change in attitude may be required prior to the acquisition of the knowledge and skills necessary to produce customer value (Gronroos, 1989; Greenley, 1995a).

Adopting the managerial perspective, Shapiro (1988), and Norburn (1990), define market-oriented as a “set of processes” (p. 56), and as a “measure of corporate behaviour” (p.451), respectively. Most managerial definitions consider that market orientation results in actions by individuals toward the markets they serve, guided by
information obtained from the marketplace, and which cut across functional and divisional boundaries within the organisation (Ruekert, 1992). The gap between the marketing theory and general management practice may have stimulated the body of literature that concentrates on market orientation from a managerial perspective. Such a viewpoint demands a distinct shift of emphasis to feature key characteristics of the organisation such as strategies, structures, systems and activities (Dreher, 1994). In this view the decision - activities and strategies - are the representation of the market orientation (Shapiro, 1988; Norburn et al., 1990).

A more recent review of related research by Hult and Lafferty (2001) has led them to conclude that there are in fact five different market orientation perspective's: the decision-making perspective (Shapiro, 1988; Glazer, 1991); the market intelligence perspective (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Cadogan and Diamantopoulos, 1995; Selnes et al., 1996); the culturally based managerial perspective (Narver and Slater, 1990; Siguaw et al., 1994; Narver et al., 1998); the strategic perspective (Ruekert, 1992; Webster, 1992; Day, 1994); and the customer perspective (Deshpande et al., 1993; Siguaw et al., 1994; Deshpande and Farley, 1998a). Common to all five is the emphasis on meeting the needs and creating value for the customer. The critical importance of information within the organisation represents a second common dimension. The third element is the dissemination of knowledge stemming from market-based information circulated throughout the organisation. Lastly, four of the five approaches highlight the need for appropriate action by the firm to implement market-driven strategies.

This study adheres to the managerial perspective, as it aims to identify those resources and processes that influence commitment, trust and satisfaction, and ultimately, the intention to renew. Moreover, after analysing the literature, the definition of market orientation adopted in this study is a minor adaptation of that provided by Cadogan and Diamantopoulos (1995), according to whom a “market orientation is indicated by intelligence generation, intelligence dissemination and responsiveness activities, characterised by a customer orientation and competitor, and guided by a coordinating mechanism which ensures that these activities are carried effectively and efficiently” (p. 11). This definition captures the critical themes identified by Hult and Lafferty (2001) and includes reference to a ‘coordinating
mechanism', which accounts for both market orientation and its effect on inter-firm relationships.

2.4.2 Market Orientation and Commitment, Trust and Satisfaction

The vast majority of studies on market orientation consider its existence and impact in the context of the individual firm and its consumers. Many studies have found market orientation to impact satisfaction with company profit performance (Balakrishnan, 1996), and consumer satisfaction and retention (Narver and Slater, 1990). Market orientation is also said to enhance employee job satisfaction, commitment to the organisation (Ruekert, 1992; Jaworski and Kohli, 1993; Siguaw et al., 1994; Mengue, 1996; Selnes et al., 1996), and trust in senior management (Ruekert, 1992). However, very limited research examined the impact of market orientation on commitment, trust and satisfaction in the inter-firm exchange.

To the author’s knowledge, only three articles (two are interrelated) have evaluated the impact of market orientation on the dyadic relationship. Siguaw et al. (1998) and Baker et al. (1999) tested the impact of market orientation on key relationship constructs. They sought to determine the effect of a supplier’s perceptions of a reseller’s market orientation on the supplier’s perception of key relationship factors including trust, commitment, cooperative norms, and satisfaction. They also considered the effect on a distributor’s perception, where there is knowledge of a supplier’s market orientation. Steinman et al. (2000) looked at comparative differences in the degree of marketing orientation between US and Japanese public companies and their business customers.

Siguaw et al. (1998) point to the potential value of a market-oriented partner’s in the dyad. They note that “market-oriented firms will gather and use information more actively and openly to satisfy customer needs to the betterment of all channel members than will their less market-oriented counterparts” (p.2). They consider reference group theory to establish their hypothesis that the greater the supplier's market orientation, the greater the distributor’s market orientation. The contention is that market orientation of the supplier will highlight behaviours that a distributor feels it should adopt in order to maintain the relationship, or that a distributor is motivated
to adopt, based on expectations of higher profits. Market-oriented behaviours highlight the potential value that drives partners to commit to the relationship.

Siguaw et al. (1998) also integrate social exchange theory in support of their contention that market orientation should directly impact trust, commitment and cooperation. They suggest that through intelligence gathering initiatives, the market-oriented party will learn more about the other party, communicate more actively and informatively with it, and thus build up the levels of trust, commitment and cooperation in the relationship.

They define the commitment construct similarly to Anderson and Weitz (1992) as the desire to develop a stable relationship, a willingness to invest (sacrifice) and a confidence in relationship stability. They contend that empirical support for a strong association between market orientation and commitment of employees to the firm (Jaworski and Kohli, 1993) is directly applicable to the business-to-business context.

Siguaw et al. (1998) consider the impact of market orientation of one party on the commitment and trust of the other (for both supplier and distributor), as well as the market orientation of the distributor and the impact this has had on satisfaction with its own performance. They do not however consider the impact of market orientation, or the commitment of one party on the others satisfaction. Yet this may be important as one party’s efforts are seen to be directly benefiting the other, and so may result in a self-reinforcing dynamic of commitment and satisfaction. One would expect this to occur at least in the case of a market-oriented distributor whose positive performance would mean more product purchased from the supplier, who in turn benefits and consequently may produce more favourable terms for the distributor, and so on. Because of their direct relevance to this thesis, the findings of the Siguaw et al. (1998) study are reviewed in detail in chapter three.

2.4.3 Communication

Another construct vital to one party’s views about another in the dyadic relationship is communication. Some theorists suggest that two-way communication, information sharing and shared understanding, are a defining point of difference between transactional and relationship marketing. They also note that communication,
as a critical dimension in relationship building, has received limited attention compared to constructs such as commitment and trust, which are its products (Duncan and Moriarty, 1998). Prominent researchers in the relationship marketing area have called for more research that examines the effect of the quality and frequency of communication between partners.

The major determinant of success or failure in the formative stages of relationship development is believed to be the ability to engage into explicit dialogue about value in the relationship, and partners’ goals and expectations (Andreasen, 1996). Hutt et al. (1995) identify the lack of a shared understanding as a critical impediment to strategic development, and suggest that communication among boundary-spanning personnel can produce a shared interpretation of goals, and help to develop agreement on norms and roles (Hutt et al., 2000).

Bucklin and Sengupta (1993) found organisational compatibility (established to a significant degree through effective communication) to be a fundamental factor in the success of marketing alliances. Other scholars have argued that inter-organisational learning, particularly where organisations communicate and collaborate with other organisations, is critical to competitive success (March and Simon, 1958; Levinson and Asahi, 1996). Slater and Narver (2000) established that intelligence generation through inter-organisational collaboration was strongly related to superior quality. Open and prompt communication among partners is also believed to be an essential prerequisite of a trusting relationship (Larson, 1992; Madhok, 1995; Leifer and Mills, 1996).

Duncan and Moriarty (1998) have suggested that managers have moved toward a more humanistic and relationship-based model but they have done so intuitively, and without a full appreciation of the critical role of communication. They add that in many cases, companies have not adopted a process for efficiently and effectively managing all their interactivity with customers and other stakeholders. Interestingly, Geyskens et al (1999) note, in response to a meta analysis of key channel relationship drivers, that more attention should be paid to the nature and impact of influence strategies. One element of collaborative communication as included in this thesis, is classified as an example of a non-coercive influence strategy (Mohr et al., 1996).
Mohr and Nevin (1990) first coined the term ‘collaborative communication’, which comprises a combination of particular relationship-building communication attributes. These include frequency, bi-directionality, formality, and influence activities. Each communication attribute is analysed according to the influence imparted on the development of cooperative attitudes and the creation of an atmosphere of mutual support and respect. Collaborative communication can help direct behaviour toward an emphasis on participation, learning and adaptation within what Wilkinson and Young describe as complex, self-organising systems (2002). By highlighting shared interests and common goals, collaborative communication can generate volitional compliance between partners and may influence the level of trust in the relationship (Mohr et al., 1996).

Importantly, from a dyadic perspective, collaborative communication is likely to be one mechanism that determines the perceptions which one party holds about its partner. As such, collaborative communication may well act as a mediating variable that filters, fosters or hinders, as the case may be, the understanding that sponsor and property have of each other.

### 2.5 Chapter Summary

This chapter links the key concepts of value, market orientation, communication, commitment, trust and satisfaction. It posits that the identification of value can assist in the determination of key relationship inputs, including market orientation and communication, which drive commitment, trust and satisfaction. It also suggests that value generation (as it is defined here) is most directly related to relationship commitment, and satisfaction with associated economic outcomes. Two schools of thought in the channels literature are analysed including the differing views on relationship dynamics and the way value is perceived and achieved.

The microeconomic view highlights the significance of relationship opportunism, and considers value from a cost reduction and production efficiency viewpoint. The ‘mutually shared view’ (a response to the microeconomic perspective) stresses that gains through trusting behaviour (particularly sharing resources), is more beneficial to the economic value generated by a firm in a business-to-business relationship.
Value, as a performance indicator, is discussed and related to the construct of commitment, and to satisfaction, particularly, satisfaction with economic outcomes. The merit of the integration of value stems from the analytic clarity it brings to the research on marketing decision making and associated impact. The concept of value adopted in this thesis resembles the approach taken by proponents of resource based competitive advantage theory.

Commitment, trust and satisfaction were defined and distinguished based on the way they develop and influence the alliance relationship. Market orientation and communication are considered as important antecedents of a party’s perception of its partner’s market orientation, and its own commitment, trust and satisfaction.
CHAPTER THREE

THE SPONSORSHIP ALLIANCE

3.0 Introduction

Sponsorship is at an important stage in its evolution. At a time of increasingly sophisticated practice there is growing concern about the return-on-investment it provides (Farrelly et al., 1997; Hoek, 1998; Bernstein, 1999; Pritchard, 2001). Moreover, while such advancements in practice unearth great opportunity for research, empirical investigation in the area remains limited. Furthermore, there is a notable lack of research, conceptual or empirical, into the mechanics of the focal sponsorship relationship (i.e. between the property and sponsor) including how value is generated in the relationship. Simpson et al. (2001), drawing on the work of Anderson (1995), and Anderson, Narus and James (1998), note that “academicians have long recognised that channel partners can create real value for one another, yet almost no research has been conducted to examine how value is created for a channel partner or what consequences accrue to the channel partners” (p.119). The same could be said of the sponsorship relationship.

Despite an increasing academic interest in the area of relationship marketing on the one hand and sponsorship on the other, there have been very few attempts to consider sponsorship from this emerging perspective. The alliance between a sponsor and sponsored property clearly reflects the type of long-term business-to-business relationship from which the relationship marketing paradigm has evolved. Yet very little has been done empirically to support such claims. Notable exceptions include papers by Cousens and Slack (1996) and Cousens, Babiak and Slack (2001), who used the relationship marketing framework to examine particular relationships deemed important in the sports industry, including those linking professional sports properties with broadcasters, sponsors, and merchandising and licensing firms.
It has been noted that the sponsorship literature is ‘stuck’ in the more traditional marketing mix, mass communication discourse, and that existing studies adopt a theoretically and methodologically narrow perspective (Olkkonnen et al., 2001). What does exist is descriptive reference to the need for commitment and trust when discussing such things as the ‘how to’ of sponsorship, and ambush marketing (Cheng and Stotlar, 1999). Cornwell and Maignan (1998) in an international review of sponsorship, recommend that future research should analyse sponsorship as a platform to develop trust and commitment, and alliances generally. However, they consider this in the context of ‘other’ partners, presumably other sponsors of the same property involved in cross-sponsorship. Olkkonnen et al. (2001), referring to the need for dyadic and network based sponsorship research, suggest that such approaches are needed to “paint a more in-depth picture of sponsorship as a social and economic phenomena” (p.14). Other calls for research examining sponsorship from a relational perspective have been made by Cousens and Slack (1996), as well as McDonald and Milne (1997).

A distinct lack of sponsorship research conducted from the property’s perspective, or of any dyadic research considering both perspectives, highlights a fundamental weakness in the literature - the perceptions of one side of the equation are rarely considered. In the instance where property perceptions are considered, they are measured (rightly or wrongly) according to sponsor perceptions. In earlier writings only a few researchers (eg. Stotlar, 1993) emphasised the need for collaboration between the property and the sponsor. It may also be because the issue of sponsorship servicing (one aspect of collaboration) is discussed in the trade literature or in journals with a practitioner emphasis (eg. Burton, 1996), rather than in academic journals. It is also interesting to note that in the three commonly cited models of sponsorship decision-making, the ‘six step approach to sport sponsorship management’ (Irwin and Asimakopoulos, 1992), ‘the sponsorship development model’ (Cornwell, 1995), and ‘the six steps to a successful sponsorship’ (Crimmins and Horn, 1996), there is either no mention, or very limited explanation, of the role of the property or what may be gained through its input. Similarly, where Speed and Thompson (1997) review the key factors said to play a critical role on sponsorship
impact, they make no reference to the importance of property involvement in the relationship, or property competency levels.

The existing literature, because of its heavy emphasis on the sponsor, largely ignores the role of the property. That the property is so often overlooked is noteworthy as sponsorship is increasingly being used to achieve strategic ends, suggesting greater need for properties and sponsors to work together. Moreover, there is ample evidence from industry (e.g. Burbury, 2001; Pritchard, 2001; Skildum-Reid, 2001), and suggestion in the literature (refer Hoek, 1998; Meenaghan, 1998a; Farrelly and Quester, 1999; Mason, 1999), that highlights that the parties need to work closely together. It has been noted that many sponsor and property organisations believe that the relationship must function as a partnership to achieve optimal success (Moore, 1998; Ringsten, 1999). There is also suggestion in the literature that without adequate property input into the sponsorship management process, a sponsor can become dissatisfied, and may terminate the relationship (Copeland et al., 1996; Farrelly, 1997; Farrelly and Quester, 1999).

Recent research by Cornwell et al. (2001) further demonstrates the significance of this point. They examine the effects of sponsorship on brand equity and find that ‘active management’ has a positive effect on sponsorship-induced brand equity. To measure active management of the sponsorship, they create a ‘management involvement index’. The index includes sponsorship activities such as setting policies up front regarding the nature of sponsorship participation, and having a formalised sponsorship proposal evaluation method. And while this may incorporate the capabilities or role of the property, this is not explored.

Meenaghan, (1998), Hoek (1998) and Mason (1999) have drawn conclusions about the need for (or importance of) ‘partnerships’ and cooperation between the focal parties. Others have noted that smooth working relationships have a strong impact on the decision to renew (Aguilar-Manjarrez et al., 1997). Hence communication, collaboration and a shared understanding between the two parties would seem to be critical to achieving the ‘synergy’ between the brands (sponsor/property) so often discussed in the literature (Otker, 1988; Meenaghan, 1991b; Thwaites, 1993; Quester, 1997). Cheng and Stotlar (1999) highlight (in an indirect way) the need for sponsorship research to examine both viewpoints. They suggest that jointly held
objectives, such as the pursuit for media exposure, tie the sponsor and property into an ideal cooperative business, and that "the sport organisation and the sponsor, in this mutual - benefit relationship, should work together and help each other meet their objectives" (p.24).

The growth in sponsorship research reflects the prominent place it has assumed in the marketing efforts of many organisations. There is consensus in the literature that sponsorship expertise has increased considerably in the last ten years (Schlossberg, 1991; Meenaghan, 1991b; Farrelly et al., 1997; Meenaghan, 1998a; Moore, 1998). More sophisticated approaches to management have include the ability to set meaningful sponsorship objectives (Farrelly and Quester, 1997b). Greater sophistication has also been reflected in the development of screening and evaluation instruments. Instruments for screening sponsorship proposals have included the Sponsorship Worksheet (Ensor, 1987) and the Rating Scale for Sponsorship Selection (Meenaghan, 1983). Program evaluation instruments include the Annheuser-Busch Sports Sponsorship Merchandising Evaluation (Mullin et al., 1993); the Sponsorship Advantage Model (Farrelly, 1995a); and the Sprint Sponsorship Vision Project (McCook et al., 1999).

Unfortunately rigorous academic research has not kept pace with advancements in sponsorship practice (Kuzma et al., 1993). Cornwell and Mainman (1998) and Meenaghan (1994), point to a lack of research examining fundamental aspects of sponsorship management and assessment. While the literature is replete with anecdotal evidence and conjecture, there is little systematic empirical research. Authors regularly draw on dated research and anecdotal evidence with little or no substantiation of currency or market representativeness. Compounding the problem is the fact that sponsorship investment is growing rapidly and that management practices are changing, sometimes quite significantly, over a short period of time (Bernstein, 1999; Farrelly and Quester, 1999).

The critical issue of sponsorship value is mostly considered in the literature in the context of:

- sponsorship planning and management processes, particularly the nature and importance of sponsorship objectives and methods of screening;
• the way in which sponsorship should be integrated into the marketing mix;

• sponsorship evaluation including the positioning gains to be realised at the corporate and brand level (awareness and image enhancement);

• client entertainment and networking; and,

• internal marketing.

The body of research on sponsorship planning and management mostly focuses on objective setting, screening and selection decisions, and does little to address how value can be extracted once the decision has been made to enter a sponsorship arrangement. A major reason provided for the lack of research on strategies employed is the proprietary nature of marketing plans (Cornwell and Maignan, 1998). Nevertheless, the need for such research is paramount especially when considerable evidence in the marketplace (particularly in Australia) where the greatest effort on the part of the property is often devoted to securing rather than servicing sponsorship arrangements (Howard and Crompton, 1995; Farrelly and Quester, 1997b; Hiron, 1997; AFCH, 1999).

Quester et al. (1998) comment that the literature reveals little of the internal management process undertaken by sponsors. Erdogan and Kitchen (1998) state, "even though increasing usage of sponsorship has resulted in proliferation of academic output ... there is still an element of ambiguity concerning the role of sponsorship, its definable characteristics, how it works, and the nature of its interactions with other marcom elements" (p. 18). For example, there is significant opportunity to explore sponsorship as a potential source of competitive advantage. This research aims to demonstrate the significant benefits of a market orientation as it pertains to sponsorship relationships and, more importantly, to promote increased development of a sponsorship led market orientation among businesses by demonstrating its strategic value in improving sponsorship outcomes.

This chapter provides a picture of the development of sponsorship management research to date. It establishes what is known about sponsorship value and those sponsorship activities that contribute directly to the perceived net economic worth of the life of the sponsorship alliance as well as the management and implementation of value in the sponsorship alliance. To achieve this, consideration is
given to the nature of the sponsorship exchange; sponsorship and relationship marketing; sponsorship and competitive advantage issues, including key sponsorship planning and execution processes. Prior to this however, a background is provided noting the origins of the medium, growth trends, and how it differs from investments or activities such as philanthropy and cause-related marketing.

3.1 Sponsorship

Definitions abound for the word sponsorship, reflecting a recent proliferation of research in this area and revealing conceptual difficulties. Most definitions however have an overall link with promotion and marketing. A clear and concise definition is required to distinguish commercial sponsorship from: (1) other forms of marketing communication such as advertising, public relations and sales promotion; and (2) different types of corporate giving with charitable or philanthropic motives. It is also important that the definition clarifies the value sought from the relationship and incorporate the different objectives set down for the program. A sponsorship program may at some stage include corporate and brand advertising, press and public relations, trade and sales promotion, corporate entertainment, client relations, and internal marketing.

Meenaghan (1991a) provides the excellent and concise definition that is adopted in this study. "Sponsorship is an investment, in cash or kind, in an activity, in return for access to the exploitable commercial potential associated with this activity" (p.3). It is clear from this definition that sponsorship is an independent marketing communication activity utilised for commercial gain. There have been a numerous other definitions (eg. Abratt et al., 1987; Witcher et al., 1991) that follow a very similar theme and include the main characteristics: an investment in cash or kind; beneficial to both parties (ie. sponsor and property) and assisting the sponsors in the development of effective promotion strategy. The definition developed by Meenaghan, however, appears to be the one most commonly cited in the literature (Hansen and Scotwin, 1995; Thwaites, 1995; Hoek et al., 1997; Quester, 1997).

There is widespread agreement that sponsorship does not equate to patronage or philanthropy (Gross et al., 1987; Varadarajan and Menon, 1988; Witcher et al., 1991; Thwaites, 1995), although the concepts have been blurred at times. For
example, Diggle (1975) suggests that patronage is essentially an altruistic activity performed with no expectation of financial return. This is similar to the way many define corporate philanthropy, (Varadarajan and Menon, 1988; Meenaghan, 1991b). In contrast, Collins (1993) views philanthropy as "pseudo-altruism", whereby the returns are "primarily expected to be to society, but are of ultimate long-term value to the company itself" (p. 72).

To crystallise the blurred distinctions, Collins (1993) notes three differences between sponsorship and philanthropy: 1- sponsorship engages in obvious promotional activities - it has a definitive purpose and is exploited as much as possible (refer to Meenaghan’s definition), 2- there is often an obvious link between the activity sponsored and the firm and its target audience (not so with philanthropy), and, 3- there is some ‘pay-back’, or at least the expectation of a direct or indirect financial return, which is not so readily apparent for philanthropy as for sponsorship. One of the ‘paybacks’ in the sponsorship investment is the interchange of marketing resources and processes to produce value.

3.2 The Evolution of Sponsorship

Sponsorship has always been needed in some form so that sports people and artisans could concentrate on their pursuit and not waste their talents and skills. According to Head (1981), sport sponsor’s motives have not changed much over time: as when a Roman patriarch sponsored Gladiatorial Games, he may have done so for political reason, to win public esteem, or for other often commercially orientated motives.

The need for financial support of the arts and sporting games can be traced to at least 4th century BC when wealthy citizens were expected to provide charitable funding for celebrations or gladiatorial games in order to curry favour with the general public (Yamauchi, 1980; Howard and Crompton, 1995). There is some dispute over the origin and clarification of the word sponsor. According to the Shorter Oxford English Dictionary on Historical Principles (1969) the term sponsor originated from the Latin word spondere. This related to being “surety for” and/or “to support strongly” (p. 1979). The word sponsorship is also said to be derived from the Greek word "horigia" which is a combination of the words "horos" (the dance) and
"iigoumai" (I direct or I lead). The individual who led or paid for the festival/dance was the "horigos" or sponsor (Dalakas, 1996).

Irrespective of the actual origin and first determination of the term, what is known is that Roman games expanded at such a rate as to outpace their self-financing capacity. The growth of the games virtually forced the emperor of the day to provide funds to keep the calibre of the event consistent with its growing popularity. As the sponsors of the games competed with each other for the recognition and favour of the government, the games became more exotic and the populace continued to demand more (Yamauchi, 1980). This is not unlike the trends that have shaped modern events and sponsorship. Events have become more elaborate and as a result costs have escalated. For example, college football in the United States now provides pre-and half-time entertainment, lightshows and so on, and the associated increase in costs has created a financial mandate for sponsorship.

The growth of the modern sponsorship of sports can be attributed in significant part to two central figures. Horst Dassler (died 1987), the powerful head of Adidas, used his position of prominence to influence major sports to such an extent that in 1988, Adidas and major competitor Puma were forced to reach a ceiling agreement on the amounts that could be invested in sports sponsorship and endorsements after repeated moves to outbid one another for individual contracts (Csanadi, 1997). The second figure, Mark McCormack, established the International Management Group (IMG) in the early 1960's. McCormack has been particularly influential in the sports marketing industry and IMG now influence sports sponsorship on a global scale, having cultivated new markets in Asia for over twenty years and being one of the pioneer sports sponsorship agents in China, a market previously closed off to such activity but now expanding rapidly (Lam, 1994; Ring, 1998).

3.3 Sponsorship Growth

Former U.S. network television president Neal Pilson (1996) describes sports as "a treasured art form sought by millions worldwide every day ... presenting dramatic moments valued by the masses." Cialdini et al. (1976) also described the strong emotional ties between fans and their favourite teams and the desire to use personal expression (ie. wearing a team's hat) to reflect glories connected with a team
or individual's success. Clearly, consumer's worldwide use sport and art, as a form of self-expression. Consequently, corporations have entered into alliances with sponsorship properties (such as leagues, teams, events, individuals) in order to use this association in their marketing (Mullin et al., 1993; Burton et al., 1998). Adding to the attraction has been the proliferation of electronic media that has made it easier to reach a mass audience or targeted demographic segments through an association with sport (McCarville and Copeland, 1994).

The increasing opportunity to sponsor sport has fuelled massive growth in investment. Sport is an ideal commercial proposition, not only because of its potential for positive sponsorship associations, but also for the profit potential it represents in its own right as a marketable entity. Sport, relative to other types of broadcast programming, is cheap to produce and not easily duplicated. It does not offend political positions, can be sold internationally, and can be manipulated to suit broadcast, advertising and sponsorship requirements. Not surprisingly, therefore, sport programming is a dominant and growing component of television content. In Australia, sport accounts for some 12% of total programming (Neilson, 1996) and in the US, six new sport programming networks were launched in 1996 alone, including channels specifically devoted to auto sports and women's sports (Schoenadel, 1996).

In 2001 worldwide sponsorship expenditure was USD 21.4 billion (IEG, 2001). Sports still dominate sponsorship investment, commanding between approximately 75-80% of worldwide investment, with the next most popular type, the arts, accounting for approximately 10-15% of all sponsorship spending. In Australia, the sponsorship market has been estimated at approximately AUD $874 million with sports sponsorship attracting the lion's share of this investment – AUD $824 million or 94%. Arts sponsorship was the next largest area of investment with around $51 million or 6% of total monies invested (CEASA, 2001). The annual growth of sport sponsorship in Australia in 1996 was estimated at 18% while it was estimated at 4% for the arts (CEASA, 2001).

Australian firms may have also embraced sponsorship because of an unequalled love of sport that grips the population of the country. This is illustrated by the sponsorship investment generated by the Australian Organising Committee for Sydney 2000 Games. They initially sought to raise AUD 550 million but ultimately
generated AUD 661 million, with the 24 major partners investing between AUD 40 - 60 million (CEASA, 2001). Other major sponsorship investments in 2000 in Australia include the Australian Grand Prix who received AUD 50.3 million; the AFL at AUD 37.1 million; and the Australian National Rugby League at AUD 37.2 million (CEASA, 2001).

Sporting heroes around the globe are now media celebrities in their own right for a fundamentally economic reason - they sell all types of products. From a commercial and consumer perspective, sports stars have a dual appeal. As sports professionals, they are regarded as experts, thus bringing credibility and believability to sports equipment products and brands, and stimulating favourable consumer attitude. As celebrities, they also have the potential to generate a broader, emotion-based appeal that can be used for products less directly related to their athletic skills. This potent combination can greatly influence the adoption and diffusion of brands.

3.4 Relational Exchange Theory and Sponsorship

Researchers have questioned the adequacy of exchange theory in explaining more complex relationships and marketing practices (Christopher et al., 1991). This discussion has invariably been a precursor to a case for adopting the relationship marketing paradigm. In this review both the theory of exchange, particularly relational exchange, and the relationship marketing paradigm, contribute to advancing the understanding of the sponsorship alliance.

Origining from a sociological perspective, the exchange theory has been used by leading theorists such as Homans (1958) and Blau (1964) for examining and analysing many disciplines. McCarville and Copeland (1994) have considered exchange theory and sponsorship, and note that the sponsorship alliance reflects a relationship of commercial and interpersonal social exchange between sponsorship properties and corporations. While other parties such as the media, consultants and other agents often play a part; the sponsor/property relationship is the focal relationship.

The guiding principle of exchange theory is that the trade must occur between at least two parties and that it must be equally valued by the other party (Sleight, 1989). ‘Equal value’ in sponsorship terms relates to the need for ongoing relational
exchange so that, over time, value can be directed back to the sponsor, who is the major investor of funds in the relationship. The need for mutual value also requires that the property receiving those funds to understand the objectives of existing and prospective sponsors, and actively participate in the transfer of value. Moreover, value propositions and expectations must be detailed so that parties to the relationship are in a position to understand what is required (ie. inputs, processes and outcomes) and what is most sought by the other party (particularly the sponsor).

Neglecting to articulate relationship value can debilitate the relationship in a number of ways. First, it may result in incorrect assumptions about objectives, for example, that objectives are the same for all corporations. Second, it may also lead the relationship parties to think that generating the desired value is chiefly the responsibility of the other party. Such oversight may result in an imbalance of the exchange process causing one or both parties to be dissatisfied.

Other key tenets of relational exchange that offer valuable insight for the sponsorship management process include rationalism, marginal utility, and fairness (McCarrville and Copeland, 1994). Rationality focuses on those activities that are aimed at a specific goal or reward achievement (possible outcomes of commitment), and this is highly relevant to sponsorship as practitioners are placing increasing emphasis on the need to realise demonstrable value from their investment. Indeed, Jackson (1997) notes that the increased amount of funds invested by firms has dictated the need for commercial justification.

The rationality associated with objective setting is also directly tied to reward and repeat behaviour (McCarrville and Copeland, 1994). Homans (1961) a pioneering researcher in the area, suggested that key to the principle of rationality is the stimulus-response relationship. During a sponsorship initiative, the completion of certain leveraging activities may lead to rewards for people in the employ of the sponsor or property firm. These rewards manifest themselves in many ways (sales, internal recognition for a successful project, kudos through association with a successful high profile event, etc). Importantly, goals must be articulated so that value is recognised, and applauded when achieved, as well as used to encourage and motivate the individual or department to perform to similar standards in the future. The scope of the activity and periodic reward can lead to an enduring relationship between the
organiser and the sponsor and may promote future investment (McCarville and Copeland, 1994). It is also reasonable to expect that it may stimulate trust, and provide motivation to take risks in order to advance the relationship.

The principle of marginal utility contrasts with the principle of rationality. Closely associated with the concept of diminishing returns, the idea of marginal utility is that reward and its positive reinforcing impact it may have on future behaviour will decline if the recipient of a reward continues to receive it. Over time the recipient will attach less value to that reward than on the previous occasion (Homans, 1961). This points to the importance of setting new goals and to paying ongoing attention to achieving value in order to realise new benchmarks. As in many alliances, theorists suggest that the optimal benefits of sponsorship (such as gains in brand equity and brand loyalty) can only be realised if parties manage value over the long term (Amis et al., 1999). Being close to the market, being flexible, along with a preparedness to take risks and activate new processes to leverage the sponsorship, are critical to relationship continuity. It will also help to ensure that the sponsor values the outcome (or reward). As Pope and Voges (1994) note, those corporations with longer-term sponsorships have clearly identified those mechanisms that will best suit their intentions.

Escalation in sponsorship costs, increased clutter, and ambush activity will inevitably induce perceptions of diminishing return. Activities and outcomes previously valued by the sponsor will probably not be so in the future (particularly if their impact is blunted in the marketplace). Neither party then, based on past performance, can assume that the stimulus or the reward will remain appropriate in the future. Instead, tailored market-driven initiatives, along with periodic evaluations and reporting, may need to be embedded into the sponsorship process to protect the relationship against complacency. This will help guarantee that the rewards from meeting changing goal structures are valued by the sponsor.

The marginal utility principle may also help to explain the termination of sponsorship agreements. Ericsson's' premature termination of its title sponsorship of the Australian Soccer League was reported as resulting from a failure to demonstrate commercial return relative to other promotion alternatives (Ringsten, 1999). Another example, perhaps more indicative of diminishing return, was the Phillip Morris
cancellation of its title sponsorship of the Marlboro Cup after a 15-year association. This was said to be due to an inability within the partnership to continue to generate value (Niesyn, 1988). Clearly, sponsorship management is an evolutionary process that must remain dynamic.

The third area of exchange theory that helps elucidate potential flaws within sponsorship agreements is fairness. One reason cited by companies for cancelling sponsorship agreements is the reception of equal benefits or exposure by other sponsors who have invested less funds (or none at all) in order to be involved with an event (Copeland et al., 1996). Such a situation can cause the primary sponsor to question the value in the arrangement and is said to be the reason why Reebok prematurely cancelled their sponsorship arrangement with the Sydney Olympics (Allen, 1999). It may also cause them to question a property’s commitment to their investment, and may even result in dissolution of the contract.

According to the concept of equity norm, outcomes should be commensurate with the level of contribution. McCarville and Copeland (1994) applied the equity norm in the sponsorship context and noted that tiered relationship packages and associated benefits must be closely matched to the amount of investment required if different levels of sponsorship are continue to be offered. Such consideration was given to the design of the Sydney 2000 sponsorship package. Those sponsors whose package cost less than AUD 10 million did not have the rights to publicise their association with the Games on television (Farrelly and Quester, 1999). Sponsors paying upwards of ten million dollars had a series of incremental benefits including the use of the association on television. While corporations have capriciously entered into sponsorship agreements in the past, there is evidence that they are beginning to consider the principles of exchange and competitive advantage (Farrelly and Quester, 1999). Hence, understanding these principles is deemed critical to nurturing commitment and trust in the relationship.

The equity norm and the issue of fairness also highlight potential problems where the sponsor may feel that they are required to do too much for the relationship relative to the property or relative to the benefits each party receives. Even though the sponsor can be considered the ‘customer’ in the relationship, and receives the greatest benefit, the property often receives considerable benefit in addition to the rights fee
revenue (as discussed below) and so could be expected to commit a reasonable amount of resources to advancing the relationship. However, properties have been known for being inactive in the relationship in the past (Farrelly, 1998) and this may create a sense of inequity that is detrimental to the relationship.

3.5 Relationship Marketing and Sponsorship

Relationship marketing is clearly relevant when examining the sponsorship alliance. The way in which sponsors and properties perceive the relationship, including those aspects deemed most important in the evaluation of commitment and the development of trust, can be illuminated using the relationship marketing paradigm. Relationship marketing theory provides a number of insights for parties to a sponsorship alliance seeking a competitive position in the marketplace. Relationship marketing brings together customer service, quality and marketing. It is a holistic approach that aims to enhance what traditional marketing offers through an advancement of the traditional economic and transactional-based template, with a longer-term psychosocial dimension. The focus is on product benefits, customer service and customer commitment through mutually beneficial exchanges. Morgan and Hunt (1994) have noted that both commitment and trust are "key to understanding the relationship development process" (p. 32), and are "key mediating variables that contribute to relationship marketing success" (p. 31).

Relationship marketing is not a new concept (Bagozzi, 1975; Berry, 1983), despite claims that it has only recently been truly recognised (Peppers and Rogers, 1995). Relationship marketing relies on a complete and focused implementation of the marketing concept in that it considers customer satisfaction (and thus repeat business) as paramount. This is most important in this study given the focus placed on existing sponsorship alliances and the determinants of renewal. The ‘re-discovery’ of relationship marketing reminded practitioners and academics that the marketing environment often involves partners other than customers, who all have the potential of either contributing or hindering ultimate customer satisfaction. Relationship marketing is about managing relationships between multiple actors within a given environment so that that each organisation involved has the opportunity to maximise its own marketing performance as well as that of the entire system.
The relationship examined in this study is the focal alliance between the provider of funds - the sponsor, and the receiver of these funds - the sponsee (or property). However it is important to note the broader network within which relationship the relationship is embedded. The network perspective is considered by many as central to the concept of relationship marketing as it suggests and implies inter-organisational relations and dependence (Hakansson and Snehota, 1995).

A relationship-based perspective has been applied to the sponsorship environment, specifically networks operating in North American Professional Sports leagues. Cousens and Slack (1996) used the relationship marketing framework to examine some of the relationships deemed important in the sports industry, namely those linking professional sports properties with broadcasters, sponsors, and merchandising and licensing firms. A conceptual piece of research by Farrelly, et al., (1998) articulated the broader network of relationships that can impact the sponsorship alliance. In addition to the sponsor/property, this can include the consumers which encompass organisations, individual consumers (participants, spectators and fans); management agents and consultants including artist/athlete management services and general marketing management or event management services; legal consultants; advertising/PR agents; the media; merchandising and licensing agents; retailers generally; and the government. It is however not within the scope of this study to explore this network in any detail.

The examination of sponsorship in the light of relationship marketing theory sheds light on the sponsorship association and factors for success. Relationship marketing is particularly relevant to the study and practice of sponsorship because of its concentration on value as distinct from goods and services (Gummesson, 1987; Gummesson, 1996). As noted, the realisation of value is more critical in the current sponsorship environment than ever before, given the concern over rising costs, ambush activities and return-on-investment relative to other promotion alternatives (Hitchen, 1995; Meenaghan, 1996; Quester and Farrelly, 1998). Many academics (eg. Hoek et al., 1993; Quester and Farrelly, 1998) and practitioners (eg. Parker, 1990; Hiron, 1997; Jacobi, 1997) have emphasised the need to better understand sponsorship management and value generation. Relationship marketing theorists posit
that value definition, by way of clearly articulated value propositions, should be a feature of most marketing activities (Christopher et al., 1991).

A difficulty in demonstrating sponsorship value stems from the fact that it is inherently a very intangible phenomena. A sponsor buys the rights to associate itself with a commercial entity (such as the use of the Olympic Rings) and receives little else. The actual sponsorship investment does not in itself mean that a sponsor will or can exploit the association. As Crimmins and Horn (1996) note, “the initial fee might get you the right to use the official logo, but it does not give you advertising” (p.28). It is also intangible as a communication medium; in contrast to a controlled advertising commercial, the basic means of communication is indirect and the interpretation of the brand/property association is implied.

A holistic view of value, value creation processes and value-derived opportunities (as distinct from value distribution and discrete exchanges as in the case of goods or services), is a central difference put forward to distinguish relationship marketing from transaction based marketing. This is relevant to sponsorship in that the provision of a single sponsorship-derived service is unlikely to satisfy the expectations of a sponsor. Effective sponsorship requires the consideration of a range of initiatives and processes (sometimes interrelated and ideally synergistic) to realise the expected value, given that sponsors invariably seek multiple benefits from the investment (Meenaghan, 1983; Abratt et al., 1987; Irwin et al., 1994). In this context, the generation of value will almost always encompass far more than what can be extracted from a single service or initiative.

The range of objectives set by a sponsor is discussed in detail in the next section, but may include: greater target market awareness or preference for the brand; access to new markets; direct sales at an event; internal marketing; public relations; client entertainment and networking. Clearly, the value of the sponsorship for the sponsor can stem from various sources. Equally, the value for the sponsorship property emanates from the injection of funds, the satisfaction of the sponsor, access to commercial skills, access to new audiences, an enhancement of reputation including greater appeal to the target market, greater bargaining power with other sponsors, increased market exposure and so forth.
The notion that value comprises more than goods or services is linked to another important principle of relationship marketing, namely, that the actual exchange is incidental. Morgan and Hunt (1994) state that, “understanding relationship marketing requires distinguishing between a discrete transaction and relational exchange” (p 11). In the case of sponsorship, there is very little that can be described as a single, discrete exchange. Rather, the sponsorship association involves a series of interactions and inter-relationships. Indeed, once the sponsorship fee passes from the sponsor to the sponsored firm, the ‘exchange’ becomes far less easily defined. It encapsulates many exchange processes that can happen simultaneously, or can only be performed over time. It involves value generation in many forms, including that associated with achieving the types of objectives typically associated with sponsorship. It may even involve less apparent benefits including the sharing of commercial wisdom, experience, creativity, and skills (Farrelly and Quester, 2002). To use a celebrated analogy, such a relationship is akin to ‘dancing’ with each partner adapting its strategy according to the other’s, in the pursuit of a combination of self and collective interest (Wilkinson and Young, 1994).

In discussing relational exchange Gronroos (1996) mentions four resource types: personnel, technology, knowledge and time. In sponsorship, personnel, knowledge and time, are also central to the generation of value. The reputation of both brands, the knowledge of target markets (property and sponsor), the skills of those involved in aligning the brands and developing and implementing sponsorship strategies, are instrumental to the sponsorship outcome. The commitment of time is also very important for reasons that have been noted - the success of a sponsorship relationship, particularly the brand association, is contingent on interactions and initiatives that generate a cumulative impact over the longer term (Amis et al., 1999). Technology can also be relevant in terms of the use of sponsorship communication through web sites, virtual billboards, databases, client tracking systems and so forth.

A relationship view of value is also important to an understanding of sponsorship because it stresses the importance of the buyer and supplier being active in the co-production of the service (Sheth and Parvatiyar, 1995). Researchers have referred to the important role that properties must play in helping to achieve the objectives of sponsors (Sleight, 1989; Kuzma et al., 1993; Stotlar, 1993; Irwin et al.,
1994; Irwin and Sutton, 1994; Pope and Voges, 1994; Howard and Crompton, 1995; Shoebridge, 1998; Smallwood, 1998), yet properties (and sponsors to a lesser extent), have in the past been passive in activating sponsorship opportunities (Farrelly and Quester, 1999; Ling, 1999; Pritchard, 2001).

A major reason for dissatisfaction in the sponsorship investment has been the lack of synergies derived by both parties working in unison to achieve sponsorship goals (Ling, 1999). In relationship marketing, organisational boundaries are less obvious and in some cases may become hard to distinguish. Companies that adopt the relationship marketing approach are said to be more disposed to engage in cooperative relationships with their marketing partners. This can include joint activities in production, branding, promotion, and distribution, where the blending of resources creates greater market value than their use in isolation.

An area where the relevance of relationship marketing to sponsorship management may be less obvious relates to the importance placed on process as distinct from outcome. There is an assumption in the literature that the process of managing the relationship is as important, or more important, than the outcome (Sheth and Parvatiyar, 1995; Gronroos, 1996). Yet, in the services marketing literature, the relationship between outcome and process is identified as being much more complex. Services marketing theory postulates that the outcome of the service, that is whether the service supplier delivers what is promised, is ultimately more important than the process (Zeithaml et al., 1991). And while it may sometimes be difficult to dissect the process from the outcome, it is the outcome that is evaluated post purchase, and often what is most critical in terms of repeat purchase.

In the sponsorship context both process and outcome must be considered to ensure a full understanding of how value is developed and evaluated. However, it does appear prudent at this point in the evolution of sponsorship (i.e. when there is an increasing call for accountability, refer Parker, 1990; Shanklin and Kuzma, 1992; Copeland et al., 1996; Wilson, 1998; Tyler, 1999), to place greater emphasis on sponsorship outcomes, and to set objectives accordingly. This is especially important in the light of past sponsorship mismanagement resulting from a failure to set market based objectives, and a general lack of performance monitoring (Parker, 1990; Irwin and Sutton, 1994; Farrelly et al., 1997).
Furthermore, a focus on tangible outcomes compels sponsorship practitioners to be more accountable for their actions and may motivate them to direct more effort toward determining return-on-investment. Determination of what is to be achieved, and a continued focus on the goals set down, should guide the planning and implementation process. It should also facilitate the property's efforts to better manage expectations. A focus on process on the other hand, may overshadow potential outcomes, and result in a lack of purpose and ultimately, in dissatisfaction with the relationship. Iacobucci and Ostrom (1995) point out that while a satisfactory outcome can be traded off against an unsatisfactory process, it most unlikely that a satisfactory process will excuse an unsatisfactory outcome.

Without having an appreciation of outcomes, it may be difficult to determine those processes that are more effective and efficient in generating value. What is often neglected in the relationship literature is how to identify which processes best build value in the relationship. Clearly, all relational interactions do not have an equal effect on performance or evaluation. The likely disproportionate connection between some service process dimensions and others and the outcomes they produce, must be taken into account early in the planning cycle and periodically assessed (and possibly re-established) throughout the process. In contrast, a focus on process at the expense of outcome may explain a general failure in the literature to diagnose key sources of value and recommend courses of action to build it (Anderson, 1995).

3.5.1 Sponsorship as a Strategic or Co-Marketing Alliance

A review conducted both in the sponsorship and strategic/co-marketing alliance literature has failed to uncover evidence of prior examination of the sponsorship relationship as a strategic alliance. Crompton (1993) has noted that organisations may use sponsorship to build alliances, and on the other few occasions where sponsorship is described as an alliance, the term is used descriptively without elaboration (Witcher et al., 1991; Quester and Farrelly, 1998). This next section argues that sponsorship should be classified as an alliance. Or more specifically, that sponsorship relationships, and in particular those that result from larger investments in sponsorship, can be categorised as a strategic or co-marketing alliance. Critically, a
case is made that, by considering sponsorship as an alliance, the researcher can achieve a deeper understanding of the relationship.

Strategic alliances are now a familiar feature of the competitive landscape and alliances with a marketing emphasis - joint product development, joint branding, and reciprocal marketing alliances - have become increasingly widespread (Varadarajan and Jayachandran, 1999). A study conducted by Simonin and Ruth (1998) examined the "growing and pervasive phenomenon of brand alliances as they affect consumers' brand attitudes" (p. 30). They found that brand alliances of various types significantly affect the respective partnering brands but do not necessarily affect the partners equally.

The increase in research in the area has paralleled the rapid growth of alliances in the marketplace. One of the earliest pieces of research that considered strategic alliances and value generation was that developed by Adler (1966) who coined the phrase ‘symbiotic marketing’. He focused primarily on cooperative associations between firms other than those operating in the traditional marketer-intermediary relationship, and though quite visionary for the time, his writing has been overlooked by contemporary research in the area, with the possible exception of Varadarajan and Rarajatnam (1986). Adler foreshadowed the emergence and growth of strategic alliances and the expansion of research in the area, which in recent years has been considerable (Kogut, 1988; Hamel et al., 1989; Ohmae, 1989; Badaraco, 1991; Bleeke and Ernst, 1993; Kanter, 1994; Varadarajan and Cunningham, 1995).

Alliances have been examined from a variety of perspectives such as alliances and competitive advantage through the application of information technology (Mata et al., 1995); alliances as a way to internationalise (Beamish and Banks, 1987); alliances from a transaction cost economic standpoint (Parkhe, 1993); alliances in networks (Jarillo, 1988); alliances and the development of trust (Borch, 1994); alliances for organisational learning (Hamel, 1992); and alliances and ethics (Gundlach and Murphy, 1993).

Global competition, rapid advances in information technology, and increased customer sophistication sparked these new forms of organisational relationship. Resource scarcity and the opportunity to tap into new resources also led to the increase in the number of strategic alliances as companies pushed to increase market
coverage and investment opportunities. Where traditional internal development, mergers and acquisitions, were a common strategic means to achieve advantage in the past, in more recent times companies engaged alternate approaches such as alliances and network relationships, and sponsorship.

Oliver (1997) has observed, "strategic alliances allow firms to procure assets, competencies, or capabilities not readily available in competitive markets, particularly specialised expertise and intangible assets, such as reputation" (p. 707). Alliances may be seen as a value-adding effort on the part of the firm that affords new opportunities for building and maintaining competitive advantage (Bucklin and Sengupta, 1993). However the proportion of failed alliances is said to range from 50% (Bleeke and Ernst, 1991) to 80% (Khanna et al., 1998) for formal collaborations.

3.5.2 Conceptualisation of the Sponsorship Alliance

It is important to consider a framework that compares and contrasts various types of interorganisational relationships. Figure 3.1 noted below is an adaptation of that created by Yoshino and Rangan (1995). At one end of the continuum are the traditional contractual relationships. These are characterised by irregular transactions that include purchases of non-essential, non-strategic items. Typically, this type of inter-organisational relationship involved contracts relating to the purchase of items that are heavily price competitive and may include things such as the purchase of fleet vehicles. Because of the infrequent nature of such purchases, the amount of information shared between parties is minimal, and the level of trust that the buyer places in the supplier may be very low.

Beyond contracts on the continuum in Figure 3.1 are the Non traditional Contracts. Each of the examples noted on this axis can function as strategic alliances. Further to the right of the continuum are equity relationships. Strategic alliances and equity relationships differ from contracts in two important respects. First, buying firms typically purchase not only a partner's products or services, but also their systems and/or capabilities. Partners will often share information, as open communication is essential if alliances are to be successful for both parties (Ellram, 1991; Handfield, 1993). Parties to the alliance can become actively involved in such
strategic initiatives as joint development of new products, co-branding, new promotional campaigns, and distribution 'piggy-back' arrangements.

Yoshino and Rangan (1995) note that a strategic alliance links specific aspects of two or more companies in order to enhance the effectiveness of competitive strategies of participating companies by providing for the mutually beneficial exchange of technologies, skills, or products present in each company. Such relationships are distinguished by mutual interdependence, and success in the relationship is often determined according to the level of inter-organisational cooperation, value creation and affective bonds in the form of trust. Information sharing is also vital.

Equity alliances are a separate categorisation as they involve establishing a new and independent jointly owned entity or the situation where a partner takes a minority equity position in the other partner's business. Equity alliances can result in partial or complete ownership and may involve embedded mechanisms of control, which act as a substitute for trust. This study is not concerned with equity relationships, as sponsorship typically does not involve a sponsor taking equity in a property.

The work of Bucklin and Sengupta (1993), Yoshino and Rangan (1995) and Varadarajan and Cunningham (1995) in particular, have contributed significantly to our understanding of strategic alliances, including their conceptualisation, and the means to distinguish and classify them. Varadarajan and Cunningham (1995) note that, "strategic alliances, a manifestation of interorganisational cooperative strategies, entails the pooling of skills and resources by the alliance partners, in order to achieve one or more goals linked to the strategic objectives of the cooperating firms" (Varadarajan, 1986, p. 283). They also establish important structural delineation and functional, industry and geographic dimensions of strategic alliance types. This next section will help clarify the dimensions of sponsorship as a possible strategic alliance.
3.5.2.1 Delineation of a Strategic Alliance

Figure 3.1
Range of Interfirm Links

Consistent with the categorisation noted in Figure 3.1, Varadarajan and Cunningham (1995) establish the first delineation based on the rigidity of the relationship and financial ownership in the relationship. They note that a strategic alliance can be structured as either a distinct corporate entity in which alliance partners hold an equity position, or alternatively, as a distinct inter-organisational entity to which the organisational partners commit resources, skills, without sharing equity in the relationship.

Sponsorship is an example of the latter. Parties to the sponsorship agreement share resources and skills, which may be in the form of alignment of intangible assets such as brand image and skills in marketing planning and implementation. In this sense sponsorship is an example of a non-traditional contract as noted in Figure 3.1. It is rare that partners to a sponsorship arrangement take up an equity position. Exceptions to this rule is where corporations, whose core business may be distinct from the event they sponsor, will acquire major equity in, or complete ownership of, the event company as a way of gaining control of the positioning of that event and
their image association with the event. Examples of this include Uncle Toby's (an Australian health food company) and the national Ironman competition, Swatch and various 'extreme' sporting events, and major US broadcasting companies such as Disney, Blockbuster, and Turner Broadcasting who exploit the synergies of owning professional teams.

A second broad delineation that distinguishes strategic alliances from other business-to-business relationships involves the strategic intent of the exchange. Varadarajan and Cunningham (1995) make the distinction between cooperative arrangements and strategic alliances. While cooperation is an important facet of the strategic alliance, it is not its defining characteristic. A strategic alliance can only be viewed as such where cooperation is established to facilitate defined strategic initiatives to achieve a competitive advantage (Varadarajan and Cunningham, 1995; Jarratt, 2002). Considering this defining condition, Varadarajan and Cunningham (1995) do not make a distinction between strategic and co-marketing alliances, at least where the latter has strategic intent. Given that the motivation for sponsorship is often strategic in orientation (particularly with larger arrangements such as those investigated in this study), the two terms are herein used interchangeably.

Whether categorised as a strategic, co-marketing alliance, sponsorship can be viewed as a strategic tool used in the pursuit of competitive advantage. It is often entered into to achieve both corporate and brand image objectives, and on occasions, is employed as the platform of corporate and brand positioning strategies and the basis on which marketing activities are conceived and implemented (Cornwell, 1995). Amis et al. (1997) suggest that sponsorship can occupy a valuable strategic role in that it may satisfy the preconditions, which Peteraf (1993) proposes must be met if resources are to be built into sustainable competitive advantages (resource based issues are discussed in greater detail in the next section).

Sponsorship-linked marketing, a term coined by Cornwell (1995), includes the deliberate attempt to utilise sponsorship as the foundation for the positioning proposition and the basis from which all associated marketing activity is developed. In this instance, major strategies are created and activated based on the sponsorship investment, and these can include co-branding initiatives, advertising campaigns, sales and trade promotion etc. They may also involve the use of sponsorship as a
foundation for international market entry and diffusion strategies (James, 1999). Sponsorship-linked marketing is discussed further in a later section.

The type of objectives set are often the foundation for a strategic orientation (Kotler, 1991) and sponsorship has frequently been described in the marketing literature as a strategic activity (Gilbert, 1988; Otker, 1988; Carter, 1996; Nicholls et al., 1999). The most commonly sought sponsorship objectives are strategic in orientation, often including corporate and brand image objectives. Such objectives are predominant in sponsorship contracts because they directly relate to an alignment with the image of the sponsorship property. Meenaghan (1996), Irwin and Sutton (1994), and others, suggest that sponsorship is particularly useful in attaining corporate and brand awareness and attitude/image objectives and many companies seeking commercial benefits from sponsorship align with a property's image in an effort to define, enhance, or even repair their own. In a large comparative study of US and Australian sponsorship practices, Farrelly et al. (1997) found that 'strategic fit' of the proposed sponsorship program with the brand or corporate image, was the most important criteria (88.9% in the US and 81.3% in Australia) for managers assessing the worth of a sponsorship proposal.

The acknowledgment of sponsorship as a strategic or co-marketing alliance (or an avenue to forming a strategic alliance) by the sponsor may in itself be beneficial. It may highlight the potential importance of the relationship, a range of potential opportunities, and motivate the merging of systems and processes with the property. Such inter-firm system integration being a hallmark of a strategic alliance (Sheppard and Sherman, 1998). Perceiving sponsorship as a strategic or co-marketing alliance may also help in the understanding of the scope of the sponsorship relationship including the roles and responsibilities of both parties, an issue that has been problematic in the past, particularly for properties. Some suggest that properties have failed to grasp a true sense of the role they have to play in the sponsorship alliance and as result have often remained quite passive in the relationship (Farrelly and Quester, 1999; Burbury, 2001; Pritchard, 2001; Skildum-Reid, 2001).
3.5.2.2 The Scope of the Sponsorship Alliance – Industry, Geographic, Organisational and Marketing Dimensions

For the most part, sponsorship properties operate in what can be broadly defined as the entertainment industry, sport and arts related businesses being the most predominant. In most instances, the product manufacturers and service companies that sponsor these properties do not operate in the entertainment industry (eg. financial institutions, car, confectionary, soft drink, and sports product manufacturers). For this reason, sponsorship is classified as an ‘inter’ rather than intra-industry alliance. Varadarajan and Cunningham (1986) note that the most significant opportunities for firms in alliances in other industries relate to 1) alignment with firms whose product offerings complement each other; and 2) alliances with firms in new and evolving product markets in order to gain a foothold.

The first opportunity is commonly associated with many sponsorship arrangements, and there are numerous examples of the second opportunity as the driving force behind a sponsorship investment. The issue of alliances to tap new into markets can also cover the geographic dimension of alliance scope. Two such examples include Telstra’s sponsorship of the Sydney 2000 Olympic Games, and the Qantas sponsorship of the Australian Formula One Grand Prix.

For Telstra (Australia’s largest telecommunications company) a prime motivation for investing upwards of $200 million Australian dollars in the 2000 Olympics sponsorship was to showcase its technologies to other parts of the world, particularly in South East Asia, a rapidly emerging market for such services (Farrelly, 1999). Likewise, Qantas sponsor’s the Formula One Grand Prix largely because the race is broadcast into Europe, the UK and South America, where it has a large and loyal following. The opportunities for securing passengers in these markets, has been noted as the major motivation for their investment (Quester and Farrelly, 1998). While neither of these properties are physically ‘in’ these markets, they have a strong presence there around the time of the event (albeit for a reasonably short time), and so the potential for sponsorship leverage opportunities are significant. Sponsorship can be activated in this way at a domestic and/or international level.
Varadarajan and Cunninham (1986) note that strategic alliances can cover several functional areas or activities in the value chain or can be more limited in scope and confined to a few functional areas or a single activity in the value chain. Sponsorship is an example of a co-marketing alliance where “product and service offerings of the alliance partners are marketed together as a system” (Varadarajan, 1986, p.11). Sponsorship involves coordination among the partners in one or more aspect of marketing. Unlike buyer-seller or manufacturer-distributor partnerships, co-marketing alliances are lateral relationships between firms at the same or similar level in the value-added chain and represent a form of ‘symbiotic marketing’ (Adler 1966). Bucklin and Sengupta (1993) suggest that vertical relationships receive continued attention in the literature but that relatively little has been written on lateral relationships. This may explain why there has been no attempt to understand sponsorship as a co-marketing alliance.

A sponsor seeks to leverage its firm’s unique resources and skills with the specialised resources and skills of the property in order to generate a more powerful impact in the marketplace. Sponsorship is an example of a cross-functional alliance between the marketing departments of relationship partners and is less likely to involve cross-functional and cross-organisational teaming that may occur in other alliances. The eight major facets of collaborative marketing, each of which potentially activated in the sponsorship relationship, are: 1) advertising, 2) logistics, 3) packaging, 4) pricing, 5) product design, 6) promotion, 7) selling, and 8) services (Magrath, 1991).

From an implementation perspective, sponsorship is a contractual relationship mostly undertaken mostly by firms whose respective products or services are complements in the marketplace. As a co-marketing alliance, sponsorship aims to build customer awareness of benefits derived from these complementarities. Varadarajan and Rajaratnam (1986) proposed that marketing alliances (as opposed to alliances formed for technological or financial reasons) should be conceptualised, designed, and managed from the perspective of the customer. They recommend that the usage complementarity that exists between certain goods and services from a consumer perspective can be used as the grounds for determining partner selection. Parties to an alliance that establish and promote usage complementarity are in a
position to exploit opportunities that exist in the resultant product and market coverage. An example of this type of sponsorship alliance includes Michael Jordan and the NBA, with Nike and Gatorade.

Complementarity in usage patterns offers a cogent way to conceptualise and develop marketing alliances. It highlights the importance of the intangible assets of a firm for maximising market potential - particularly for those marketing practitioners adept in recognising their consumer’s usage patterns both in the purchase of products in their own product class as well as in other product classes. Such knowledge is also most beneficial in achieving sponsor/property brand alignment and is discussed in detail in the next section on sponsorship and the resource based competitive advantage.

3.6 Sponsorship Management and Competitive Advantage

The issue of sponsorship value development and implementation has been addressed in the literature in a sometimes superficial and often indirect way. Researchers have considered value in their efforts to distinguish sponsorship from advertising and to establish its place as a communication medium in its own right. They have also considered sponsorship value in terms of the ‘before’ and ‘after’ in as much as it relates to setting objectives, and program evaluation. There is however, little in the way of a framework for thinking specifically about sponsorship value and managing its development and implementation. This is despite the importance placed on sponsorship implementation (Irwin and Asimakopoulos, 1992) and the concerns expressed about a lack of sophistication in the way sponsorship is executed (Thwaites, 1995). Thjome (2000) notes that managers appear to have advanced goals for sponsorship yet lack in management skills to effectively implement initiatives that will help achieve these goals.

Quester et al. (1998) note: “significantly, there has also been very little research aimed at identifying management practices in relation to sponsorship, despite the obvious relevance of questions such as whether it is used as a strategic or tactical tool, who may be involved in the sponsorship decision process, or the total amount of resources required” (p.6). Scarce also is evidence of research into the sponsor/property management relationship. Meenaghan (1996), in a footnote,
suggests that more needs to be done to understand such sponsorship relationship governance issues as cooperation, conflict resolution and control.

Many sponsorship investments are seemingly made without a sound understanding of the potential value to be generated from the relationship, or without adequate attention to the related resource requirements. Yet, the development and nurturing of these sponsorship-marketing resources would enable the more effective implementation of sponsorship programs and would strengthen commitment to, and ultimate satisfaction with, the relationship.

The next section reviews the literature on sponsorship management in order to draw attention and elaborate on the core value in the sponsorship relationship. The resource-based view of the firm is analysed in this regard. The issue of sponsorship value implementation is also addressed. Whilst the relevance of this line of inquiry to the study of commitment, trust and satisfaction is clear, it is also important for sponsorship and marketing more generally. In a recent assessment of the current status of marketing strategy research, Varadarajan and Jayachandran (1999) suggested that marketing is likely to play a more important role in charting the strategic direction of the firm with a continued focus on managing and leveraging market-based assets such as brand equity. As already noted, extracting value from corporate and brand equity is at the very core of the motivation for any investment in sponsorship.

3.6.1 The Resource Based View of the Firm (RBV)

The resource-based competitive advantage view is introduced in this thesis to support the argument that value is a central construct providing the required analytical framework. The resource-based competitive advantage view also provides the structure for the remainder of this chapter.

Having its origins in a ground breaking article by Wernerfelt (1984), the resource-based view (RBV) of the firm has evolved into an extensive body of literature. Reviews of the literature by Peteraf (1993) and Wernerfelt (1995) confirm a consensus of opinion that a firm's resource endowment can be a source of rent generation and competitive advantage. A fundamental assumption of the theory is that key resources are heterogeneously distributed among firms in an industry. Resource
heterogeneity enables a firm to develop tangible or intangible resources that afford them a competitive advantage that cannot be readily copied or purchased by other firms (Dierickx and Cool, 1989).

Fahy et al. (2000) note that the underlying logic of the RBV is relatively simple, starting with the assumption that a firm, through its managerial endeavours, strives to achieve a sustainable competitive advantage. Achieving a sustainable competitive advantage allows the firm to earn above-average returns, measured in conventional terms such as market share and profitability. Success or the opportunity of future success focuses attention on how profitable initiatives are conceived and sustained. The RBV contends that the source of the advantage is found in the possession and systematic manipulation of key ‘value laden’ resources in the marketplace. These resources can include, for example, a firm’s reputation or the level of trust in an alliance relationship.

Importantly, a distinction is made between resources and processes, for achieving competitive advantage. A basic distinction is established between resources that arise from what a firm has versus those arising from what a firm does (Hall, 1992). The distinction is categorised according to a firm’s resources and its capabilities (Amit and Schoemaker, 1993) where the process of appropriating resources is described as a ‘capability’ (or as a subset of routines) and such capabilities are considered to be what ultimately generates commercial advantage. Capabilities have been described as the skills associated with linking activities in the value chain and, importantly, it is the advantage stemming from these capabilities that can be sustained because associated routines can accumulate over time, and are unique to the firm (Duncan et al., 1998).

These capabilities have been classified as either functional or integrative. Functional capabilities allow a firm to deepen its technical knowledge and specialist expertise (Snow and Hrebiniak, 1980; Pisano, 1990; Grant, 1991). In a marketing context, this may relate to blending mix elements in unique and innovative ways. Integrative capabilities, on the other hand, allow the firm to absorb critical knowledge from external sources and to blend the different technical competencies in different departments (Cohen and Levinthal, 1990; Kogut and Zander, 1992; Pisano, 1996; Teece et al., 1997).
A capability can however generate key advantage producing resources. An example is what Hunt et al. (2002) describe as ‘idiosyncratic resources’. Idiosyncratic resources are fundamental to alliance success and are the product of the complimentary resources both parties bring to the relationship. A critical integrative capability in an alliance is the ability to discover the complementarity in these resources and to manipulate them to produce something that is unique to the alliance, that is highly valued in the marketplace, and that is not easily duplicated.

Paradoxically, a weakness of the RBV may be its focus on resources and capabilities contained within, and controlled by, a single firm. Dyer and Singh (1998) argue that no attempt has been made to integrate the knowledge derived from the strategic management literature, including the RBV, and use it systematically to examine inter-firm value generating processes. However, Barney and Hanson (1994) do consider collaborative relationships, recognising that they encompass tangible assets and social interaction, and that many avenues to advantage exist through inter-firm resource synergies, and Hunt et al. (2002) have recently advanced this notion. Yet, generally speaking, the RBV literature neglects inter-firm resource advantage in favour of the single firm focus. In this study, an attempt is made to broaden the resource net and to emphasise departments within an alliance partner. In this scenario, partners may combine resources or collectively improve capabilities so that the resulting resources are both idiosyncratic and indivisible.

Overall, therefore, it appears that the possession of resources (or their possible attainment through an alliance); the qualification of which resources offer the greatest potential given resource stocks and prevailing market conditions; and the manipulation of these resources to implement a value creating strategy difficult to duplicate by competitors, are all of critical importance in achieving a competitive advantage. The objective in the next section therefore is to draw from the RBV and to highlight vital sponsorship alliance resources and capabilities (both functional and integrative, within firms and alliances) and in doing so, to contribute a better understanding of sponsorship, and in doing so offer a more analytical view of the drivers of sponsorship renewal.
3.6.2 The Characteristics of Advantage-Generating Resources

The resources housed within a firm are many and varied. A significant contribution of the RBV is that not all resources are of equal importance or possess the elements on which a sustainable advantage can be built. Much of the literature therefore is concentrated toward defining the characteristics of advantage-creating resources. It is important before examining the rationale behind the selection of advantage-creating resources, to extend the relational view of exchange discussed earlier in the chapter, and recognise that this resource audit process must be considered in light of alliance dynamics.

Dyer and Singh (1998) define relational rent as "a supernormal profit jointly generated in an exchange relationship that cannot be generated by either firm in isolation and can only be created through the joint idiosyncratic contributions of the specific alliance partners" (p. 63). The same authors have also established a useful framework for considering resource based alliance processes for achieving advantage. This will be considered after the section on resource definition, as it is most applicable to the implementation process.

Barney (1991) lists four essential requirements for a resource or capability to be a source of sustainable competitive advantage:

1. It must be of value. Does the resource or capability represent something of worth to customers?
2. It must be rare among a firm's current and potential competitors. How many competitors (if any) possess the resource or capability?
3. It must be imperfectly imitable. Do competitors possess the means of developing or obtaining the resource or capability?
4. There must not be any strategically equivalent substitutes for this resource/skill and it must have sustainability. How can the organisation maintain the value, rareness, and lack of imitability of the resource or capability?

Grant (1991) suggests that the vital elements are levels of durability, transparency, transferability and competitive superiority. Amit and Schoemaker
(1993) argue that strategic assets by their very nature are specialised, and that specialisation of assets is the basis on which firms generate profit. Firms are compelled to differentiate their assets if they are to develop a competitive advantage. Amit and Schoemaker (1993) list eight resource advantage generating criteria. Collis and Montgomery (1995) state that they must meet five tests: inimitability, durability, appropriability, and substitutability. Essential conditions common to these different typologies, according to Fahy et al. (2000), are value, barriers to duplication and appropriability. Each of the three elements are discussed briefly and then interpreted in the sponsorship context. Value is considered in the next section, barriers to duplication and appropriability are considered in the following section on value implementation.

Value to customers is fundamental to achieving competitive advantage. For a resource to be a potential source of competitive advantage, it must be valuable or enable the creation of value. Value is added by cost leadership - offering equal quality products or services at a lower cost than competitors, or by differentiation - offering products or services with important characteristics that consumers perceive to be unique relative to that provided by the competition (Day and Wensley, 1988). A resource is valuable if, as a consequence of its appropriation, a firm can more effectively or efficiently meet the needs of customers (Barney, 1991). Value is the governing determinant of the RBV. Resources and capabilities, whilst they may rate highly on the other criteria, cannot deliver a source of competitive advantage unless they are founded on a genuine component of value.

3.6.3 Value in the Sponsorship Relationship

An analysis of sponsorship value facilitates the identification of performance-determining factors embedded in the sponsorship relationship. The inclusion of value to help clarify sponsorship inputs, processes and outcomes, is significant given the preoccupation in the literature with the examination of screening instruments and objective setting processes, and the tendency to ignore significant aspects of sponsorship relationship dynamics. While Irwin (1992; 1994) and others (eg. Sunshine et al., 1995), have provided valuable direction about what is necessary to screen a partnership proposal, and the significance of certain objectives, they provide
limited insight about how to isolate, activate and manage sponsorship value after the initial stages of the alliance.

The value of sponsorship as a positioning tool has been considered in the literature, often in comparison to advertising (Hastings, 1984). It has also been dealt with indirectly as part of the discussion of sponsorship objectives, motivations for entering into a sponsorship agreement, in terms of the key processes required to optimise sponsorship effect, and in relation to sponsorship evaluation.

While value can be added through cost leadership or differentiation strategies, sponsorship value is almost always concerned with the latter. Sponsorship, with its own idiosyncratic characteristics, provides an opportunity for a sponsor to build favourable associations and identities for their brands. A sponsorship investment can be used to transfer positive images associated with the event or individual athlete to the sponsor's corporate or brand image. Direct alignment with a sponsorship property is often an endeavour by the sponsor to attach its corporate or brand image to that of a property, and through this marriage of the brands, to strengthen its image and distinguish it from the competition. Gilbert (1988), Meenaghan (1996), Hoek (1997) and others, agree that sponsorship is particularly useful in attaining brand awareness and brand attitude/image objectives.

Parties to the sponsorship relationship have had difficulty generating value in the past for a number of reasons. Earlier writings pointed to a lack of understanding of sponsorship as a communication option and to the failure in leveraging effectively. Numerous writers pointed to a proclivity on the part of practitioners to think about sponsorship purely in advertising terms and consequently view it as a 'weak' or 'cheap' alternative offering limited value (Hulks, 1980; Meenaghan, 1983; Hastings, 1984; Mescon and Tilson, 1987; Parker, 1991; Harris, 1993; Sparks, 1995). Such beliefs were said to be widespread, to have inhibited the development of sponsorship knowledge, and to have resulted in its under-utilisation, particularly through a lack of integration into the marketing mix. General mismanagement, eg. simplistic execution and evaluation processes was also a feature, as was the emphasis on maximum media coverage or brand exposure rather than achieving a preconceived brand positioning (Meenaghan, 1991a; Meenaghan, 1991b; Cornwell, 1995; Sparks, 1995).
Personal interest (as distinct from commercial logic) on the part of senior management has often been suggested as a motivation for investment in commercial sponsorship (Sedmak, 1989; Thwaites, 1995). Other perhaps less than optimal motivations, include 'following' and 'blocking' competitors. In the same way as companies copy the advertising practices of their competitors (competitive parity), companies may merely imitate the competition by engaging in sponsorship. Similarly, 'competition blocking' rather than expected return-on-investment, may explain the motivation of some companies to be involved in sponsorship (Thwaites, 1995).

Hastings (1984) was one of the first writers to clarify the differences between sponsorship and advertising and to draw the implications this has for the choice of objectives, including the necessary integration into the broader marketing mix, and appropriate methods of evaluation. Parker (1991) followed up some of the issues highlighted by Hastings (1984), suggesting that sponsorship communication may cast a persuasive influence if consumers perceive marketing through a particular event or athlete to be a 'softer' or less commercially-biased approach than the more traditional one-way advertising from seller to buyer. This was said to include the situation where a sponsorship association is advertised through main media.

Similarly, a sponsor's message may be more readily accepted by consumers due to the positive mood associated with victory and natural excitement, or if it is regarded as involving an element of patronage. Sponsorship is deemed preferable to 'straight' advertising because it is believed to assist athletes to improve their performance or thought to enable sports in general to prosper (Parker, 1989). A recent Australian study reported an overwhelming agreement with the statement that sport would be 'in a worse position without sponsorship, reflecting a belief that the quality of sporting events had improved because of the financial assistance provided by way of sponsorship (Shoebridge, 1998).

There is, however, some disagreement in the literature over the issue of consumer disposition toward sponsorship. Hoek (1998), quoting Meenaghan (1998) notes that there is now evidence of consumer cynicism toward the medium. Further review of Meenaghan's (1998) article reveals that his prediction of consumer cynicism may come to pass because of over commercialisation. Bernstein (1999) has recently suggested that favourable consumer attitudes toward sponsorship remain one
of its strengths, whereas Ring (1998), also recently, forecasts that consumers ‘will’ become increasingly sceptical about sponsor motive and that ‘corporate greed’ will ultimately undermine the core values of sport and sports competition.

On an international level, sponsorship provides a medium that has a substantial non-verbal component. Most evident in sport sponsorship are the universal messages of hope, pain or victory that can transcend languages and, hence, national boundaries. As a result, sponsorship may facilitate the building of trans- or multi-national brands, a notoriously expensive and difficult process. Marshall and Cook (1992) note that sponsorship can be a catalyst for building corporate image and brand prominence on a global scale.

There can also be considerable value for the property. In addition to the injection of what is often significant revenue relative to total earning capacity, the association with a high profile company can enhance the property’s image, signal that it is viable and desirable, and in doing so, prompt other sponsors to invest. The sponsor’s leveraging of its association with the property will invariably bring the latter considerable exposure. The capital generated by sponsorship can allow properties to increase the calibre of their events, pay higher fees for players/artists, and in turn improve performance and draw additional gate and television revenue. Crompton (1993) has suggested that support from corporate sponsorship can be the difference between a successful and unsuccessful event.

Despite these positives, there are increasing concerns over the value of sponsorship. Sponsorship, as an implied form of communication, must be supported with additional marketing activity that can be costly. Also, the actual cost of securing the sponsorship rights has risen dramatically. In 1984, the cost of a global sponsorship such as the Soccer World Cup was US $4 million (McGeehan, 1987), by 1996 this figure had grown to US $40 million (Meenaghan, 1998a). The cost of sponsoring the major football code (or competing teams) in the UK (Thwaites, 1995) and Australia (Hirons, 1997) has also risen sharply.

The increase in the cost of involvement has occurred at a time when sponsorship clutter has become more and more evident. Further intensifying the problems associated with costs and clutter, is the growing concern that sponsorship value is eroded because of ambush activities undertaken by increasingly sophisticated
non-official sponsors. Such factors are now significant in the assessment of sponsorship value and return-on-investment.

Conflicting opinions exist in the literature about the extent of sponsorship clutter. Over ten years ago Stotlar and Johnson (1989) noted that clutter might prove to be the demise of Olympic sponsorship. Similarly, in the late 1980's Wilber (1988) spoke of sports sponsorship saturation, while Meenaghan (1994) and most recently Nicholls et al. (1999) described the lack of clutter associated with sponsorship communication relative to advertising, as an investment incentive. Meenaghan (1998) in an article about developments in sponsorship dedicated a section to describing the rapid increase of sponsorship clutter, noting that it is a significant problem. He cited the fact that in the US the number of companies/brands using sponsorship grew from 1600 in 1985, to 4900 in 1996 (Meenaghan, 1998a). In Australia, the number of properties seeking sponsorship is believed to have grown by over 500% from 1987 to 1997 (Hirons, 1997).

Another reason for the clutter is that a greater number of properties, whether individual athletes or performers, teams, companies, leagues, and even broadcast programs, have become increasingly commercially-minded and conscious of their commercial value. They (and their agents) have become more adept and aggressive in the way they market themselves, secure sponsorship revenue and exposure. In 1996, NIKE Inc. received more than 4,800 sponsorship requests a month or nearly 62,000 per year (Livingston 1996). In Australia, Hirons (1997) found that some firms received in excess of 2,500 written sponsorship applications per annum. These requests came from individuals, groups, clubs and other interested parties from around the world.

With sponsorship clutter now a feature of the commercial landscape, companies keen to utilise sponsorship to differentiate themselves have to invest more in support of the sponsorship in order to break through the 'noise' and reach consumers. This leveraging activity (such as advertising, PR, and sales promotion to support the sponsorship program) obviously escalates the cost of sponsorship even further. Paradoxically, it also increases the potential over-commercialisation and associated negative spin-offs. A sponsor endeavouring to cut through competitor messages must be careful not to be seen to compromise the integrity of the event, as
this can have an adverse effect on consumer goodwill toward the event, and toward the sponsor. There can also be problems if the sponsored athlete, team, organisation, or event attracts negative publicity. Quester and Thompson (1999), quoting Thwaites (1998), note that "there are also indications that sponsors are becoming concerned about the commercial risks of being associated with ethical problems related either to individual sports or sports-persons, for example positive drug-testing, for example Ben Johnson in the Canadian context" (p. 12).

3.6.3.1 Value in the Sponsorship Relationship

Central to understanding the nature of sponsorship value is the multiple objectives it can contribute to, the fact that a number of these objectives can be achieved simultaneously, and the diverse target constituencies it can appeal to. Not surprisingly, the nature of sponsorship value is mostly revealed in discussions of sponsorship objectives. There are many studies examining the types of objectives set and the relative importance of particular objectives (Abratt and Grobler, 1989; Witcher et al., 1991; Meenaghan, 1991b; Marshall and Cook, 1992; Hoek et al., 1993; Thwaites, 1995; Farrelly et al., 1997). Regularly cited are the multiple objectives a sponsor can strive to attain. However, while such studies have been successful in identifying current corporate objectives and motivations, they have failed to evaluate whether such objectives have been realistic in terms of desired value attainment, or whether this varied according to the type of sponsorship undertaken (Cornwell and Maignan, 1998).

Sponsorship offers the opportunity to pursue unique, often interrelated objectives, which are typically interlinked with traditional marketing communication elements, particularly advertising. Effectively implemented, sponsorship can be used for brand repositioning, for brand reinforcement, awareness and revitalisation. Sponsorship can be activated as a means of target marketing for example by aligning the brand with particular lifestyle associations (consider Louis Vuitton and the America's Cup and horse racing). Other applications include: supplier or employee incentives; exposure of merchandise; on-site concessions; blocking the competition; international exposure; getting closer to the trade; as a signpost of market leadership; and product endorsement. For classification purposes, sponsorship objectives can be
subdivided into two broad categories - corporate and brand objectives (Meenaghan, 1991b; Javalgi et al., 1994) and with two main sought after outcomes, awareness and image building (Hastings, 1984; Gardner and Shuman, 1988; Otker, 1988; Rajaretnam, 1992; Stotlar, 1993; Pope and Voges, 1994; Stipp, 1998).

Broad corporate objectives often incorporate the organisation's desire to influence several publics in its environment. Corporate sponsorship objectives may encompass:

- interaction with various groups as a medium for community involvement and public relations;
- the need to increase public awareness of a company, its image, products or services;
- the need to alter public perception and associate the company with a particular personality or image;
- the need to build goodwill among opinion leaders and decision-makers through corporate hospitality and by sponsoring high profile or community based events. Goodwill can be generated with business associates, or with other publics such as government and the media;
- the need to signal corporate success and financial stability to shareholders;
- the need to counter adverse publicity;
- the need to increase staff productivity through sponsorship-related sales incentives, to articulate company values, to nurture staff identify, and to build pride through the association with an event.

Meenaghan (1991b) notes “sponsorship is highly regarded for its ability to achieve both brand awareness and brand image objectives” (p.11). As noted, specific product-or-brand related objectives that sponsorship can meet are: to raise product or brand awareness and recognition; to strengthen or reposition brand image and achieve favourable brand attitudes in specific target markets; as an aid to the sales-force; to assist with new product launches etc. Some companies use sponsorship as a way of generating sales at an event. ‘Pouring’ rights at an event is often an important feature of Coca Cola’s sponsorship initiatives (Jacobi, 1997).
3.6.3.2 Sponsorship Evaluation

The lack of rigorous evaluation of sponsorship value in the marketplace has often been lamented in the literature and supported with empirical findings (Hoek et al., 1993; Speed and Thompson, 1997; Burton et al., 1998). Abratt and Grobler (1989) note that the most frequently cited sponsorship evaluation methods involve proxy measurements of communication effects that are not accurate measures of the value of the investment. These measures include: participation numbers at the sponsored event; number of exposures in line with the dollar equivalent value of free advertising; or general attitude surveys encompassing product awareness and corporate image.

A key assumption made about sponsorship is that its effectiveness can be measured similarly to that of advertising. Conventional communication (advertising) models are often applied mechanistically to sponsorship in order to substantiate a comparative value to what remains a relatively new medium. This often involves quantifying media coverage or exposure of the sponsor, using clippings and column inches in print or duration of exposure in broadcast media, as the unit of measure (Sparks, 1995). An obvious shortcoming of this method is that such measures of exposure may or may not translate into a change in consumer's perceptions. Consequently little is usually gained from using such measures for performance evaluation purposes.

Another, and sometimes complementary, method of value determination discussed in the literature focuses on the number of ‘impressions’ made. Impressions are another form of ‘opportunities to see’, which take audience characteristics into consideration (Harris, 1993). It can be equated to the advertising measure of target audience rating points (TARPS) and is based on the premise that through such audience targeting a greater processing and acceptance of the message is likely. The assumption that the association is meaningful and that the well-documented process of selective perception will not come into play, however limit the usefulness of such measure. The limitations of straightforward media space measurement also apply in this case. The ‘opportunity to see’ is but a distant indicator of actual consumer's perceptions and, as Ukman (1984) points out, media coverage represents a record of take-offs rather than landings.
Such measures provide little evidence of actual sponsorship performance. Based on a longitudinal study of the Australian Formula One Grand Prix, Quester and Farrelly (1998) on the subject of sponsorship value, conclude that “for sponsorship to be most effective in terms of brand impact, an association between the brand and the event must be communicated, and performance should be judged not on awareness or continuity measures, but rather, in terms of the degree of conversion through brand or company image reinforcement” (p. 14). Quite common are the use of pre- and post-event surveys establishing the level of awareness, familiarity and persuasion achieved by the sponsorship (McDonald, 1991).

There is an assumption that the cognitive process undertaken by consumers as a result of exposure to sponsorship messages is comparable to that experienced with advertising messages. For example, it is assumed that consumers would require to be aware of the message before being able to process it in such a way as to form attitudes about the property and the sponsor. Furthermore, as the intent is to create an exclusive and unique connection, the aim of the sponsor should be to measure the existence and strength of the association, which is likely to evolve over time. This suggests that qualitative measures may be more appropriate or that any quantitative measure should be taken over longer periods of time to allow the identification of a pattern of accumulation and decay of associations between the property and sponsor and/or their brands.

Abratt and Grobler (1989) believe that an ideal sponsorship assessment program consists of a number of gradations. First, operational goals are set in measurable terms. Next a specified, identifiable and achievable target audience is clearly identified (this can be a range of audiences but logically there must be a relationship between the target audience for the communication and the sponsorship). Third, the appropriate measurement of effects (i.e. three-way surveys, pre-event measures) require that benchmarks be set from which all future comparisons will be made. This includes awareness and attitude surveys of the brand and sponsor. Finally, the cost effectiveness of the sponsorship also needs to be evaluated in terms of alternative media. This process, coined by Abratt and Grobler (1989) as "a multiple technique evaluation program" (p. 355) requires assessment above and beyond
standard advertising measures and offers greater insight into the true value of sponsorship, and appears to assess what a sponsor is aiming to achieve.

The importance of measuring sponsorship effects over the long term has been emphasised by Armstrong (1988) and by Wright (1988), as the effects of sponsorship are said to take time to develop. Parker (1991) has noted that awareness studies have often been misused in sponsorship research because they have failed to reveal the long term nature of the medium's impact. While spontaneous awareness of a property and sponsor may be very low initially, long term effects could be prevalent even years after the sponsorship had ceased (Parker, 1991).

Despite being advocated by some as the ultimate performance measure in commercial sponsorship (Grdovic, 1992), connecting sales results to expenditures is problematic due to the confounding effect of other marketing and communication variables, the carry-over effect of previous marketing communications, and the presence of many uncontrollable variables including competitor activity or changing economic conditions. For these reasons, monitoring sales is unlikely to provide reliable results, except in isolated cases where, for example, the sponsor has tight control over parameters such as on-site sales volume. In most situations, including the more intricate case of the business-to-business environment, sales are explained by a wide variety of factors, all of which are likely to interact, making any change in sales impossible to conclusively attribute to one single factor.

Furthermore, when claims about sales impact have been made, there is rarely evidence of the control mechanisms necessary to support a direct link between sponsorship and sales or market share performance (Rajaretnam, 1992). Another often discussed problem is that sales, like market share, does not necessarily indicate profitability, or demonstrate an organisation's effectiveness or efficiency. From the properties perspective, attendance is commonly used as a key performance measure (Soucie, 1994) yet, as a single item measure, it suffers from inherent weaknesses similar to sales volume and market share fluctuation. However, whether evaluated accurately or not, the perceived importance of sales outcomes should not be underestimated, especially when it influences a sponsor's decision to renew (Turco, 1995).
More recently, the evaluation of sponsorship value has been considered in terms of the impact it has on a company's share price. Cornwell et al. (2001) found that sponsors with logical or matched ties to the consumer automotive industry realised statistically and economically significant gains in their share prices around the time of their sponsorship victories. The same could not be said however for autoracing sponsorships involving products not closely linked to the consumer automotive industry. The author's note that those sponsors not closely linked to the industry have little chance of increasing their overall corporate valuations (Cornwell et al., 2001).

It is clear that practical difficulties inhibit sponsorship evaluation. Yet, what is often missing in the literature on sponsorship evaluation is the importance of emotion, involvement and brand association, in the process through which the audience/sponsor connection is made. The term 'association', so often referred to in relation to sponsorship, is very important to understanding the effectiveness of the medium, as memory and brand recall are a function of the associative connections established between the distinct components. If a brand image and related usage situation can be associated with favourable feelings that are remembered from a particular event or related property, and if a long term meaning of what the property represents can be established and retained, stronger recall will be established and a persuasive influence may be exercised over the purchase decision (Quester and Farrelly, 1998).

Emotion is a critical ingredient in recall as the feelings and emotions about a particular message are an important determinant of brand attitude, which in turn influences the extent of brand recall (Mitchell and Olson, 1981). Hence sponsorship communication is more likely to have long lasting effects if it elicits a strong emotional response in the form of a positive mood state towards the sports property. Therefore, a clearer understanding of the emotional impact of sponsorship is vitally important.

Johar and Pham (1999) advanced the understanding of sponsorship value through an experiment that investigated two critical heuristics, brand-event relatedness, and market prominence, and how they operate in constructive sponsor identification. They determined that correct sponsor identification depends on the
respondents' ability to retrieve the original event-sponsor association, which in turn is dictated largely by how well the association was encoded. Often consumer judgements are based on heuristics of relatedness. Here they refer to the work of earlier researchers (e.g., Rosch and Mervis, 1975) and note that ‘categorisation’ is assigned to categories on the basis of the overlap between the attributes of the instance (such as the event), and those of the category. With regard market prominence, they note that an important characteristic of the marketplace is that it comprises brands differing in prominence (e.g. market share, share of voice), and these companies can be perceived more likely to invest in large sponsorships. Their results indicate that sponsor identification appears to be biased strongly toward brands that are related semantically to the event, and that consumers also rely to a significant degree on the prominence of the brand.

As well as understanding the nature of value in the sponsorship relationship, including consumer interpretation of this value, it is important to address those factors within an organisation that have a direct bearing on successful implementation to generate this value. This is discussed in the next section.

3.7 Factors That Impact the Implementation of Sponsorship Value

The implementation of sponsorship programs is a critical factor in determining their success (Meenaghan, 1991b). Adopting a resource-based perspective enables the identification of the required resources for implementation and their role in ensuring sponsorship effectiveness. As noted, it also provides a framework for sponsorship implementation, which other than in selection decisions, has largely been neglected in the literature. Many firms engage in sponsorship activities without thinking about the resources necessary to manage them. Not only is ‘sport’ (or ‘the arts’) seldom their core business, but they fail to realise that sponsorship programs involve more than paying an up-front fee to the property.

In considering implementation issues to generate sponsorship value, it is vital to consider the resources required. An existing or potential sponsor needs to develop and deploy a number of resources in order to generate maximum returns from a sponsorship investment. The following section articulates some of the most critical resource requirements.
3.7.1 Financial Resources

The competitive advantage achieved through a sponsorship is dependent on the strength of the link between the sponsor and the sponsorship property. The basic premise underlying sponsorship-linked marketing is that sponsorship must be supported by additional marketing activity for it to achieve multiple corporate objectives, including the necessary image association (Quester and Thompson, 2001). A key reason for the failure of many sponsorship investments lies with companies not supporting their investment with adequate advertising, public relations, point-of-purchase and other promotional activities or not executing the activities effectively (Copeland, 1991; Farrelly et al., 1997). The same rationale helps explains why non-sponsoring companies can benefit from 'incidental' ambush activities (Quester, 1997). Not surprisingly, high support and leverage costs and the difficulty in assigning value to outcomes have been reported as a major reason for contract dissolution (Copeland, 1991).

The financial resources needed over and above the sponsorship rights acquisition are significant and generally perceived to be two or three times the cost of the sponsorship (Meenaghan, 1983; Armstrong, 1988; Otker, 1988; Abratt and Grobler, 1989; Witcher et al., 1991; Nelms, 1996; Farrelly, 1997). The extent to which this type of expenditure is necessary is influenced by the specific objectives of the sponsorship partners and by contractual arrangements. From a competitive advantage viewpoint, both the property and sponsor should consider sponsorship opportunities with this in mind, and make a full appraisal of the total financial outlay over the duration of the contract. It is important to note that while the sponsor has the prime responsibility for providing financial resources to leverage the relationship, the property may have to consider what financial resources they need to invest in joint leveraging activity.

3.7.2 Branding Building Skills

One of the critical competences associated with sponsorship planning and implementation is the ability to grasp the inherent value of sponsorship communication. To do this, it is necessary to understand the basis of the entertainment, its associated image, and to consider the rationale underlying
sponsorship objectives. Sports leagues, sports stars or performing or visual arts events, in their function as social services, all project an image to their environment. This image is the property's 'brand'. It is ostensibly what they offer to a sponsor as a commercial opportunity. The image is derived from a range of sources, such as the personality and skill of the exponents, the marketing of these attributes, and the importance placed on such factors by the consuming public. Sport, for example, encompasses a rich range of values and symbols and all these aspects can be expressed in images and represented to an audience.

Consumers worldwide use sport - and art - as a form of self-expression and thus corporations have entered alliances with sponsorship properties (including leagues, teams, events, individuals) in order to use this association as an alignment tool in their marketing. Hence, a core competence is the ability to design sponsorship communication programs that tap into the passion associated with the property and transfer it to the meaning attributed to the brand.

Corporate or brand positioning objectives are predominant goals in sponsorship contracts because they directly relate to an alignment with the image of the sponsored property. Many companies seeking commercial benefits from sponsorship hope that a property's image will define, enhance, or even repair their own. Evidence of this 'rub-off' or 'halo' effect has been found to occur in a variety of sponsorship types by several researchers (eg. Olivier and Kraak, 1997).

Examples of successful sponsorship investments include Uncle Toby's, an Australian company that markets cereals and health food bars, and their extremely successful sponsorship of the national Ironman competition, an event that fits the Australian cultural psyche which includes the outdoors (eg. the bush, the beach), images of healthy people, and vigorous physical activity (Hirons, 1997). Another often cited example is that of the association between Michael Jordan and Nike, described as a "commercial sponsorship match made in heaven" (Hirons, 1997). However the sponsorship landscape is also littered with examples where such brand development skills are neither understood nor deployed effectively.

The importance of achieving a strong and persuasive match between the sponsored property and the sponsor cannot be understated, as it typically determines the ultimate success of the investment, and whether the investment translates into
competitive advantage. However, the difficulty in achieving this unique match should also not be underestimated, given the rapid increase in sponsorship 'noise' referred to earlier. Interestingly, many authors write of a sponsor's need for predefined sponsorship objectives (eg. Cornwell, 1995), yet few recognise the importance of the property's role in the realisation of these objectives, and even fewer consider the capabilities and processes necessary to their achievement. Understanding and communicating this 'perceptual match' between the brands, so that it appeals to the consumer's mind, undoubtedly requires considerable aptitude and expertise. There must be a strong understanding of 1) both brands ie. the sponsor and the property's brand/s, 2) the demographic and psychographic fit between existing or potential target markets of both parties, 3) the values represented by the brands for these target consumers, and 4) how these values can be manipulated through sponsorship-linked marketing to achieve specific objectives.

Key to this is the effective integration of sponsorship into the broader marketing mix. A capacity to understand the unique nature of the medium and activate this in conjunction with other elements of the mix for optimal positional advantage, is a critical skill required of those responsible for implementation. Indeed, many authors emphasise the need for integration, particularly integration with conventional advertising (Otter, 1988; Parker, 1991; Kuzma et al., 1993; Howard and Crompton, 1995; Farrelly et al., 1997; Rossiter and Percy, 1997).

3.7.3 People

Another important consideration involves who will be responsible for the selection, implementation and control of a proposed sponsorship. Firms with established teams who have gained some experience through previous involvement in sponsorship activities should be better placed to maximise their success. Unlike traditional mass media or direct marketing, there is little data to suggest that sponsorship is a medium for which objective measures (eg. CPM, TARPS, defined Reach/Frequency) are successfully or easily employed to measure performance. This may offer some explanation as to why sponsorship decisions rely to a significant extent on the intuition or past experiences of the individual making the decision (Goff, 1996; Farrelly et al., 1997). Such a commercial reality points to the need to empower
individuals making important sponsorship decisions. This internal and self-generated resource may represent a significant competitive advantage, and experienced sponsors may attract the most promising proposals, thus resulting in better potential strategic fit and thus, eventually, better results as well.

Of particular relevance is the seniority and relative authority bestowed upon the sponsorship manager as this will determine the internal perceptions of sponsorship and the ease with which cooperation will be achieved between the staff required to implement the range of tasks associated with sponsorship activation. A study comparing Australian and US firms found that American firms in particular, viewed sponsorship as a strategic tool. Senior management were involved in the planning of sponsorship but delegated also considerable sponsorship related authority to marketing and product management (Farrelly et al., 1997). This led to higher levels of integration of the sponsorship practices within the organisation and would have added a certain legitimacy to the activity, something deemed important in the past (Meenaghan, 1991a). Furthermore, for many firms, sponsorship activities represent an opportunity for internal marketing: employees can be both motivated and rewarded through the positive feelings derived from the role of 'their' firm as sponsor of a particular event, or through the awarding of tickets and other sponsorship based privileges.

3.7.4 Organisational Capabilities and Routines

In addition to an organisation's asset base such as its financial resources and its people, there exists a potentially valuable layer of organisational capabilities encompassing such factors as teamwork and relationships, organisational culture, and the skills and routines developed in the organisation over time. The intangibility and ambiguity of these capabilities makes their identification difficult but does not diminish their importance (Collis, 1994).

Their importance can be best illustrated by the case of the Mars Corporation. Mars has been singled out on more than one occasion in the academic literature for the effective way in which they implement their sponsorships (Parker and Etherington, 1989). Mars pride themselves on the sponsorship management, execution and evaluation routines they have built over time. Mars has sought to codify these
routines by developing an ‘internal sponsorship discipline’ which includes the recording and benchmarking of prior sponsorship programs. This discipline extends to evaluation measures such as tracking brand sales pre-, during and post-event, and the development of price and advertising elasticity’s which enables comparisons of sponsorship campaigns (Farrelly and Quester, 1997a). Merging sponsorship into the organisational culture is difficult to achieve for the novice sponsor but should be an incremental activity over time. A sponsorship culture, based on an internal set of values and beliefs consistent with the objectives set for sponsorship investment, is in itself an important organisational capability.

The development of particular routines may also need to reflect the emphasis given to sponsorship. For example, if a firm pursued internal marketing objectives, then it is logical that it would consider means for internal communication (eg. newsletter) and the capabilities to make it work in the desired way (eg. communication of the alignment of internal processes and staff reward systems with sponsorship strategy), none of which could be realistically expected to be put in place in the short term or for a single event. In general, the development of these routines and capabilities is difficult, particularly for organisations with little sponsorship experience.

Early movers may be best placed to build on past experience and keep a leading edge over imitators, assuming they crystallise their capabilities in such a way as to maintain and enhance them, regardless of staff turnover or changes in the terms of the sponsorship contract that may occur over time. Experienced sponsors, therefore, should strive to ‘blueprint’ the process by which such competencies come to the fore and develop this over time.

A critical capability/routine not discussed in the sponsorship literature that is pertinent given the nature of the sponsorship relationship, the objectives sought, and the tasks required, is market orientation. Effective ‘brand matching’ between the sponsor and property is predicated on a sound understanding of one’s own market and that of the partner’s target market, and so should benefit from the market intelligence aspect of a market orientation. The internal and external dimension of a market orientation would also assist management in their efforts to balance customer needs and wants of the relationship, with the objectives and capabilities of the firm.
A market orientation has been described as a significant resource (Hunt and Morgan, 1995) and one could expect that market-oriented sponsor and property firms would be better equipped to understand the dynamics of a consumer market (and a corporate culture) that is different to their core business. This would also mean that they would stand a far greater chance of succeeding in the critically important brand extension efforts based on image complementarity. Importantly, the significance of research on the impact of market orientation in the sponsorship relationship is heightened when one considers emphasis in industry on capital intensive processes such as brand extensions and new product development, and related efforts that enable the organisation to respond to movements in the marketplace (Uncles, 2000).

The ‘market learning’ processes derived from such an orientation would also benefit the sponsorship resource blending process generally, and facilitate open-minded inquiry of the opportunities that exist. It could also result in the development of mutually informed models guiding planning, management and execution of the sponsorship initiative. Lastly, it could enable sponsorship partners to anticipate change and equip them with the tools necessary to establish routines maximising the opportunities it brings. To the author’s knowledge, only one study has investigated the relevance of such an orientation in a broad sport marketing context, in the specific case of a Minor League baseball team (Derrick, 1999). There appears to be no evidence in the literature examining market orientation and its impact on the sponsorship relationship. This is discussed in more detail in the next chapter.

3.8 Chapter Summary

This chapter points to the lack of empirical research into sponsorship management, particularly the dynamics of the focal relationship and sponsorship implementation, and highlights the importance of such research. The literature on sponsorship management is scrutinised with particular attention given to information about the resources and processes associated with value generation.

Relational exchange theory is analysed in a sponsorship context and several insights are provided. The fact that ongoing relational exchange is dependent on both parties receiving a similar or equitable amount of value, highlights the need for properties to be active in generating value in the relationship. This is significant
because properties have been inclined to do little in the relationship other than provide the right to associate with them. Similarly, the concept of marginal utility highlights the need to regularly set performance benchmarks and the requirement for both partners to stay close to the market in order to achieve these benchmarks. The equity norm dictates that sponsorship packages deliver benefits to the sponsor that are commensurate with their level of investment.

The importance placed on value in relationship marketing theory was analysed and the need to recognise process and outcome dimensions of sponsorship value was also established. A suggestion was made however that at this point in the evolution of sponsorship when practitioners are seeking greater accountability and evidence of the investment, that there is a need for greater emphasis on outcomes factors. Such focus may facilitate goal setting, evaluation, and stimulate dialogue between the sponsor and property. A rationale for categorising the sponsorship relationship as a strategic alliance was provided based on commonly sought objectives and increasing incidence of sponsorship driven strategic activity.

Sponsorship value and implementation was analysed by applying the resource-based-competitive advantage view. The core value of sponsorship resides in the opportunity to transfer positive image connotations inherent in the property to the sponsor's corporate or brand image. Value was considered by analysing literature on sponsorship objectives and program evaluation. Corporate and brand objectives were identified as prime goals. Factors impacting the implementation of sponsorship value were established by identifying those resources and capabilities deemed critical to success. The ability to understand the make-up of both brands and to conceive and initiate marketing activity to achieve a synergistic match was deemed critical. This literature confirmed that financial resources, in addition to the initial investment for rights fees, are necessary to communicate the sponsorship association and to achieve a return-on-investment. The potential to enhance sponsorship success through a market orientation was also discussed.

The next chapter integrates the understandings derived from the previous two chapters by establishing a model to predict key determinants of the sponsorship renewal decision.
CHAPTER FOUR

MODELLING THE DETERMINANTS OF SPONSORSHIP RENEWAL.

4.0 Introduction

The aim of chapter four is to formalise the conceptual framework derived from the literature review of previous chapters to explain how a number of constructs influence the sponsorship renewal decision. The associated two interconnected models and formal hypotheses are presented below, along with supporting rationale.

According to Model A (refer below), the sponsor's perceptions of the property's market orientation are the antecedent to their trust, and commitment, to the relationship. Similarly, the sponsor's own market orientation also contributes to their trust and commitment in the sponsorship relationship. Market-oriented behaviours are tangible evidence of the partners' capacity to achieve objectives, and more particularly, economic outcomes. As a result, they foster sponsor confidence to invest further to leverage the relationship, and hence deepen their commitment to the relationship.

The property's market orientation will also heighten their credibility in the eyes of the sponsors, and this may also lead sponsors to place their trust in the property.
Similarly, the open communication that stems from market-oriented behaviours should induce a sponsor’s trust in the relationship. Hence, the market orientation of both parties potentially effect the relationship, either directly in the case of the sponsor, or indirectly via the sponsor’s perception of the property. A sponsor’s trust in the relationship will in turn foster its willingness to commit additional resources to leverage the relationship.
Consistent with the literature review, satisfaction has been broken into two subconstructs - economic and non-economic (Geyskens et al., 1999). Commitment, which in the sponsorship context relates mostly to the leveraging investment, is expected to have a direct effect on economic satisfaction i.e. satisfaction with commercial results. Trust, on the other hand, should influence the psycho-social elements associated with non-economic satisfaction, and is less directly connected to economic goals. However, both economic and non-economic satisfaction are thought to influence the intention to renew.

In Model B, the sponsor’s perception of the property’s market orientation is also determined by the level of collaborative communication between the sponsor and the property. In other words, the property’s market-oriented actions foster collaborative communication, which in turn influences the sponsor’s opinion of the property’s market orientation. This ‘opinion’ may encompass an assessment of the mutually beneficial resource investments that determine sponsorship value.

Each construct and the proposed impact is discussed in more detail in the following section.

4.1 Market Orientation and Collaborative Communication

Theorists suggest that two-way communication, information sharing and shared understanding, are a defining difference between transactional and relationship marketing. Specifically, the major determinant of alliance success or failure in the formative stages of relationship development is said to depend on the ability to engage in explicit dialogue about goals and expectations (Andreasen, 1996).

To the author’s knowledge, the effect of communication on the sponsor-property relationship has never been tested empirically. Reference to communication in the sponsorship literature is descriptive, listing probable beneficial effects of communication. For example, McCook et al. (1999) suggested that a sound business relationship and personal rapport with sponsor clients can be attained through periodic contact and correspondence.

Similarly, the effects of market orientation on communication in a business-to-business relationship have not been tested empirically, nor have the effects of
communication on one party's perception of the capabilities of another partner been explored. However, numerous other effects of communication in the business relationship have been investigated in the literature. For example Gabarro (1978) found that communication openness was positively related with partnership performance. The frequent use of non-coercive strategy (which is closely related to one component of the collaborative communication construct), has been found to foster agreement on important business issues in the channel relationship (Frazier and Summers, 1984).

Increased levels of some dimensions of communication similar to those used to measure the collaborative communication construct have also been found to be associated with commitment (Anderson and Weitz, 1992; Morgan and Hunt, 1994), satisfaction (Keith et al., 1990), and coordination (Guiltinan et al., 1980). Mohr and Sohi (1995) found a significant positive relationship between communication frequency and quality of communication, where quality of communication is a function of its completeness, credibility, accuracy, timeliness and adequacy.

Mohr et al. (1996) found a positive relationship between collaborative communication and satisfaction with the relationship, where satisfaction included both economic and non-economic items. They also discovered that this impact was most pronounced in relationships with low levels of integration, typical of the ‘arms-length’ sponsorship relationship discussed in the previous chapter. A significant relationship between collaborative communication and co-ordination has also been established. The effect of collaborative communication on commitment however, was not found to be significant, where commitment was assessed as the degree to which a dealer felt committed to a manufacturer and wanted to continue the relationship (Mohr et al., 1996).

Sporting events can be described as non-standardised services in which the knowledge, behaviour and commitment of the property are crucial to audience (eg. spectator, viewer, and member) satisfaction. The communication of such knowledge by the property to the sponsor is, therefore, likely to play a vital role in determining the sponsor's impression of the properties marketing capability.

A market-oriented property should not only seek information to understand audience needs but, by definition, should seek and respond to information from a
range of key target groups including the media, agents, and competitors. Such information, if effectively communicated to the sponsor, should encourage them to form favourable impressions about the marketing competency of the property. Furthermore a market-oriented property would be expected to communicate more regularly with the sponsor as market-oriented activities necessitate such communication. In addition, the activities associated with a market orientation, such as information gathering, should provide the property with a platform upon which to engage dialogue with the sponsor. Such activities could also reveal sponsorship-linked marketing opportunities and motivate the property to engage the sponsor (as well as other stakeholders) in related communication.

Based on the empirical evidence provided by Siguaw et al.'s (1998) results, the property's actual market orientation would be expected to influence their sponsor's perceptions. However, industry evidence suggests that collaborative communication may be critical for a sponsor to develop a favourable impression of a property's market orientation. This situation may exist for two reasons. First, the respective organisational cultures of focal partners may be markedly different (e.g. a large financial institution and a football club), requiring concerted communication efforts to establish marketing capabilities and opportunities, or to identify the type of processes required to exploit these. Second, properties have often tended to remain passive in the relationship (Farrelly and Quester, 1999; Skildum-Reid, 2001), and their marketing expertise with respect to core business activities (i.e. marketing to fans, members, spectators etc) has often not carried over to the sponsorship (Burbury, 2001). Consequently, collaborative communication may be crucial to ensure that the degree of market orientation of a property be accurately perceived by its sponsor.

It may be necessary for the property to take the initiative to communicate pertinent information to the sponsor, and to this end the property may have to possess the skill to do it in such a way that is meaningful and persuasive. This may have to occur before the benefits of a market orientation can truly impact the relationship. In line with this notion, in Menon and Varadarajan's (1992) marketing knowledge model, knowledge utilisation is thought to play the role of an "information linkage system" within the firm and between and among partners. However, they report that there is a general consensus that companies, as part of the utilisation and development
of knowledge, would realise significant gains "if modest reforms were made in the process of communicating research findings" (p. 17).

Based on this argument, the hypothesis is stated as follows –

H1: Collaborative Communication between the property and the sponsor acts as a mediating variable between the property’s actual market orientation, and the sponsor’s perception of property’s market orientation (Property’s MO → Property’s CC → Sponsor perception of Property MO).

4.2 The Impact of Market Orientation on the Focal Sponsorship Relationship

As noted, the definition of market orientation adopted in this study is that put forward by Cadogan and Diamantopoulos (1995), according to whom..."market orientation is indicated by intelligence generation, intelligence dissemination and responsiveness activities, characterised by a customer and competitor orientation, and guided by a coordinating mechanism which ensures that these activities are carried out effectively and efficiently" (p. 11). This definition was favoured because of its emphasis on market-oriented behaviours, and its reference to a ‘coordinating mechanism’ that could account for exchange dynamics unique to business-to-business relationships. While coordinating mechanisms typically refer to internal coordination, it is apparent that in a relationship context, such mechanisms might also include processes put in place for facilitating inter-firm coordination. Indeed, from a network perspective, the parties to the dyad are in effect building a distinct entity which becomes defined by its own internal (ie. inter-party) coordination mechanisms (Medlin and Quester, 2001), and these mechanisms can shape what Deshpande (1999) refers to as a “mutually held market orientation” (p. 268).

A firm develops a market orientation to build relevance into the products and services it offers its customers. In this pursuit, a market orientation serves as the prerequisite to the formulation of effective competitive strategies, response and innovation. Effective competitive response typically results from the generation and internal dissemination of pertinent market information, and innovation requires substantial consumer knowledge as well as a thorough appreciation of company
resources and capabilities (Varadarajan and Jayachandran, 1999). A firm generally seeks to develop its own market orientation to ensure the continuous needs assessment of its customers (Deshpande and Farley, 1998b), the early detection of shifts in the marketplace, and a prompt introspection and realignment of marketing strategies and activities where required.

Despite its potential benefits, it appears there is no research that examines market orientation and its effect on the sponsorship relationship. As previously noted, only one study has investigated the relevance of marketing orientation in a broad sport marketing context - a Minor League baseball team (Derrick, 1999). However, this research did not explore the effect of market orientation on performance such as the intention to renew, and only made suggestions about the mechanics of the relationship.

There is however abundant evidence of a positive relationship between an organisation's market orientation (as perceived by managers) and their business performance (Narver and Slater, 1990; Ruekert, 1992; Jaworski and Kohli, 1993; Pitt et al., 1996). Market orientation has been found to positively impact profitability (Cole et al., 1993); profitability relative to largest competitor (Deshpande et al., 1993; Balakrishnan, 1996); satisfaction with profit (Balakrishnan, 1996); operating profits, profit-sales ratio, cash flow, return-on-investment (Pelham and Wilson, 1996); return-on-assets relative to competitors (Slater and Narver, 1994a; Pelham and Wilson, 1996); and long run financial performance (Ruekert, 1992). Pelenduran et al. (2000) conducted research on the effects of a market orientation in Australian companies covering a diverse range of industries, locations and firm sizes. They conclude that developing a market orientation is likely to enhance business profitability (p. 131).

Research that has examined the strength of the relationship between market orientation and business performance in varied environmental conditions, has found mixed results leading to less robust conclusions (Diamantopoulos and Hart, 1993; Jaworski and Kohli, 1993; Slater and Narver, 1994a; Greenley, 1995a; Kumar et al., 1998; Harris, 2001).

There is also evidence to suggest that market orientation has a positive influence on customer service levels (Cole et al., 1993), customer retention (Narver and Slater, 1990; Balakrishnan, 1996), repeat business (Balakrishnan, 1996), and sales
resources and capabilities (Varadarajan and Jayachandran, 1999). A firm generally seeks to develop its own market orientation to ensure the continuous needs assessment of its customers (Deshpandé and Farley, 1998b), the early detection of shifts in the marketplace, and a prompt introspection and realignment of marketing strategies and activities where required.

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There is also evidence to suggest that market orientation has a positive influence on customer service levels (Cole et al., 1993), customer retention (Narver and Slater, 1990; Balakrishnan, 1996), repeat business (Balakrishnan, 1996), and sales
growth (Slater and Narver, 1994a; Slater and Narver, 1996). Baker et al. (1999) found that supplier perception of a distributor’s market orientation has a positive effect on supplier satisfaction with this distributor. In this instance satisfaction was measured in broad terms, and was associated with non-economic dimensions.

The same authors found that supplier perception of a distributor’s market orientation had a positive effect on supplier satisfaction with cooperative norms in the relationship (Baker et al., 1999). A summary of market orientation studies that most relate to the sponsorship context is provided in Table 4.1 (below).

Closely related to sponsorship leveraging, it has been established that through their market-scanning efforts, organisations are able to identify latent customer needs and market opportunities, and act upon them accordingly (Slater and Narver, 1996). There is also relatively strong support for a relationship between market orientation and product development (Atuahene-Gima, 1996; Slater and Narver, 1996).

Significant and positive relationships have also been found between market orientation and new product development activities (including proficiency of pre-development activity, launch activity, service quality, product advantage, marketing synergy, and teamwork). Atuahene-Gima (1996) found a positive relationship between market orientation and new product success and project performance. However, the influence of market orientation was found to vary with the environment and the type of new product being introduced. In particular, market orientation was found to have a greater impact on new product performance when the product being introduced was incremental, rather than radical, (which is similar to the type of brand repositioning strategies most associated with the sponsorship (Meenaghan, 1991b).

Atuahene-Gima (1996) also investigated the relationship between market orientation and selected innovation characteristics of a firm. They found a positive relationship between market orientation, new product development, and associated project performance. Project performance was assessed according to proficiency in pre-planning, launch activity, service quality, marketing synergy, and teamwork, all of which are highly relevant to the sponsorship relationship.
Table 4.1 - Major Findings of Relevant Market Orientation Studies.

<table>
<thead>
<tr>
<th>Author/s</th>
<th>Year</th>
<th>Key Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ruekert</td>
<td>1992</td>
<td>evidence of a strong, favourable link between market orientation and job satisfaction, intentions to leave, and trust in management.</td>
</tr>
<tr>
<td>Jaworski, and Kohli</td>
<td>1993</td>
<td>the adoption of a market orientation enhances organisational commitment.</td>
</tr>
<tr>
<td>Cole, Bacdayan, and White</td>
<td>1993</td>
<td>found market orientation to have a positive influence on customer service levels.</td>
</tr>
<tr>
<td>Shamasani and Sheth</td>
<td>1995</td>
<td>found competence of an alliance partner to be a key predictor of relationship continuity in alliances.</td>
</tr>
<tr>
<td>Atuahene-Gima</td>
<td>1996</td>
<td>identified a positive relationship between market orientation and new product success when ‘newness’ was incremental, was at the early stages of the product life-cycle, and under conditions of high market intensity.</td>
</tr>
<tr>
<td>Balakrishnan</td>
<td>1996</td>
<td>market orientation has a favourable impact on customer retention rates.</td>
</tr>
<tr>
<td>Han, Namwoon, and Srivastava</td>
<td>1998</td>
<td>effect of customer orientation is highly significant for organisational innovativeness.</td>
</tr>
<tr>
<td>*Sigauw, Simpson and Baker</td>
<td>1998</td>
<td>found that supplier market orientation had a significant effect on distributor market orientation and distributor commitment. Distributor market orientation found to have a significant effect on distributor trust and cooperative norms.</td>
</tr>
<tr>
<td>Chang, Mehta, Chen, Polsa, Mazur</td>
<td>1999</td>
<td>showed a positive effect of market orientation on operating effectiveness of service providers.</td>
</tr>
<tr>
<td>Dooley and Fryxell</td>
<td>1999</td>
<td>perceptions of within-team competence strengthened the relationship between dissent and decision commitment.</td>
</tr>
<tr>
<td>*Baker, Simpson, and Sigauw</td>
<td>1999</td>
<td>perceptions of a reseller’s market orientation had a positive effect on the supplier’s trust and commitment.</td>
</tr>
<tr>
<td>Pelendran, Speed, Widing</td>
<td>2000</td>
<td>studied the effects of a market orientation in Australian companies covering a diverse range of industries, locations and firm sizes. Conclude that developing a market orientation is likely to enhance business profitability.</td>
</tr>
<tr>
<td>*Langerak</td>
<td>2001</td>
<td>found the customer orientation of a manufacturers salespersons and purchasers (as perceived by the supplier and customer) to have a positive effect on the cooperative behaviours of the customer and supplier.</td>
</tr>
</tbody>
</table>

*studies that examined the perspective of both parties in dyad

That market orientation was found to have a greater impact on new product performance when the ‘newness’ of the product was incremental rather than radical is both relevant and important as this situation shares some similarities with the sort of
brand re-positioning strategies often associated with sponsorship (Meenaghan, 1991b).

4.2.1 The Impact of Market Orientation on Commitment to the Sponsorship Relationship

The impact of market orientation on variables that closely relate to channel commitment have been investigated. Narver and Slater (1990) found support for an association between market orientation and customer retention. Dooley and Fryxell (1999) sampled 86 strategic decision-making teams in U.S. hospitals and found that perceptions of within-team competence strengthened the relationship between dissent and decision commitment. Shamdasani and Sheth (1995) found competence of an alliance partner to be a key predictor of relationship continuity in alliances.

To the author’s knowledge there is only one piece of dyadic research that has examined the effects of market orientation on commitment and trust in a business-to-business relationship. Baker et al. (1999) measured the effects of supplier perceptions of a reseller’s market orientation on the supplier’s trust and commitment in the relationship. They found that supplier perceptions of a reseller’s market orientation had a positive effect on the supplier’s trust and commitment. In this study the reverse is tested – the effect of the buyer’s perception (sponsor) of the suppliers (property) market orientation on the buyer’s (sponsor) trust and commitment (recognising that commitment equates to actions taken to leverage the relationship).

In the case of the sponsorship relationship, the sponsored property is not per se a customer of the sponsor, however the alliance is based on the premise that the association with the property will bolster the performance of the sponsor with their particular target market. As market orientation is defined as a pervasive organisational cultural characteristic, a sponsor exhibiting market orientation in their core business activity would also be expected to undertake similar activities when engaging in a sponsorship.

According to the resource-based theory, the creation of relational value is often contingent on a firm’s ability to find a partner with complementary strategic resources, and a relational capability which encompasses a firm’s willingness and ability to partner (Dyer and Singh, 1998). The ability of a firm to identify and
evaluate partners with complementary resources and processes depends on the extent to which it can access accurate and timely information on potential partners (Dyer and Singh, 1998). A market-oriented sponsor should therefore make an informed choice about which property to sponsor. Their choice will be informed by their understanding of the market’s perceptions of the property, and the potential image ‘rub off’ that can be gained from an association with the property. Furthermore, where there is a genuine opportunity to achieve the sponsor’s objectives, one could expect it to be more committed to the relationship and to invest willingly additional resources to leverage the relationship.

There are a number of likely processes and outcomes a market-oriented sponsor or property can implement which should prompt the sponsor to commit resources to advance the relationship. Market-oriented sponsorship partners would posses the skills to research the marketplace and, consequently, would have a greater appreciation for the dynamics of a consumer market or a corporate culture that is often different to their own (as is often the case in sponsorship). The knowledge required to leverage a sponsorship through complimentary marketing activities would be far superior if founded on market-derived intelligence rather than intuition or past behaviour. Such knowledge would also place the focal partners in a strong position to determine collective sponsor/image complementarity, and would equip them with the confidence to communicate this through those sponsorship linked marketing activities necessary to realise favourable commercial outcomes (Cornwell, 1995).

Commitment can be described as a pledge by alliance members to undertake certain actions that will facilitate the attainment of the alliance’s strategic goals (Kiesler, 1971). A logical extension is that a party’s market orientation, and its perception of the partner’s market orientation, would be a precursor to such a pledge. Mohr and Spekman (1994) note that a partner’s intent (which would be signalled by their market-orientated behaviours in a relationship) may be interpreted as an overt manifestation of more subtle phenomena such as commitment. It has been stated that in truly committed relationships the values and goals of both parties begin to merge as one general goal structure (Salanick, 1977). It is reasonable therefore to expect that market-oriented partners are more likely to discuss and evaluate goals, thus heightening the probability that mutual targets become established.
Mohr et al. (1999) found that collaborative communication initiated by computer suppliers had a positive effect on their distributors' commitment to the relationship. Extending this, it may be that the sponsor's perceptions of a property's market orientation (signalled through collaborative communication) could prompt them to respond 'in kind' and thus increase their investment in the relationship. Moreover, these perceptions would demonstrate to the sponsor the property's motivation to achieve mutually beneficial ends. This too could prompt the sponsor to commit to the relationship. Furthermore, and consistent with the notion of source credibility (Choo, 1964), the actions undertaken by a market-oriented property would hold greater significance for the sponsor.

Idiosyncratic investments are expenditures of time, effort, or funds directed mainly at marketing initiatives for a specific relationship. Such investments have been determined to add to the overall commitment level in a relationship (Ganesan, 1994). It is likely that a sponsor who recognises a property to have undertaken market-oriented activities (e.g. research and response to market information) to advance the relationship will also respond in a committed way. As Cullen et al. (2000) note, commitment begets commitment.

According to Nishiguchi (1994), a strategy must precede asset specificity in a channel relationship, and relational mechanisms must accompany asset specificity. It is probable that a market-oriented sponsor will have developed a rationale to support the commitment of resources to leverage a sponsorship. It is also possible that the favourable perception the sponsor has of the property's market orientation stems from the relational approach instituted as part of the commitment to the sponsorship partnership. Market-oriented sponsorship partners should be more discriminating and selective when identifying partners, and when identifying the most opportune strategic levers to advance the relationship. It is also reasonable to assume that market-oriented partners are better equipped to determine goal compatibility which has been found to enhance the effectiveness of inter-organisational dyads (Ruekert and Walker, 1987).
H2a: The sponsor's market orientation influences its commitment to the relationship. (Sponsor's MO \(\rightarrow\) Sponsor's Commitment)

Frazier and Summers (1984) proposed that a major strategy employed in developing a relationship is to influence the other party's perceptions of one's abilities or competencies. In the case of the property, their level of market orientation would be indicated (to the sponsor) through efforts in intelligence generation, dissemination, and responsiveness to that information. This might include collecting and storing information on fans, members, other sponsors, including the needs and preferences and factors that influence each of these key stakeholder groups. It may also involve gathering information on the competition. Dissemination would refer to whether and to what extent information about these stakeholders is communicated internally, including to senior management, and exchanged with appropriate external partners including advertising agencies, the media, and of course the sponsor.

Responsiveness relates to action undertaken as a result of this information, and would encompass planning and implementation of programs designed to attract new fans and members, or to induce greater loyalty in existing fans and members. In the case of the sponsor, it could mean providing the rationale for leveraging initiatives. McCook et al. (1999) note that by gaining an understanding of the sponsoring company, their mission and markets, the property can design a sponsorship to meet specific corporate needs.

H2b: The sponsor's perception of the property's market orientation influences the sponsor's commitment to the relationship. (Sponsor's perceived property MO \(\rightarrow\) Sponsor's Commitment)

4.2.2 The Impact of Market Orientation on Trust in the Sponsorship Relationship

Siguaw et al. (1998), found that the actual supplier market orientation had a direct effect on distributor commitment, but not on distributor trust. They also found that distributor market orientation had a significant effect on its trust, but not on its commitment to the relationship.
Drawing on social exchange theory, Siguaw et al. note (1998) that "a distributor's market orientation should influence trust, cooperative norms, and commitment directly because of the external intelligence-gathering facet of market orientation" (p. 102). The same would apply to a market-oriented sponsor who could be expected to gather information on such things as customer and fan needs, or customer and fan profiles. One of the sources of information used by the sponsor may be the property itself, which would necessitate greater interaction between the sponsor and the property and should raise the level of trust in the relationship. Similarly, it could be expected that market-oriented properties would put their customers (including their sponsors) at the forefront of their organisational concerns, which should have a positive effect on sponsor trust (Deshpande et al., 1993).

According to Anderson and Barton (1989), communication plays a key role in building trust in industrial channel relationships. A market-oriented property may share information with a sponsor (Smeltzer, 1997), as information gathering is an indispensable aspect of a market orientation. This may help build trust with the sponsor because it provides the basis for continued interaction, from which the sponsor (and the property) can further develop common values (Leifer and Mills, 1996). Madhok (1995) notes that sustained interactions are a crucial mechanism for holding the partners together. Through information exchange, partners should identify and develop more commonalities, and in doing so reinforce a sense of trust.

\textit{H3a: Sponsor's market orientation positively influences their trust in the relationship. (Sponsor's MO \rightarrow Sponsor's Trust)}

The sponsor's perception of their property's market orientation should generate confidence in the relationship and build sponsor trust in the relationship. Trust is commonly defined as a generalised expectancy of how the other party will behave in the future (Deutsch, 1958; Deutsch, 1960; Anderson and Narus, 1990; Morgan and Hunt, 1994). A sponsor's recognition of a property's market orientation is likely to provide it with confidence about how the property will act in future exchanges, especially if (as a by product of this market orientation) the property conveys favourable intentions and highlights its competence, credibility and reliability (Siguaw et al., 1998).
Rousseau et al. (1998) note that in a knowledge-based economy, a trustee's competence, ability, and expertise, are increasingly important as an indicator of the ability to act as expected. Gabarro (1978) refers to 'competence based trust' and breaks this into three key areas. First, 'specific competence', which is trust in the other's specific functional abilities or field of competence. Second, interpersonal competence or 'people skills' - the ability of a person to work with others. Finally, what is described as 'business sense', which includes a person's experience, wisdom, and common sense. Sponsor perceptions about a market-oriented property are likely to be grounded in its evaluation of the property's competence and expertise. If this perception was favourable, the sponsor would be expected to generate sponsor trust in the alliance.

Such a process, especially if it elicits open sharing of information, can reduce perceived risk and may not only result in the formation of attitudes about a partner's market orientation (in this instance the property's), but also seed the development of trust in the relationship.

A favourable impression of the property's marketing orientation may provide the sponsor with confidence to bestow trust under conditions of risk, especially as the existence of risk can prompt parties to seek out partner attributes that might facilitate trust in a relationship (Lorenz, 1988). The sponsorship alliance, like other strategic or co-marketing alliances, has a high level of risk. One obvious risk factor is the financial risk associated with what are often large sums of money invested by sponsors to attain and promote rights. There are also other less immediately obvious risks. For example, sponsors have difficulty evaluating the return-on-sponsorship investment and this may heighten the perceived level of risk. Sponsors also have to contend with increasing incidence of 'ambush marketing', which would also contribute to the level of risk in the relationship. One of the attributes a sponsor may seek out in a property to alleviate this risk is market orientation.

Based on the above analysis, the following hypothesis can be formulated:

\textit{H3b: Sponsor's perception of the property's market orientation positively influences their trust in the relationship. (Sponsor's perceived property MO \rightarrow Sponsor's Trust).}
4.3 The Relationship Between Trust and Commitment

The task of establishing a causal order between trust and commitment is complex. Which comes first is probably dependent on the nature of the relationship and the timing of the research. A whole host of factors could alter the order of effects, such as relationship or purchase type (including the level of involvement inherent in the exchange); the length of time a relationship has been in existence; environmental forces; the nature of contractual relations; and the point in a contract period when the research is conducted. For example, formal mechanisms and contractual terms may govern operations early on in a relationship, and commitment, protected by these formal ties, may precede trust. After successful interactions, however, social norms and direct working relations may evolve to the point where trust becomes influential in the decision to commit resources. It may then become an expectation of relationship partners that trust is evident before ongoing commitments are made.

There is ample empirical evidence to show that trust is a precursor to the commitment of relationship specific assets (Lorenz, 1988; Kamath and Liker, 1994; Ring and Van de Ven, 1994; Gulati, 1995). In a Norwegian study of 177 institutional buyers of a food producer, trust was found to be a strong antecedent to the motivation to enhance the scope of the relationship (Selnes, 1998). This is highly relevant because the decision to enhance the scope of the relationship relates very closely to the decision to invest additional resources to leverage the sponsorship relationship. Furthermore, trust should expedite the necessary transfer of critical information that facilitates commitment; it should also promote collaborative learning and reduce the level of risk associated with the investment.

Nishiguchi (1994) states that a strategy that requires asset-specific contractual relations is often insufficient to achieve desired ends. He notes that inter-firm relational mechanisms that enable partners to interact and function sufficiently well are necessary if a strategy is to translate into effective implementation. Whether a basic level of cooperation can actually be classified as trust however is unclear. It may be that there is sufficient understanding for the two firms to come together when to necessary to allow either party to then carry out important relationship tasks. In this
instance it may be possible that the relationship could continue satisfactorily without
they're being a significant degree of trust.

In his investigation of commitment in marketing channels, Andaleeb (1996)
observed, "when the buyer trusts the supplier, commitment should be high, leading to
identification with the partner" (p.82). Hence, it is likely that high-risk activities
become more acceptable where there is the knowledge that one’s partner will not take
advantage of the vulnerability concomitant with such an action. Zaheer and
Venkatraman (1995) found that trust impacts the joint action of firms including joint
planning and forecasting, which in turn should translate into greater commitment to
the relationship. Schurr and Ozanne (1985) found trust to lead to higher levels of
commitment. Similarly, Moorman et al. (1992) and Morgan and Hunt (Morgan and
Hunt, 1994), found that trust significantly affected client commitment to the research
relationship.

It is likely that sponsorship investment decisions cannot proceed unless there
is a significant degree of trust, since sponsorship is a highly intangible investment that
is very difficult to evaluate (Erdogan and Kitchen, 1998). The need for trust may
intensify as the level of risk increases due to the ever increasing sums invested, and
the growing use of sponsorship as a strategic platform.

Based on the above discussion the following hypothesis are stated:

\[ H4: \text{ Sponsor's trust in the relationship positively influences their commitment to the relationship. (Sponsor's Trust } \rightarrow \text{ Sponsor's Commitment).} \]

4.4 Trust, Commitment and Satisfaction in the Sponsorship
Relationship

Selnes (1998) notes that while the literature has examined both trust and
satisfaction, the link between them, including their consequences and antecedents, has
not yet been addressed properly. This is particularly so in the context of sponsorship,
where no research has examined commitment, trust or satisfaction in relation to either
the sponsor or the property.

It is important to re-emphasise that in this study each of the key constructs are
considered to be separate, identifiable relationship attributes. Also, as previously
noted, satisfaction is made up of two parts - the economic and the non-economic component. Each construct is considered in more detail in the following discussion.

4.4.1 The Impact of Trust on Satisfaction in the Sponsorship Relationship.

The literature suggests that one critical factor determining alliance performance is the degree of trust between alliance partners (Bleeke and Ernst, 1993; Buckley, 1992). Trust is viewed in this study as encompassing a cognitive element (based on credibility and task reliability) and a strong affective element (based on benevolence and goodwill).

There is little research that considers either trust or commitment as moderators of the effect of market orientation on satisfaction, or on more objective performance measures (Siguaw et al., 1998). Most research considers external industry factors such as market turbulence, competitive intensity, and technological turbulence, as moderators of the effect of market orientations effect on performance (Jaworski and Kohli, 1993; Pelendran et al., 2000; Harris, 2001). However, Siguaw et al. (1998) find that distributor trust in a supplier has a positive effect on distributor satisfaction with financial performance, and Mohr and Spekman (1999) report that trust is significantly associated with the level of satisfaction computer dealers have with their suppliers. Anderson and Narus (1990) also determined that trust has a significant effect on satisfaction.

The existence of trust in a relationship is likely to affect primarily the non-economic aspects of satisfaction with the relationship. Fairholm (1994) proposes that trust is equivalent to integrity and embodies honesty, authenticity, and truthfulness. Trust also includes an element of benevolence. Benevolence is the degree to which the trustee wants to generate benefit for the trustor (Mayer et al., 1995). Benevolence can also be the reliance on another party to act in both parties' best interest, especially when it is difficult to monitor the actions of the other party (Lewis, 1990). In that sense, benevolence can be viewed as the opposite of opportunism. Firms or individuals foregoing the opportunity to put themselves ahead of the organisation or partnership are perceived as benevolent, and consequently, are more likely to induce positive attitudes toward the ideas they advocate (Kelman and Hovland, 1953) and higher levels of satisfaction in the relationship overall.
H5a: Sponsor's trust positively influences its non-economic satisfaction with the relationship (Sponsor's Trust → Sponsor's Non-Economic Satisfaction).

Trust is also believed to be a source of confidence that stems from a positive attitude toward the trustee's reliability in a risk-laden exchange situation (Gambetta, 1988; Ring and Van de Ven, 1992). Reliability is a firm's perceived certainty that a partner will cooperate, and act in a responsive manner. As Luhmann (1979) observed, trust has a utility function, by reducing the complexity of events and generating positive expectations. Each of these factors should enhance the efficiency of relationship operations and result in greater levels of non-economic and economic satisfaction.

For sponsorship alliance partners to be satisfied with the relationship, a level of trust must be present in the relationship. This is because each party, to some extent, depends on the other to satisfy mutual goals. Greater levels of trust should facilitate a positive disposition towards the relationship as well as the exchange of sensitive information central to the formulation of sponsorship objectives. Trust should also encourage reciprocity through open-minded evaluation and prompt response. Ultimately, this should improve working relations and economic outcomes, as well as generate a greater sense of satisfaction.

Trust in the relationship may serve to satisfy a sponsor that the association is worthwhile, and that the property has done its upmost to ensure success. This may be particularly significant where it is difficult to accurately assess economic outcomes, as is the case for the sponsorship relationship, when it is impossible to isolate its effects from other marketing activities. Moreover, the effect of trust on satisfaction may be particularly influential as practitioners have been known to rely on intuition (or on loosely related evaluations such as advertising equivalence) rather than formal evaluation (Copeland et al., 1996; Farrelly et al., 1997). Trust may also come into play where a sponsorship decision is based on anticipated gains or inferences arising out of the property's previous experience (Amis et al., 1997).

The following hypothesis summarises the expected effect of trust in the relationship.
H5b: Sponsor’s trust in the relationship positively influences its economic satisfaction with the relationship. (Sponsor’s Trust → Sponsor’s Economic Satisfaction).

4.4.2 The Impact of Commitment on Satisfaction in the Sponsorship Relationship.

As noted in chapter one, commitment has three components: an instrumental component of some form of investment, an attitudinal component that may be described as affective commitment or ‘psychological attachment’, and a temporal dimension indicating that the relationship exists over time (Gundlach et al., 1995). In this research, particular attention is paid to the instrumental component of commitment (consistent with the interpretation of market orientation), hence the objective is to establish the behaviours that determine satisfaction and renewal. Commitment-related behaviours and associated outcomes are thought to be most critical to relationship satisfaction and renewal.

However each of the three factors are deemed to be interconnected and the behaviours, including the effort exerted to make the relationship successful, are often the tangible manifestation of the psychological attachment. In this regard, commitment in an alliance means that partners often internalise the alliance relationship and it can form a position of status and importance, with partners identifying, supporting, and drawing satisfaction from the association. Moreover, this support is often reflected in a long-term perspective and in certain behaviours such as the integration of sponsorship into the marketing or corporate plan, and in the choice of sponsorship-based positioning objectives. Such long term behaviours are particularly important to sponsorship: to become truly associated with the image of the property, and generate brand awareness and image transfer, a long term, consistent approach is thought to be vital (Benveniste and Piquet, 1993; Koschler and Merz, 1995; Farrelly and Quester, 1997b). Consequently such behaviours are considered to be important to satisfaction with economic outcomes.

The economic content of a relationship can be assessed in terms of the level of commitment actions (Donaldson and O’Toole, 2000). Given that the definition of commitment adopted in this study emphasises the investment of resources based on the perceived economic worth of a relationship, it is anticipated that commitment will
be strongly associated with economic satisfaction. Of all the business-to-business relationship constructs, commitment is the one most directly linked to value creation (Wilson, 1995). Mohr and Spekman (1994) found that commitment (willingness to exert effort) was the best predictor of sales in the dyadic relationship between computer manufacturers and dealers.

In the sponsorship context, the sponsor’s commitment-related behaviours involve primarily the additional investments made to leverage the association in order to realise benefits over the long term. Sponsorship leveraging may encompass magazine, television, and newspaper advertising, as well as direct marketing using property databases, client entertainment, licensing and merchandising, in-store displays, sampling, and incentives. The critical importance of leveraging sponsorship is repeatedly emphasised in the literature (Burton, 1996; Cornwell, 1997) and the positive effects of leveraging on performance have been demonstrated empirically.

For example, Otker and Hayes (1987) noted that the highest levels of improvements in brand recall and corporate image associated with the 1986 World Cup sponsors were realised by those companies that advertised the most during the event. Pope and Voges (1997) reported that the recognition of sponsors of rugby was far greater for companies that supplemented their sponsorship with broadcasted advertisements. Quester and Thompson (2001) used an experimental design to evaluate the leveraging efforts of sponsors of a major arts festival in Australia. They noted that the “results showed conclusively that sponsorship effectiveness is directly related to the degree to which the sponsors are willing to leverage their investment with additional advertising and promotional activities and expenditure” (p. 33). A high level of commitment should provide a relationship atmosphere where both parties feel they can achieve individual and joint goals without raising the spectre of exploitative behaviour (Cummings, 1984). Such factors are likely to reinforce satisfaction with the relationship.

In the case of sponsorship, such leveraging activities are not exploitative in nature. Rather, they are key to a mutually beneficial promotion of the association between sponsor and property. Indeed, the property stands to win as much (if not more) from having its own ‘brand’ promoted by the sponsor, as does the sponsor itself. Furthermore, leveraging activities are undertaken with the view that a longer
term association will exist, since both parties are agreeing to tie their distinct identities, not opportunistically but as part of a strategic alignment, as evidenced by the length of most sponsorship contracts (3 to 5 years renewable).

A limited amount of dyadic research has examined the effect of commitment in the business-to-business relationship. Siguaw et al. (1998) found that distributor commitment to a relationship with its supplier had a direct effect on distributor financial performance. While they did not measure the effect of commitment on satisfaction directly, such an outcome is likely to have a positive effect on satisfaction in the relationship. The results of Anderson and Weitz’s (1992) study of the benefits of commitment highlight the importance of commitment and its effect on the perception of the relationship. They found that distributor commitment to a relationship was significant and positively effected by its perceptions of manufacturers commitment (at 5% level). While they did not directly measure the effect of commitment on satisfaction, it could be assumed that the positive perceptions of a partner’s commitment would raise the level of satisfaction in the relationship.

In line with the above discussion, the following hypotheses are proposed.

_H6a: Sponsor’s commitment to the relationship positively influences their economic satisfaction with the relationship. (_Sponsor’s Commitment → Sponsor’s Economic Satisfaction_)._  

_H6b: Sponsor’s commitment to the relationship positively influences their non-economic satisfaction with the relationship. (_Sponsor’s Commitment → Sponsor’s Non-Economic Satisfaction_)._  

### 4.5 Satisfaction and the Decision to Renew the Sponsorship

The theory of Transaction Cost Analysis and social exchange theory (as discussed in the literature review) establish different value solutions for relationship success. Yet Gassenheimer et al. (1998) note that little has been done to examine “the combined influence economic and social forces of both parties have in guiding the future of the relationship” (p. 324). As previously noted, this study examines satisfaction along two dimensions - an economic and non-economic dimension, and to
the author's knowledge this is only the second attempt to empirically examine satisfaction in this way, and is the first attempt to measure the impact of economic and non-economic satisfaction on the intention to renew.

Geyskens and Steenkamp (2000) explore the impact of economic, and non-economic satisfaction (referred to as social satisfaction) on 'loyalty' and exit intentions in a dyadic, inter-firm study. Loyalty refers to a preparedness to remain silent and give the relationship time during "problematic relationship conditions" (p. 15), and exit intention refers to relationship termination. Geyskens and Steenkamp (2000) find that economic satisfaction increases loyalty, as anticipated, but social satisfaction decreases loyalty. Increases in both economic and social satisfaction were found to discourage exit strategies suggesting that satisfaction, as measured in this study, should have a positive effect on the intention to renew the relationship.

In an earlier meta analysis, Geyskens et al. (1999) found that economic satisfaction reduces conflict and that non-economic satisfaction has a positive effect on trust. Perhaps not surprisingly, they also found that non-coercive influence strategy had the greatest effect on non-economic satisfaction, and, that coercive strategy in the form of 'promises', increased the level on economic satisfaction. They assume from this result that promises are associated directly with rewards and hence effect economic satisfaction.

More closely related to the cause and effect relationships tested in this study, satisfaction has been shown to impact the buyers' decision to continue a relationship (Fornell, 1992; Anderson et al., 1994); and to reduce the likelihood of exit from the relationship (Hirschman, 1970; Ping, 1994).

Patterson and Spreng (1997) found that satisfaction had a significant effect on the repurchase intentions of professional business service purchasers. Similarly, Anderson and Narus (1990) found satisfaction to be a predictor of the decision to continue a relationship. Ping (1994) analysed whether satisfaction moderated the association between alternative attractiveness and exit intention amongst hardware retailers. The results suggested that for channel customers with lower satisfaction, alternative attractiveness was positively associated with exit intention. When satisfaction was higher, alternative attractiveness had no association with exit intention.
Shamdasani and Sheth (1995) conducted experimental research on the determinants of alliance satisfaction and renewal. They measured both satisfaction and renewal as dependent variables. Based on results of higher R-square scores for satisfaction (49 per cent) relative to that of continuity (41 per cent), they suggest that this may imply a causal precedence of satisfaction over continuity. They note that, "this may be interpreted to mean that satisfaction with the alliance, as determined by the relational predictors, may actually moderate continuity decisions about the alliance" (p 14).

Using a single item measure of satisfaction, Selnes (1998) found that satisfaction had a strong effect on relationship continuity with a focal supplier, as well as on the motivation to enhance the scope of the relationship. However, Selnes (1998) interpretation of continuity is not clear and the decision may be quite different from the decision to renew a sponsorship relationship. Selnes’ (1998) evaluation of decision continuity relates to a food retail outlet making what appears to be a straight or modified re-buy, which would be a considerably less substantiated decision than the renewal of a large sponsorship contract.

To the author’s knowledge, the effects of sponsor satisfaction have never been empirically evaluated in the literature, nor have the determinants of sponsor intention to renew. McCook et al.(1999) suggested that client service and/or follow-up are of utmost importance in making sponsor decision makers feel satisfied with their decision, and “hopefully in guaranteeing a renewal” (p. 11). However, the effect of sponsor dissatisfaction has been considered in relation to the dissolution of the sponsorship arrangement. Unexpectedly high cost associated with sponsorship support activities and difficulty in assigning value to outcomes have been reported as a major source of sponsor dissatisfaction and are thought to be the cause of the decision not to renew (Copeland, 1991; Copeland, 1996; Jacobi, 1997).

In a study conducted by Copeland, Frisby, and McCarville (1996), 87% of Canadian corporations surveyed reported that they had chosen to cancel a sport sponsorship relationship. In 1988, Seiko ended their 12-year relationship the New York City Marathon citing dissatisfaction with the level of television exposure as the reason for the decision (Niesyn, 1988). Copeland (1991) cited poor return-on-
investment, unmet objectives, and changes in corporate strategy, as reasons for sponsorship cancellation among corporations and governing bodies.

The following hypotheses can then be developed based on the preceding discussion:

H7a: Sponsor’s satisfaction with the economic outcomes positively influences their intention to renew the relationship. (Sponsor’s Economic Satisfaction → Sponsor’s Intention to Renew).

H7b: Sponsor’s satisfaction with non-economic outcomes of the relationship positively influences their intention to renew the relationship. (Sponsor’s Non-Economic Satisfaction → Sponsor’s Intention to Renew).

As previously stated, commitment is mostly associated with value creation so it is likely that it will also have a close connection to the decision to renew (Wilson, 1995). Commitment is important to the study of relationships because it not only signals enduring stability at the conceptual level, but also serves as a reliable surrogate measure of long-term relationships at the operational and empirical level (Han, 1992; Mavondo and Rodrigo, 2001). A telling feature of a commitment relationship is the desire by the committed parties to continue to build on the strength of the commitment, as there is an assumption of a continuation of the relationship. Selnes (1998) notes, “logically, an implicit assumption is that relationship enhancement implies business continuity” (p.311).

Commitment has been defined as an implicit or explicit pledge of relational continuity between exchange partners (Bucklin and Sengupta, 1993). The temporal dimension of commitment is linked to an enduring intention to develop and maintain the relationship (Gundlach et al., 1995). Morgan and Hunt (1994) found commitment to have a significant negative effect on the propensity to terminate a relationship and Shamdasani and Sheth (1995) found commitment to positively effect the decision to continue a relationship. Since commitment is bound up in the leveraging the relationship, it is expected that it will also have a direct effect on the sponsor’s intention to renew, hence the following hypothesis.

H7c: Sponsor’s commitment to the relationship is positively associated with their intention to renew. (Sponsor’s Commitment → Sponsor’s Intention to Renew).
4.6 Chapter Summary

This chapter formalised the conceptual framework of the study. The impact of key constructs, namely market orientation, collaborative communication, commitment, trust, economic and non-economic satisfaction were outlined and formal hypotheses and supporting rationale were documented. Insights from the literature review have formed the basis of the causal ordering of the two interconnected models cited in this chapter.

Table 4.2 summarises the 14 hypotheses developed for the study. The next chapter details the method used to measure these relationships.

Table 4.2

<table>
<thead>
<tr>
<th>Study Hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hypothesis 1.</strong></td>
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<td><strong>Hypothesis 2a.</strong></td>
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<td><strong>Hypothesis 2b.</strong></td>
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<td><strong>Hypothesis 3a.</strong></td>
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<td><strong>Hypothesis 3b.</strong></td>
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<td><strong>Hypothesis 4a.</strong></td>
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<td><strong>Hypothesis 4b.</strong></td>
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<td><strong>Hypothesis 5a.</strong></td>
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<td><strong>Hypothesis 5b.</strong></td>
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<tr>
<td><strong>Hypothesis 6a.</strong></td>
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<tr>
<td><strong>Hypothesis 6b.</strong></td>
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<tr>
<td><strong>Hypothesis 7a.</strong></td>
</tr>
<tr>
<td><strong>Hypothesis 7b.</strong></td>
</tr>
<tr>
<td><strong>Hypothesis 7c.</strong></td>
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CHAPTER FIVE

METHODOLOGY

5.0 Introduction

Chapter two analysed the literature relating to channel relationships and relationship marketing and identified important concepts and variables. Chapter three considered sport sponsorship and integrated important aspects of competitive advantage theory including the RBV of the firm. A conceptual model of sponsorship renewal was developed from a juxtaposition of the two chapters and discussed in Chapter four. The model is presented in Figure 4.1 and hypotheses derived from the model are also outlined in Chapter four.

This chapter describes the method used for collecting the data necessary to test the model and to establish the critical determinants of sponsorship renewal. The chapter starts with a background on the sample and the procedures used to administer the questionnaire. Important issues relating to the research instrument, operationalisation of the constructs, and questionnaire design are also considered.

The subject of the empirical component of the study was the Australian Football League (AFL) and its major sponsor relationships. The aim was to establish the key marketing determinants of sponsorship renewal within this major Australian sports organisation. A questionnaire was designed for the specific purpose of testing the hypothesised relationships based on the analysis of the literature and represented in the conceptual model.

5.1 The Unit of Analysis

It is necessary to clarify the unit of analysis prior to the commencement of research as the data collection methods, sample size, and variables included in the conceptual framework are all influenced by this assessment (Zikmund, 1994). The
primary unit of analysis of this study is the sponsorship dyad capturing both the property, in this case the Australian Football League entity and member Clubs, and the protected sponsors.

The study comprises a study of all dyadic relationships within the AFL, that is all relationships between sponsors and the League itself (the League as the umbrella entity has its own sponsors – independent of the Clubs that make up the League), and sponsors and the Clubs. This includes 3 dyadic relationships at the League level – the League and three protected sponsors, and 43 protected sponsorship relationships at the club level. Each of the 16 Clubs has between 1 and 6 protected sponsor relationships. Protected sponsors are the largest sponsors of the AFL (League and Clubs) and pay a substantial fee for the right to be ‘protected’. More particularly, their protected status means that they have access to intellectual property of the AFL, and that they benefit from a degree of exclusivity as no direct competitor can gain access to the intellectual property of the Club, or League, in the case of League sponsorship.

The list of protected sponsors involved in this study is provided in Appendix 1. Protected sponsorships were chosen because the participating organisations were considered more likely to devote additional resources to leverage a sponsorship for which they paid significant rights fees. In turn there is greater complexity in the relationship where sponsorship is used for brand positioning purposes, as is typically the case for larger sponsorships, and where additional resources are allocated to leveraging to achieve desired positioning (Farrelly and Quester, 1999).

In order to enable the examination of the relationship drivers, including the determinants of renewal, only protected sponsor relationships with a history of over a year were included in the sample. This was necessary as unless sufficient time had passed, the respondents could reflect more on the negotiation process than on the relationship itself. The relationship between the sponsor and property takes time to cultivate and is rarely developed in one-year agreements. Additionally, since the learning process for sponsorship requires more time than for other media, sponsors rarely know how to maximise their association with a property during the first year (IEG, 1996a).

It is important to appreciate the significance of using the AFL and its complete portfolio of protected sponsors as the unit of analysis. The findings uncovered in the
dyadic relationships can be aggregated to establish a total picture of the AFL as a single organisational unit. The AFL is the largest and arguably the most commercially attractive national sponsorship property in Australia. Testament to its size and commercial magnitude was the AUD$500 million television rights deal signed in 2000, which was the largest sports programming deal in Australian broadcast history (Shoebridge, 1998). Major indicators typically used by sponsors, i.e. attendance, TV audience, media attention, members, fan loyalty, and broad socio-economic impact, point to the AFL as the number one property in Australia (Street Ryan, 1999). For example, the AFL had 50% of attendances of the top nine sports in Australia in 1998 (including Rugby League, Basketball, Cricket, Soccer, and Tennis), and 42% share of press coverage for the top four winter sports (AFL, Rugby League, Soccer, and Basketball).

The sponsors of the AFL represent a broad cross section of industries including brewing, telecommunications, sports apparel, financial services, motor vehicle manufacture, government utilities, airlines, and a range of FMCG companies. Contained within the AFL portfolio of sponsors are many of the largest sponsors in Australia and many of the sponsorship leaders in Australia (for eg. Coca Cola, Nike, Carlton & United Breweries, and Vodafone). AFL sponsors include the majority of major Australian sponsors and comprise more than 60% of the major sports sponsors in Australia (CEASA, 2001). As such, the results and the implications drawn from them can serve as an indication to other properties and sponsors.

For this reason, the findings of this study should offer reasonable grounds for generalisation to the broader sponsorship industry in Australia. Another important reason for choosing the AFL as the research context is that it is possible to keep external variables constant as the result of a homogeneous sport environment. The control obtained through studying a single environment and set of relationships ensures that observed variations result from the variables particular to the model and the research subject, thus ensuring higher levels of internal validity.

Key informants within the sponsor, Club or League organisations were the respondents of the survey. They included either the marketing or sponsorship manager of each respective organisation. The larger multinational sponsoring organisations had a sponsorship manager as has the overall League (referred to as Corporate Partners
Manager). Within the Clubs, sponsorship is typically the responsibility of the Marketing Manager or Marketing Director. As boundary spanning personnel, their perceptions, attitudes, and behaviours in relation to the sponsorship partner were considered a valid representation of the state of the relationship between the two partners, consistent with the approach adopted by Ganesan (1994) and Morgan and Hunt (1994). Screening criteria were used either by telephone prior to interview, or in the cover letter, to confirm that the respondent had sponsorship managerial responsibility including involvement in sponsorship selection, management and dissolution decisions.

The choice of the key informant was also effective as the respondent had been involved in the sponsorship relationship from the outset and this individual was a direct participant in the organisation's boundary spanning activities, placing them in a good position to comment on behalf of the organisation (Pennings, 1979). Another advantage of this approach was that it allowed the respondent to remain anonymous in the report of findings, encouraging candid responses (Kohli, 1989).

A comprehensive view of the dyad was achieved on a number of levels. First, the most critical antecedents of those relationship attributes thought to drive the decision to renew were investigated, as was the extent to which both parties perceive the same factors to be critical in the final decision to renew. Second, the level of effectiveness and efficiency in achieving sought after outcomes as perceived by both parties was also established.

The choice of the dyad as the unit of analysis in this study is important and makes this research unique. A literature review of past channel research revealed that the vast majority of empirical studies considered the views of either one or the other party in the dyadic relationship, i.e. the manufacturer or the distributor, or retailer. Collecting dyadic data from both the supplier and distributor has been advocated by researchers as it facilitates academic and practitioner understanding of relationship development, management, and maintenance (Weitz and Jap, 1995). Almost all the sponsorship research however is centred on the perspective of the sponsor (Meenaghan and Shipley, 1999), despite the fact that the input of the property, and an appreciation of the views of both parties, is most likely critical to understanding sponsorship, and to its commercial success.
5.2 Research Design and Data Collection Method

In determining a research design that would provide the data necessary to investigate the identified objectives in the study, an important issue was to ensure that the items measured were indicative of the critical marketing behaviours and outcomes of the sponsorship relationship. Also important was that the model be predictive of the current sponsorship situation in the particular dyad including the determination of renewal.

Creswell (1994) suggests that it is important to understand the assumptions underlying the quantitative and qualitative methodologies as they provide guidance for the design of any research study. It is also important to examine the criteria by which each paradigm is selected. Gummesson (1991) points out that the real issue is not whether quantitative techniques are better than qualitative ones, but whether the most appropriate method(s) are used. Emory and Cooper (1991) and Parkhe (1993) emphasise the need for research methodology that suits the research question(s) rather than conform to the researcher's preferred methodology.

The nature of the problem investigated determined the research method adopted for the study. The prime objective of the research was to illuminate which marketing resources and processes have the most impact on the decision to renew a sponsorship investment, and this, coupled with a lack of previous empirical research in the area, indicated that a joint qualitative and quantitative approach was appropriate. The first step in the research process was a qualitative phase based on a series of in-depth interviews. Details of this process are explained in the next section.

5.3 The In-Depth Interviews

Two sets of subjects were used in the in-depth interviews. The first group included a group of four academics with interest in the marketing communications field. The second group included marketing managers responsible for major sponsorship deals (not associated with AFL). The author knew each of the six managers and four academics interviewed and the interview was held informally, based on a semi-structured approach. The interviews lasted between an hour and an hour and a half.
Prior to these interviews, respondents were presented with a brief rationale for the study. This included the purpose of the study, the meaning ascribed to key terms (including market orientation, trust, commitment, and intention to renew) and an example of the type of questionnaire that would be used for carrying out the research. A questionnaire from a previous study on international sponsorship practice (Farrelly et al., 1997) was also provided to interview respondents as an example of the type of questionnaire to be eventually developed.

Interviews commenced with a brief explanation of the author's sports industry background in Australia and internationally, and academic research in the area. The purpose of the interview and the use of the findings as part of the questionnaire development were also discussed. The confidentiality of the discussion was also emphasised, and respondents were reassured that neither they nor their organisation would be revealed in reports derived from the research (respondents were made aware that an internal report would eventually be provided to the AFL), or in the thesis. The researcher received permission from the respondents to take notes during interviews.

Insights from initial interviews were noted but changes to the research approach, explanations, or questions, were not formally made until all interviews were conducted. This ensured that the insights of all respondents could be fully explored, and that a clear understanding of consensus or divergence of opinions could be established.

The interviews started with general issues and then progressed to specific ones. The first issue discussed included the purpose of the study and the usefulness of information arising from the study. This initial discussion with all respondents confirmed that the rationale in support of the study was clear and meaningful, and that there was a genuine need for a study of this nature. Initial discussion also confirmed the potential value of the study for practitioners, a factor considered by the author to be critical to the likelihood of participation in the major study. It was also during this initial phase that four of the five respondents suggested the AFL would be very interested in this type of study.

Having broadly confirmed the usefulness of the study, the interview focused on clarifying the general meaning of the major constructs. A broad explanation was provided about each of the key constructs including market orientation, collaborative
communication, trust, commitment, satisfaction, intention to renew, and the likely sequence in which these constructs should be covered. A series of between four and ten items (stated as either statements or questions) were then discussed to more clearly identify the construct. Each item was discussed with the respondent to ensure that interpretation was consistent with its intended meaning. In most instances the intended meaning of the item was confirmed through the use of an example in industry. In this initial qualitative phase no questions were deleted. However changes were made to most of the items to improve clarity and readability and to the sequence of the items.

Following the qualitative research, a quantitative phase was undertaken which included the development of a questionnaire.

5.4 Questionnaire Design

Many researchers in the distribution (eg. Mohr and Spekman, 1994; Selnes, 1998) and sponsorship area (Marshall and Cook, 1992; Farrelly and Quester, 1997b; Cornwell and Maignan, 1998) have noted the need for empirical research to substantiate the descriptive evidence purported to explain the critical managerial processes that lead partnership development and success. In order to do this, data was collected from respondents using a structured questionnaire. As the survey primarily focused on evaluating the behaviour of individuals, a structured-direct survey was deemed the most appropriate measurement instrument to meet the research objectives. This section discusses the operationalisation of the theoretical constructs of the model by outlining the multi-item scales used in the questionnaire. The source of the existing scales is noted, as are modifications of these scales.

5.4.1 Operationalisation of the Constructs

An explanation of how the constructs were operationalised in the study is provided in this section. As more than one measure of a construct often exists, the most appropriate measurement scale for the study was selected and is justified here. Existing and validated measures were used whenever possible.

The items used in the interviews were primarily drawn from existing scales. A small number of new scales were added. Where minor modifications were made to the
existing scales used in the actual questionnaire, care was taken to ensure that each measurement item maintained its original meaning. Of the existing scales, many have been designed for senior managers or marketing executives, typically with a reasonably high level of knowledge of marketing. It was anticipated that all respondents, because of their level of marketing responsibility, had the necessary experience and knowledge to comfortably respond to the questionnaire. However, one change was made to a section heading whereby ‘Market Orientation’ was replaced with the term ‘Marketing Processes’ as the pre-test (discussed in the next section) revealed that it was unlikely that term held meaning (at least not the meaning ascribed to it in the literature) for the respondents, particularly those at the AFL Clubs.

The model presented in Figure 4.1 has one independent construct – market orientation – and four mediating variables – collaborative communication, trust, commitment, economic satisfaction, and non-economic satisfaction. The dependent variable is renewal.

Overall, the items chosen were selected on the basis of high Cronbach Alpha scores in previous studies. In general terms the scales were developed after a consideration of:

- existing instruments,
- a review of sponsorship and business-to-business literature,
- an understanding of sponsorship practice,
- the qualitative interviews, and
- feedback from pre-test.

An important influence on the selection and adaptation of items related to the desired length of the questionnaire. The total number of items were kept to a minimum as the questionnaire was completed a number of times by many of the respondents. Seven sponsors and all Clubs respondents had responsibility for multiple relationships (for eg. a major Apparel Company sponsored 5 Clubs and 4 of the 5 relationships were the responsibility of one individual) and so were asked to complete the questionnaire between 2 to 4 times. In this instance the otherwise 72-item questionnaire could, in effect, contain 267 items (the first 7-item section on general
market orientation had to be answered only once). Phrasing was also adapted to suit the sponsorship context.

In the majority of items, reference was made to one relationship to ensure that answers were specific to that sponsorship relationship. The scales measuring each of these constructs are discussed in section 5.4.1.1

5.4.1.1 Exploratory Factor Analysis

Exploratory factor analysis was used initially to establish the principal constructs, and then confirmatory factor analysis was drawn upon to establish convergent and discriminant validity (refer section 6.1.3). All constructs subsequently used in the path analysis had valid psychometric properties that help to mitigate the assumptions underlying path analysis. Factors were freely estimated and exploratory factor analysis using both orthogonal and oblique rotations highlighted high loadings on hypothesised factors and low cross-loadings. The eigen-value associated with each of the factors was greater than 1.00 and the high factor loadings indicated convergent validity.

5.4.1.2 Market Orientation

Market orientation is included in the model and is deemed vital to the sponsorship relationship to establish synergies between two brands, and two organisational cultures. There are a number of potential scales that could be used, the most prominent being those developed by Narver and Slater (1990) and Kohli and Jaworski (1990). Consistent with Matear et al. (1997), this study draws from a composite of scales, namely Narver and Slater (1990) and Kohli and Jaworski (1990), from Deng and Dart (1994) who validated several of the Narver and Slater (1990) scales, and from Dawes (2000).

After reviewing the market orientation literature, Lafferty and Hult (2001) suggest that there are five main market orientation models including the decision-making perspective (Shapiro, 1988; Glazer, 1991); the market intelligence perspective (Kohli and Jaworski, 1990; Jaworski and Kohli, 1993; Cadogan and Diamantopoulos, 1995; Selnes et al., 1996); the culturally based behavioural perspective (Narver and Slater, 1990; Siguaw et al., 1994; Narver et al., 1998); the strategic perspective
(Ruekert, 1992; Webster, 1992; Day, 1994); and the customer perspective (Deshpande et al., 1993; Siguaw et al., 1994; Deshpande and Farley, 1998a). Three of these five perspectives chose to assess competitor orientation as part of the market orientation construct. An analysis of 'Competitor orientation' was included in the Narver and Slater study (1990), but deemed less relevant in a meta-analysis of three market - orientation measures which found only customer orientation to be significant (Deshpande and Farley, 1998a).

Limited research suggests that a competitor orientation may not be positively related to business profitability (Armstrong and Collopy, 1996). As competitor orientation is a component of market orientation, this relationship would impact on the results of an analysis of the relationship between market orientation and performance. Indeed, Balakrishnan (1996) only found limited support for the benefits of competitive benchmarking. A positive relationship was found between competitive benchmarking and relative profit, but not with manager's satisfaction with profit, customer retention or repeat business (Balakrishnan, 1996). The conclusions of Armstrong and Collopy (1996) are more forceful, suggesting that competitor orientation is detrimental to profitability and recommending that organisations focus on profit maximisation and ignore their competitors when setting objectives.

Despite these results, competitor orientation was included in the measure for two reasons. First, a complete reliance on customer orientation may blindside the firm to competitor activity with disastrous consequences, especially where a competitor employs ambush tactics. Second, a recent study on market orientation in Australian firms found a strong, direct link between competitor orientation and company performance (Dawes, 2000). Others have theorised that it makes little sense to consider customer orientation and overlook competitor orientation (Porter, 1980; Day and Wensley, 1988), especially as an appreciation of competitor positioning and strategic approach should facilitate innovation, and may allow the firm to stay ahead of the field (Han et al., 1998).

The Kohli and Jaworski (1990) items adapted for this study were considered appropriate because of their emphasis on actual behaviours operationalising market orientation. Focusing on behaviour is important because market orientation is hypothesised in this study as an antecedent to key relationship constructs that drive
the ultimate behaviour – renewal. The Kohli and Jaworski (1990) scale is also useful because it includes a measure of ‘responsiveness’ which is thought to be critical in business-to-business relationships.

In the case of sponsorship, market orientation is a function of 1- the extent to which the sponsor or property generates intelligence about the market which informs the sponsorship in question, 2- the extent to which the sponsor responds based on this information gathered and disseminated, 3- senior management involvement in related decision making. Overall, twelve items were used to capture the market orientation construct. These are presented in Table 5.1.
<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>ADAPTED MEASURE</th>
<th>FACTOR LOADINGS</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intelligence Generation</td>
<td>We actively utilise market research with our customers as the focus for the purpose of advancing our relationship with X (name of property or sponsor).</td>
<td>.912</td>
<td>B1</td>
</tr>
<tr>
<td>(Jaworski &amp; Kohli, 1993)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Conduit &amp; Mavondo, 2000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Information Dissemination</td>
<td>We actively utilise market research with our competitors as the focus for the purpose of advancing our relationship with X (name of property or sponsor)</td>
<td>.820</td>
<td>B2</td>
</tr>
<tr>
<td>(Narver &amp; Slater, 1990)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Our senior management is involved in decision-making regarding the sponsorship with X (name of property or sponsor).</td>
<td>.898</td>
<td>B8</td>
</tr>
<tr>
<td>Market Responsiveness</td>
<td>Our senior management perceives the sponsorship with (name of property or sponsor) to be part of our overall corporate strategy.</td>
<td>.933</td>
<td>B9</td>
</tr>
<tr>
<td>(Dawes, 2000)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Kohli, Jaworski &amp; Kumar, 1993)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Dawes, 1998)</td>
<td>Based on our research, we respond quickly to changing customer requirements as they relate to our sponsorship relationship with X (name of property or sponsor).</td>
<td>.704</td>
<td>B4</td>
</tr>
<tr>
<td>(Dawes, 2000)</td>
<td>We plan ahead in order to differentiate our sponsorship offering with (name of property or sponsor) and satisfy consumers in the future.</td>
<td>.899</td>
<td>B6</td>
</tr>
<tr>
<td>(Narver &amp; Slater, 1990)</td>
<td>We place a high priority on implementing changes to increase customer satisfaction where it relates to our sponsorship relationship with X (name of property or sponsor)</td>
<td>.874</td>
<td>B7</td>
</tr>
<tr>
<td></td>
<td>We effectively prioritise market opportunities as they relate to our sponsorship dealings with (name of property or sponsor), in line with firm resources and capabilities.</td>
<td>.757</td>
<td>B3</td>
</tr>
<tr>
<td></td>
<td>Valuable sponsorship info is reported and stored in a form that is easily extracted for use in future initiatives including those in place as part of our relationship with X (name of property or sponsor).</td>
<td>.713</td>
<td>B3</td>
</tr>
</tbody>
</table>

* Note: reference to B in the item column refers to the particular section of the questionnaire. As noted, the first section, on general market orientation, was not part of the questionnaire as relates to this study.
5.4.1.3 Explanation of Choice of Items in Market Orientation Scale

As can be seen from Table 5.1, items 1 and 2 were designed to capture the intelligence generation construct. To keep the number of items to a minimum, no distinction was made between formal or informal research. Feedback from the pre-test also indicated that respondents might be confused by the distinction. The decision to include the term ‘actively utilise customer/competitor research to advance relationship’ was influenced by the work of Pelham (1993), Farrell and Oczkowski (1997), and Dawes (2000). Dawes (2000) notes “an appropriate operationalisation of market orientation should include measures pertaining to customer understanding as opposed to merely measuring information gathering and dissemination” (p. 6).

Two items were included (items B8 and B9) to capture senior management’s involvement in sponsorship. Item B8 is an adaptation of an item developed in previous market orientation research (Conduit and Mavondo, 2000) and item B9 is a new item. While these two items may only capture indirect effects of dissemination on market orientation, they were considered critical to sponsorship market orientation for a number of reasons.

First, internal dissemination of related sponsorship information has largely been discussed in the sponsorship literature in relation to the involvement of senior management. Empirical research by Farrelly et al. (1997) and Meenaghan and Grimes (1998) has shown that involvement of senior management has a positive effect on the level of sponsorship marketing including planning and implementation, and integration of the sponsorship into the broader organisation. This is essential because senior management involvement brings legitimacy to the activity.

Second, the importance of senior management in conveying its commitment to the marketing concept is extensively recognised (Levitt, 1969; Gronroos, 1990; Kohli and Jaworski, 1990; Ruekert, 1992; Piercy, 1995). Recent literature has identified that senior management beliefs play a catalytic role in fostering the values and orientation of an organisation (Kohli, 1992; Jaworski and Kohli 1993). Senior management influence the level of market orientation whereby implementing activities that encourage the development of a market orientation throughout the organisation, and
concurrently, by creating an organisational culture supportive of these activities (Gronroos, 1990; Harris and Piercey, 1998).

Finally, whilst management emphasis on adherence to the marketing concept has received attention by both Narver and Slater (1990) and Kohli and Jaworski (1993), Conduit and Mavondo (2000) found that a construct described as 'management support' did not have a direct effect on market orientation, but exhibited significant relationships with intelligence generation, intelligence dissemination, interdepartmental integration and interdepartmental conflict. In this study therefore, management emphasis on sponsorship is captured in terms of involvement in sponsorship decision making, and senior management perception that sponsorship is part of overall corporate strategy.

5.4.1.4 Collaborative Communication

The Collaborative Communication construct looks specifically at the impact of communication designed to integrate firms in their efforts to produce mutually beneficial outcomes. Mohr et al. (1996) first tested this construct with computer retailers and their responses to their own behaviours, as well as their perceptions of their supplier behaviours. Prior to this, Mohr and Spekman (1994) and Mohr and Sohi (1995) had tested similar communication behaviours and attributes, but had not captured the multi faceted nature of communication so comprehensively.

In this study many of the original items used to study Collaborative Communication were used. The Collaborative Communication measure focuses on the extent to which communication is frequent, bi-directional, formal, and non-coercive (Mohr et al., 1996). Adaptations were made where necessary to account for the dyadic nature of this research, and to ensure the relevance of the items to the sponsorship context. A list of the items retained in the final version of the questionnaire is shown in Table 5.2
<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>ADAPTED MEASURE</th>
<th>FACTOR LOADINGS</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency</td>
<td>Formal face to face communication with our sponsorship partner</td>
<td>.875</td>
<td>D1</td>
</tr>
<tr>
<td>(Mohr &amp; Sohi, 1995)</td>
<td>Telephone interact with spon. partner.</td>
<td>.785</td>
<td>D2</td>
</tr>
<tr>
<td>(Mohr, Fisher Nevin 1996)</td>
<td>Informally/interaction at games/events.</td>
<td>.634</td>
<td>D3</td>
</tr>
<tr>
<td></td>
<td>Written information, reports.</td>
<td>.814</td>
<td>D4</td>
</tr>
<tr>
<td></td>
<td>Email.</td>
<td>.650</td>
<td>D5</td>
</tr>
<tr>
<td></td>
<td>Newsletters</td>
<td>.511</td>
<td>D6</td>
</tr>
<tr>
<td>Norms of Info-Sharing</td>
<td>We provide proprietary information to X about sponsorship decisions/strategies</td>
<td>.910</td>
<td>F1</td>
</tr>
<tr>
<td>(Gundlach, Achrol &amp; Mentzer, 1995)</td>
<td>We share confidential info about consumers, industry and market conditions, competitors, etc. with X</td>
<td>.900</td>
<td>F2</td>
</tr>
<tr>
<td></td>
<td>It is expected that any info. that we have which could help the sponsorship relationship be provided to X.</td>
<td>.810</td>
<td>F3</td>
</tr>
<tr>
<td>Bi-Direction</td>
<td>We provide feedback to X on matters that impact this relationship.</td>
<td>.827</td>
<td>G1</td>
</tr>
<tr>
<td>(Mohr, Fisher, and Nevin, 1995)</td>
<td>We provide feedback to X in terms of sponsorship effectiveness</td>
<td>.818</td>
<td>G2</td>
</tr>
<tr>
<td></td>
<td>We seek dialogue with X re important sponsorship issues</td>
<td>.815</td>
<td>G3</td>
</tr>
<tr>
<td>Formality</td>
<td>In coordinating our activities with X, formal communication channels are used, i.e. there are formal mechanisms for structured communication as distinct from casual, informal, word of mouth modes.</td>
<td>.910</td>
<td>H1</td>
</tr>
<tr>
<td>(Mohr, Fisher, and Nevin, 1995)</td>
<td>Both partners' expectations about the sponsorship are communicated in detail</td>
<td>.878</td>
<td>H2</td>
</tr>
<tr>
<td></td>
<td>The terms of this relationship have been written down in detail</td>
<td>.752</td>
<td>H3</td>
</tr>
<tr>
<td></td>
<td>The terms of this relationship have been explicitly verbalised and discussed.</td>
<td>.699</td>
<td>H4</td>
</tr>
</tbody>
</table>
5.4.1.5 Commitment

The six items used to measure commitment are adaptations of measures used in two previous studies (refer Anderson and Narus, 1984; Gundlach et al., 1995). The items are designed to measure the behavioural commitment the sponsor has to the relationship, akin to the instrumental feature of commitment investigated by Gundlach et al. (1995). The items also measure the attitudinal aspect of commitment. They are shown in Table 5.3.

The first three items (I1-I3) are commitment related behaviours. Consistent with the approach adopted by Gundlach et al. (1995), they capture behaviours associated with the preparedness to integrate aspects of the relationship into broader marketing activity, and the long-term intention of the partner. Item I4 is a minor adaptation of an item used by Gundlach et al. (1995). The word ‘greater’ is used instead of ‘more’ as it was thought to better capture the intention to grow the relationship over time (ie. through financial resource investment in addition to sponsorship rights fees). The remaining three items tap into the attitudinal aspect of commitment and are minor adaptations of items used by Anderson and Weitz (1992).

Table 5.3 Measures for Commitment Construct

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>ADAPTED MEASURE</th>
<th>FACTOR LOADINGS</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment (Gundlach, Achrol &amp; Mentzer, 1995) (Anderson &amp; Weitz, 1992)</td>
<td>We have developed formal sponsorship objectives for this sponsorship relationship with X.</td>
<td>.905</td>
<td>I1</td>
</tr>
<tr>
<td></td>
<td>Sponsorship objectives are integrated into our corporate or marketing plan.</td>
<td>.848</td>
<td>I2</td>
</tr>
<tr>
<td></td>
<td>We have, together with X, jointly established sponsorship objectives.</td>
<td>.794</td>
<td>I3</td>
</tr>
<tr>
<td></td>
<td>We intend to allocate greater resources to this sponsorship relationship with X in the future</td>
<td>.942</td>
<td>I4</td>
</tr>
<tr>
<td></td>
<td>We have a strong sense of loyalty to this relationship with Hawthorn.</td>
<td>.923</td>
<td>I5</td>
</tr>
<tr>
<td></td>
<td>We are committed to the sponsorship relationship with X.</td>
<td>.942</td>
<td>I6</td>
</tr>
</tbody>
</table>
5.4.1.6 Trust

Ganesan (1994) argues that trust consists of at least two important dimensions: credibility and benevolence. Ganesan (1994) measured trust using seven items designed specifically to tap into the two aforementioned dimensions in the case of the suppliers. A further six items were used to capture the retailer’s perspective of trust.

The aim in this study was also to investigate these two dimensions so adaptations of six of the items originally developed by Ganesan (1994) were used. One item was adapted from the study conducted by Nielson (1998) to capture a global evaluation of trust. There is one new item, based on a recommendation of several of the respondents in the pre-test who noted that the reputation of the property for fair dealing might have a strong influence on the sponsor’s perception of trust. The study by Anderson and Narus (1990) included an item that reflected the suggestion of the pre-test respondents and was thus adapted for use in this study. The final list of items used in this study to measure Trust is presented in Table 5.4.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Adapted Measure</th>
<th>Factor Loadings</th>
<th>Item</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trust</td>
<td>Our firm can rely on X in this sponsorship relationship.</td>
<td>.699</td>
<td>J1</td>
</tr>
<tr>
<td></td>
<td>X is knowledgeable about this sponsorship relationship</td>
<td>.832</td>
<td>J2</td>
</tr>
<tr>
<td></td>
<td>X understands our position in this sponsorship relationship</td>
<td>.783</td>
<td>J3</td>
</tr>
<tr>
<td></td>
<td>X cares for our welfare in this sponsorship relationship</td>
<td>.845</td>
<td>J4</td>
</tr>
<tr>
<td></td>
<td>X is open in dealing with us in this sponsorship relationship</td>
<td>.784</td>
<td>J5</td>
</tr>
<tr>
<td></td>
<td>We trust that X will serve our best interests.</td>
<td>.859</td>
<td>J6</td>
</tr>
<tr>
<td></td>
<td>X is well known for their fair dealing with sponsorship partners</td>
<td>.850</td>
<td>J7</td>
</tr>
</tbody>
</table>
5.4.1.7 Economic and Non-Economic Satisfaction

The domain of satisfaction includes all the characteristics of the buyer-seller relationship that a firm deems "rewards, profitable, or instrumental" (Ruekert and Churchill, 1984), unfair, or frustrating, or costly (Ping, 1994). As noted previously, this study makes a distinction between economic and non-economic satisfaction. While researchers have examined satisfaction based on its key component attributes (refer Mittal et al., 1998; Garbarino and Johnson, 1999), the vast majority of related research has been conducted in relation to consumer decision making (Geyskens et al., 1999).

The items used to measure the two dimensions of satisfaction are drawn from a study by Patterson and Spreng (1997), who authored one of the few empirical studies evaluating the components of satisfaction in the business-to-business context. Patterson and Spreng (1997) deconstruct satisfaction into components according to how directly or indirectly the satisfaction dimension is derived from commercial outcomes. They consider satisfaction of inter-organisational exchange in the professional services sector. These authors refer to descriptions of economic based satisfaction as 'productivity and profitability'-related, and describe the dimension as 'technical outcome satisfaction', and the non-economic dimension of satisfaction is captured as 'functional process' satisfaction. In this study, their first three items are included to capture economic based satisfaction, and the last three items are designed to capture non-economic based satisfaction, as shown in Table 5.5.
Table 5.5 Measures for Economic and Non-Economic Construct

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>ADAPTED MEASURE</th>
<th>FACTOR LOADINGS</th>
<th>ITEM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eco Satisfaction</td>
<td>The relationship with X has resulted in initiatives we can implement</td>
<td>.779</td>
<td>K1</td>
</tr>
<tr>
<td>(Patterson &amp; Spreng, 1997)</td>
<td>This relationship with X has produced results that enable us to increase the value of our brand</td>
<td>.878</td>
<td>K2</td>
</tr>
<tr>
<td>Non-Eco Satis.</td>
<td>This relationship with X has produced results that enable us to increase the value of their brand.</td>
<td>.734</td>
<td>K3</td>
</tr>
<tr>
<td>(Patterson and Spreng, 1997)</td>
<td>Staff at X are dependable when it comes to servicing this sponsorship relationship.</td>
<td>.865</td>
<td>K4</td>
</tr>
<tr>
<td>Staff at X have established a good rapport with our staff</td>
<td>.902</td>
<td>K5</td>
<td></td>
</tr>
<tr>
<td>Staff at X are thoroughly professional in all they do</td>
<td>.944</td>
<td>K6</td>
<td></td>
</tr>
</tbody>
</table>

5.4.1.8 Renewal

Intention to renew was measured as the last item on the questionnaire. A Juster Scale was used to determine the likelihood that the sponsorship agreement would be renewed where zero indicated no chance of renewal, and 100% indicated that the sponsorship relationship would definitely be renewed at the end of the current contract period. Other studies such as Shamdasani and Sheth (1995) have measured relationship continuity intentions by asking subjects to indicate their likelihood of continuing with the alliance on a seven-point "very unlikely/very likely" scale. The decision to use a Juster rather than a Likert scale was made based on feedback from the pre-test. In the pre-test a major sponsor noted that in pre-planning decisions about sponsorship renewal are often made based on a rationale and on 'justification level' (expressed in percentage terms) as to why such a relationship should be renewed.

5.4.2 Scaling and Measurement

All variables (except renewal) were measured on seven-point Likert-type scales. The market orientation, communication, commitment, trust and satisfaction items were anchored at 1, "strongly disagree"; 4, "neither agree nor disagree"; and 7, "strongly agree". Likert-type scales are commonly used in empirical studies.
pertaining to each of these constructs (Anderson and Weitz, 1992; Mohr et al., 1996; Farrelly and Quester, 1997b; Baker et al., 1999). They are relatively easy to construct and administer, and are readily understood by respondents, making them suitable for a mail questionnaire. The main disadvantage of Likert-type scales is that they take longer to complete than other itemised rating scales, as respondents have to read each statement (Malhotra et al., 1996).

A seven-point scale was used in this research in an endeavour to improve reliability (Churchill, 1979; Pitt et al., 1996). An odd number of response options provides a midpoint for respondents who are neutral, thus eliminating any anxiety that may be caused by forcing respondents to select an answer. Because of the lack of empirical research into the mechanics of the focal sponsorship relationship, the questionnaire was pre-tested to further ensure that appropriate meanings were ascribed to items and constructs, and that the constructs effectively captured the desired concepts. Details of the pre-test are discussed below.

5.5 The Pre-test

The pre-test comprised 20 of the largest sponsors of sports properties in Australia and five academics familiar with this area of study. Each of the companies had been involved in sponsorship for at least five years, and each sponsored a number of sports properties. Their sponsorship relationships were all deemed to be major investments in sponsorship in Australia, and on average, involved deals in excess of AUD $1M (Moore, 1998). As with the respondents chosen for the in-depth interviews, in the pre-test sponsors were selected because those responsible for managing the sponsorship (key informants for this study) were known and accessible to the researcher (as with the interviews this did not appear to bias the responses in any way), and because they were representative of the proposed sample in terms of their managerial responsibility, and functional roles.

The approach adopted was consistent with that recommended by Nunnally (1978) where the information gleaned from the pre-test informed the measurement items in the questionnaire. The pre-test confirmed the overall appropriateness and comprehensibility of the pre-identified items (developed from the literature, previous work in the field, and initial interviews), and was used to make modifications to items
and add new items to the questionnaire instruments. Polling of experts was employed as an extension of expert judgement but the approach was to collect opinions from a number of highly qualified respondents rather than relying on the judgement of a small panel of experts (Narver and Slater, 1990).

The respondents completed the questionnaire and noted their comments about the clarity and sequence of items etc on the actual questionnaire. They also wrote comments about what modifications could be made to boost the effectiveness of the questionnaire (in total) given the stated objectives of the study (which was explained to them in a cover letter). As the researcher knew many of the respondents, the completion of the questionnaire was followed up either by a face-to-face meeting or a telephone discussion.

The pre-test respondents were given a brief synopsis of the study and its objectives and were supplied with the following additional questions:

1. Were the questions easy to understand? If not, please indicate which questions were unclear and why.

2. Are there any questions that could be interpreted in more than one way (ie. with more than one meaning)? If yes, please indicate which questions and what your final interpretation was.

3. Are the questions pertinent given the objectives of the study?

4. Do you have any comments on the general structure or sequencing of the questionnaire?

5. How long did it take you to complete the questionnaire (minutes)?

Several changes were made as the result of the pre-test. The pre-test respondents noted that more explicit instructions were required. As a result, emphasis was placed on the fact that all questions had to be answered for questionnaire if it were to be included as part of the research. This instruction was noted in bold typeface. Those completing multiple questionnaires were also reminded to be careful to make distinctions in the ratings between relationships. Both suggestions were incorporated in the instructions at the front of the questionnaire and, a reminder to
check that all questions had been completed was also included at the end of the questionnaire.

In initial interviews about the proposed questionnaire, two of the respondents who had previous involvement with the AFL noted that none of the items should be worded in the negative. They felt that respondents (particularly from the Clubs) would be inclined to score themselves more highly than they might otherwise based on a defensive reaction to the question. The reaction was attributed to a possible scepticism about the motives of the League for supporting such a piece of research - the perception by Clubs could be that the research was a means of gaining greater control of Club sponsorship rights. This is discussed further in the next section. A decision was taken not to include negative statements in the pre-test, or the final questionnaire.

The pre-test respondents paid particular attention to the appropriateness of the wording of the questions. A number of changes were made to the questionnaire to remove ambiguity within questions and to simplify complex statements, based on respondent comments. Careful attention was paid to those items identified as difficult to interpret, and the wording was modified where necessary to improve understanding.

It was critical that the respondents be aware that questions related to marketing and relationship practices should be answered with a single sponsorship relationship in mind, for example Nike and Carlton Football Club. From the pre-test, it became apparent that to ensure the continued focus of respondents on one specific relationship, it was important to distinguish the first set of questions from all others in the questionnaire. A change was therefore made to the questionnaire whereby the first set of questions related to the market orientation of the organisation overall. This was followed by the same set of items for the individual sponsorship relationship and the partner. This ensured that respondents would mentally switch from thinking about marketing matters overall, to focusing on matters as they related specifically to a particular sponsorship relationship.

While this resulted in an additional section to the questionnaire not directly related to the study, it was considered vital. Ensuring that the respondents focused only on a particular sponsorship relationship, and that they deliberated about the
marketing effectiveness of the firm in this relationship relative to their efforts overall, was deemed fundamental to the validity and ultimate value of the study.

The remaining constructs also referred to the focal relationship. Making this distinction also ensured that the respondent made the mental crossover between the general marketing items (in the first section of questionnaire) and the remaining items relating to one specific relationship. Indeed many respondents checked back to the first section (as they moved through the questionnaire) to confirm that the remaining sections were meant to be answered only with the focal relationship in mind.

To further ensure this distinction, each of these items included the name of the relationship partner to reinforce the focus. This made preparation of the questionnaires more time consuming since separate questionnaires from both the perspective of each property and sponsor had to be created. However, it ensured that each relationship was analysed individually. Feedback from the pre-test highlighted that it also facilitated the respondent in their efforts to think about the differences between relationships especially where an individual was completing for a number of relationships. Examples of the final questionnaires (one for sponsor and for property) are presented in Appendix 2. Overall, twenty-nine of the final seventy-six items were modified, seven items were added, and eleven items were deleted as a result of the pre-test.

5.6 The AFL Sponsorship Survey

Conducting the survey was important as it enabled the researcher to establish standardised measures across the broad population. In the context of this study, it also made it easier to classify certain areas that could be generalised between the AFL and the broader sponsorship market in Australia. The capacity to standardise was also necessary to establish vital comparisons between the views of the sponsor and that of the property. The structured-direct survey is a popular data collection method to elicit information from organisations. It has been used extensively in the channels literature (eg. Dwyer et al., 1987; Anderson and Weitz, 1992; Mohr et al., 1996; Doney and Cannon, 1997; Baker et al., 1999), in the sponsorship literature (eg. Marshall and Cook, 1992; Scott and Suchard, 1992; Shanklin and Kuzma, 1992; Farrelly and Quester, 1997b), and in the market orientation literature (Narver and Slater, 1990;
Jaworski and Kohli, 1993; Selnes et al., 1996). Data obtained from a structured-direct survey approach is generally found to be reliable because the responses are limited to the alternatives stated (Malhotra et al., 1996).

There are, however, problems associated with the use of surveys. They may, for example, fail to capture the 'depth' of many relationships (Brewer and Hunter, 1989) although this normally arises where there is a problem with establishing correct company contact, or because of poor response rate. Such problems were overcome by containing the study to a well-defined population, through direct contact with the General Manager of Commercial Operations of the AFL, enlisting the support of the organisation overall, and by evaluating over 80% of all major sponsorship relationships.

A number of steps were taken to achieve a high response rate. Importantly, the respondents were informed by the AFL of the study (prior to the researcher making contact) and of its support for the study. Taylor, Beisel and Blakney (1984) and Jobber and Ritley (1999) note that advance notification via letter or telephone is a way to improve response rates. In addition to this, an official introduction letter on AFL letterhead (refer Appendix 3) emphasised the importance of the study and encouraged respondents to participate. The letter was co-signed by the General Manager of the AFL and the researcher. It also noted that all participants would receive a copy of a report outlining key findings.

Emphasis was made in the letter, and again on the questionnaire itself, that respondents were guaranteed confidentiality, and that anonymity would be preserved in data analysis and reporting of findings. Confidentiality (and the AFL official support of the research) is thought to have played a major part in the high response rate and completion of all questions, including the intention to renew. Since each dyad party was aware that the other party was also taking part in the research. Confidentiality was critical as it allowed the respondents to be candid in their response without any fear that such response may jeopardise the relationship. Similarly, many Clubs were sceptical about the agenda of the League, including its view on League versus Club sponsorship arrangements and exclusivity, and so they had to be made comfortable they could voice concerns without the prospect of League recrimination.
Another factor that ensured respondents that the information was to remain confidential was the fact that the thesis, once complete, would be embargoed. At the League’s request, an embargo was placed on the thesis ensuring it would not be made available to the public for three years after completion. This eliminated any further concerns about exposure of sensitive information. All sponsors and teams were made aware of the embargo.

The letter also informed the sponsors that they would be contacted either by email or telephone to request their participation in the study. In many instances the sponsors contacted the researcher or the AFL to confirm their intention to participate prior to the researcher making further contact. The questionnaire contained 76 items, was limited to four pages (which is well under the twelve pages recommended by Dillman, 1978) and divided into nine distinct sections, each clearly separated from the previous by a prominent heading. Clear and precise instructions were provided prior to each part in order to reduce confusion. The sections were presented in a logical sequence to ensure that respondents could easily comprehend and complete the questionnaire.

The questionnaire was administered to the League, Club and seven protected Club sponsors (who sponsored more than one Club) through a face-to-face interview. This was done to ensure a high response rate and to ensure the respondents filled out all questionnaires correctly, to pick up on the subtle differences between relationships, and to avoid the problems associated with respondent fatigue (Mavondo, 2000). As fourteen dyads completed their questionnaires during an interview compared to thirty-two dyads that self-administered, an investigation was conducted to examine whether significant differences existed between the results of the two data collection modes. Whilst five of the twenty-three grouped questions examined for both the sponsor and property were found to have significantly different average responses at the .05% significance level, the average difference in mean in each case was less than 1% suggesting that the effect on data collection was minimal.

The interviews were semi structured in that they followed the questionnaire. Where the respondents elaborated on issues in the questionnaire the interviewer rarely became involved other than to encourage further elaboration where the response related directly to the issues being modelled in the study. The interviewer was
conscious of the need to avoid prompting respondents. Typically the interviews (including completion of the questionnaires) lasted between 1.5 to 2 hours.

Consistent with the approach pioneered by Belk, Sherry and Wallendorf (1998), the interview data was triangulated (for authenticity and validation purposes) via the use of company reports, promotional material, and where possible, through checks with other staff from the responding organisation. Follow-up calls were also made with many of those interviewed to clarify the issues discussed. This was carried out to eliminate non-relevant data or misrepresentations and to reinforce the validity of the findings (Fournier and Mick, 1999).

As previously noted, only those protected sponsor relationships in existence over a year were included in the study. This was to ensure that key relationship constructs were measured after sufficient time had lapsed for the relationship to evolve, thus allowing for the impact of marketing and communication activities to have taken effect, and to have been evaluated. This also allowed for sufficient time for opinions to have solidified about the relationship (Hutt et al., 2000). It has been noted in the literature that sponsors often do not know how to maximise their association with a property during the first year (IEG, 1996a).

Care was taken to emphasise that the respondent needed to be responsible for marketing and management decisions in relation to the sponsorship relationship (as distinct from solely operational decisions) and to have some say in the renewal decision. Prior research on sponsorship in Australia has revealed that marketing managers responsible for sponsorship investments, and sponsorship managers, are empowered to make important sponsorship decisions and this can include the decision to renew (Farrelly and Quester, 1997b). However, other research has shown that sponsors in the United States displayed a greater degree of decision making delegation, with significantly more middle management positions contributing to aspects of sponsorship decision making, particularly proposal assessment, implementation/evaluations and renewal, than is the case in Australia (Quester et al., 1998).

In general, managers responsible for the relationship both from the sponsoring firms and from the AFL, exhibited considerable overall sponsorship experience, and had enjoyed sufficient time to nurture productive AFL sponsorship relationships. On
average, respondents from the sponsoring firms had over 11 years experience managing sponsorship relationships, and over 4 years managing relationships with the AFL. Their counterparts managing the AFL properties (League and Clubs) had less overall sponsorship experience (an average of 6 years) with an average of 3 years experience managing particular AFL relationships. The current sponsorship contracts with the AFL had, on average, been in existence for over 3 years and average contract duration is 4 years, which according to Burbury (2001) is the minimum time required to generate meaningful sponsorship outcomes.

A 'reminder system' (Jobber and O'Reilly, 1999) was incorporated into the research methodology whereby those who failed to respond were followed up a week later by email, and a fortnight later, by telephone. On three occasions, second interviews were held with Clubs where there were over four protected sponsorship questionnaires to complete.

5.7 Chapter Summary

This chapter analysed the key issues regarding the research method used in this major study of AFL sponsorship relationships. Both qualitative and quantitative methods of data collection were used. A series of interviews and a pre-test were conducted prior to finalising a questionnaire used to survey the AFL and their protected sponsors. The items used in the questionnaire were supported with a detailed explanation of the rationale for their inclusion. The selection of items was influenced by existing instruments, a review of the sponsorship and business-to-business literature, experience in industry, the qualitative interview, and the pre-test. The total number of items was kept to a minimum as the questionnaire was completed a number of times by many of the respondents.
CHAPTER SIX

RESULTS

6.0 Introduction

As noted, only those protected sponsor relationships with a history of over one-year, were included in the study. This was to ensure that key relationship constructs were measured after sufficient time had lapsed for the relationship to evolve, thus allowing for the impact of marketing and communication activities to have taken effect, and to have been evaluated. It was also to allow for sufficient time for opinions to have solidified about the relationship (Hutt et al., 2000). Forty-six of the fifty-four protected sponsor relationships (i.e. League and sponsor or Club and sponsor) were included in the analysis, which equates to a response rate of 85%.

In this chapter we examine the data analysis, the models, and test the hypothesis developed in chapter four in relation to each of the relationships between the constructs leading to the intention to renew.

6.1 Data Analysis

This next section includes discussion of important data analysis issues including tests for non-response bias, reliability and validity, and the use of structural equation modelling.

6.1.1 Non-Response Bias

Non-response bias is a problem that may affect survey-based research. When an entire population is not sampled a problem with non-response bias may occur (Armstrong and Overton, 1977; Malhotra et al., 1996). A problem arises if it is anticipated that the responses obtained from the sample may differ from the likely responses of non-respondents. If this were to occur, then the results should not be
generalised to the population (Armstrong and Overton, 1977). This bias will be more apparent where there is a low response rate and large numbers of non-respondents.

As noted, several procedures were incorporated in this study to ensure that a high response rate was obtained. Indeed, forty-six of the fifty-four protected sponsor relationships (i.e., League and sponsor or Club and sponsor) participated in the study, resulting in a final response rate of 85.1%. This is very high generally, and relative to similar types of studies such as Anderson and Weitz (1992) who achieved 73% (n=378); and Siguaw et al. (1998), who achieved 37% (n=179); and Cyr (1999) who studied technological alliances and achieved a response rate of 10%. This high response rate suggests a problem with non-response error is unlikely in this study.

6.1.2 Construct Reliability

A test of internal consistency was applied in this study, administering a measurement scale to subjects at one point in time and correlating subsets of items within the scale using Cronbach's (1951) method for calculating coefficient alpha. The majority of marketing research studies employ scales of the type which Cronbach alpha was designed to evaluate. It is the most commonly accepted formula for assessing the reliability of a measurement scale with multi-point items. A measure of coefficient alpha can be viewed as the proportion of the variance attributable to the underlying trait (Venkatraman, 1989). A low alpha score indicates that the combination of items did not capture the construct well and were not sharing the common core of the construct.

Exploratory factor analysis primarily used in early stages of scale development, or when confirmatory factor analysis does not produce a good fitting model (Hurley et al., 1997). If the measurement model has a strong underlying theory, then assessment using confirmatory factor analysis is most appropriate (Hurley et al., 1997). The scales were assessed for reliability by calculating Cronbach's Alpha. Nunnally (1967) suggested that reliabilities greater than 0.5 are acceptable for basic research, although he later argued in favour of higher levels of 0.7 or more (Nunnally, 1978). Other authors suggest between the 0.5-0.7 and many published studies in the channel literature include scales within this band (e.g., Anderson, 1985). All measures used in this study exhibited good reliability, with coefficient alpha of .8338 for market
orientation; .8304 for market orientation of property as perceived by sponsor; .9102 for trust; 8053 for commitment, and .8570 for satisfaction. The four attributes of collaborative communication also exhibited good measures of reliability, with standardised item alpha coefficients of .8187 for formal communication; .7455 for feedback; 8402 for the specific nature of communication dimension; and .5754 and .8273 respectively for the frequency of communication during the on and off season.

The high alpha scores for all the items meant that scale purification was only useful in the case of the market orientation construct. In this instance item B8 and B9, which related to the 'senior management' aspect of market orientation, did not exhibit a strong correlation with the total measure and so were deleted. The decision to delete these items was also based on the findings of the exploratory factor analysis.

6.1.3 Construct Validity

Because of the latent nature of the constructs in this study, it was important to assess the accuracy of the measurement scales to determine the extent to which the intended constructs had been captured. The construct validity of each of the measurement scales was evaluated by examining their face, convergent, discriminant, and nomological validity (Malhotra et al., 1996). Convergent validity was undertaken to examine the extent to which the item correlated positively with other measures of the same construct. Discriminant validity assesses the degree to which two measures designed to measure similar, but conceptually different, constructs are related (Malhotra et al., 1996). Scales that correlate too highly may be measuring the same rather than different constructs (Churchill, 1979). Therefore, a low to moderate correlation is usually considered evidence of discriminant validity (Malhotra et al., 1996).

The items used to measure the constructs were deemed to have face validity based on the findings of previous studies that utilised the same, or similar items, as well as the extensive pre-test process. As previously noted, the pre-test comprised 20 of the largest sponsors of sports properties in Australia and five academics familiar with this area of study. These respondents evaluated whether the assigned items measured the constructs. Modifications to the questionnaire were made accordingly and the scales faithfully sampled the domain of the constructs as defined.
Nomological validity assesses the degree to which constructs that are theoretically related are actually empirically related, that is, their measures correlate significantly in the predicted direction (Malhotra et al., 1996). For example it would be expected that a higher level of property market orientation (as perceived by the sponsor) would lead to a high level of sponsor trust.

As a means of exploring the convergent validity of each scale, it was appropriate to examine the factor loadings of the observable items onto the latent construct. This provided evidence to evaluate whether the items correlated positively with other measures of the same construct, rather than constructs from which they were suppose to differ. Confirmatory factor analysis was adopted to assess the convergent validity of the resulting constructs (Churchill, 1979; Podsakoff, 1984; Abe, 1996). It was appropriate to perform a confirmatory factor analysis, as there was strong theoretical rationale for the measurement items loading onto the latent constructs (Hurley et al., 1997). In addition, Cronbach alpha measures had been calculated and any item with poor inter-item correlation had been removed. As all of the measurement models consisted of a priori hypothesised structures, confirmatory factor analysis was utilised as a test of convergent validity.

6.1.4 Measurement Models

In the confirmatory factor analysis, the first step was the formulation of the measurement models based on theoretical principles (Schumacker and Lomax, 1996). These measurement models specified the relationships between the observed items and the latent constructs they were intended to represent. Measurement models are commonly used to assess the convergent validity of the constructs, as they facilitate the analysis of the adequacy of the observed items as measures for the construct (Steenkamp and van Trijp, 1991; Abe et al., 1996).

To evaluate the measurement models for each construct, covariance structure analysis were performed using AMOS Version 4 (Analysis of Moment Structures). Covariance structure analysis is a multivariate technique that combines confirmatory factor analysis, or measurement models, with structural equation models (Schumacker and Lomax, 1996; Arbuckle, 1997). AMOS was an appropriate tool to examine the measurement models, and allowed assessments to be made regarding the convergent
validity of the constructs (Schumacker and Lomax, 1996; Arbuckle, 1997). The advantage of using covariance structure analysis was that it provided a test of the theoretical structure of the measurement model (Steenkamp and van Trijp, 1991).

In the confirmatory factor analysis models presented in Figure 6.1 – 6.7 below, ellipses or circles represent the latent variables, and scale items or observed variables are represented as squares or rectangles. The observed variables are connected to the latent variables by an arrow, which indicates that these items are theoretically ascribed to the construct. The values adjoining the connecting arrows are factor loadings and represent loading coefficients. They range from 0 to 1 and indicate the latent variables correlation with the construct and its commonality with other variables. The response error (e1) linked to each of the measurement items signifies the portion of the variable that does not measure the hypothesised variable. The values immediately above the observed variables represent the variance of each item and indicate the reliability of the measurement items (Arbuckle, 1997).

For convergent validity to be supported, the loading between the measurement items and the latent construct should exceed 0.5 and the overall fit of the model should be acceptable. The goodness-of-fit is discussed below.

6.1.5 Goodness-of-Fit Measures

The model fit assesses whether the actual model derived from the sample fits the hypothesised model. Path coefficients were tested for significance by examining the t-value. A significant t-value indicates that the relationship between the two variables was not zero (Malhotra et al., 1996). The statistical significance of this test however is confounded by sample size (Baumgartner and Homburg, 1996) so a variety of alternative fit indices are used to indicate whether the data fits the theoretical model.

AMOS provides several criteria that help to determine the fit of a model (Arbuckle, 1997). These tools, acceptance levels and an interpretation of each criterion are noted in table 6.1 below.
Table 6.1 Goodness-of-Fit Criterion

<table>
<thead>
<tr>
<th>GOODNESS-OF-FIT CRITERION</th>
<th>ACCEPTABLE LEVEL</th>
<th>INTERPRETATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Fit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$\chi^2$ value</td>
<td>Tabled $\chi^2$ value</td>
<td>Compares obtained $\chi^2$ with tabled value for given degrees of freedom.</td>
</tr>
<tr>
<td>Cmin/df</td>
<td>Ratios 2 to 1 or 3 to 1</td>
<td>Values close to 1 reflect good model fit.</td>
</tr>
<tr>
<td>Goodness-of-fit (GFI)</td>
<td>0 (no fit) to 1 (perfect fit)</td>
<td>Value close to 0.90 reflects a good model fit.</td>
</tr>
<tr>
<td>Adjusted GFI (AGFI)</td>
<td>0 (no fit) to 1 (perfect fit)</td>
<td>Value adjusted for df. Value close to 0.90 reflects a good model fit.</td>
</tr>
<tr>
<td>RMSEA</td>
<td>$&lt; 0.05$</td>
<td>Value less than 0.05 indicates a good model fit.</td>
</tr>
</tbody>
</table>

Model Comparison

| Tucker-Lewis Index (TLI) | 0 (no fit) to 1 (perfect fit) | Value close to 0.90 reflects a good model fit. |
| Normed Fit Index (NFI)  | 0 (no fit) to 1 (perfect fit) | Value close to 0.90 reflects a good model fit. |
| Comparative Fit Index (CFI) | 0 (no fit) to 1 (perfect fit) | Value close to 0.90 reflects a good model fit. |

Model Parsimony

| Parsimonious Fit Index (Pclose) | 0 (no fit) to 1 (perfect fit) | Compares values in alternative models. Value close to 0.90 reflects a good model fit. |
| Akaike Information Criterion (AIC) | | Compares values in alternative models. |

Table adapted from Schumacker and Lomax (1996).

First the model fit criteria are determined by comparing the observed covariance matrix with the model implied covariance matrix. Second, the model comparison criteria compare the proposed model with a null model. Lastly, model parsimony is established by comparing an over-identified model with a restrictive model to ensure that an efficient number of coefficients have been used to achieve a certain level of fit (Schumacker and Lomax, 1996).

The confirmatory factor analysis models for the key constructs are presented in Figure 6.1 – 6.7 below. It was not possible to conduct confirmatory factor analysis on two constructs, namely the nature of communication construct, and the feedback (communication) construct. These two constructs are measured by three items only and there were not enough degrees of freedom for the structural equation model. However these two constructs were retained based on high loadings of above .5.
Figure 6.1

Measurement Model for the Market Orientation Construct

\[ \chi^2 \text{ value} \quad 2.771 \quad \text{Goodness-of-fit (GFI)} \quad 0.976 \\
\text{Degrees of freedom} \quad 3 \quad \text{Adjusted GFI AGFI} \quad 0.968 \\
p \text{ value} \quad 0.428 \quad \text{RMSEA} \quad 0.001 \\
C_{\min/df} \quad 0.924 \]
Figure 6.2 Measurement model for the Trust Construct

\[ \chi^2 \text{ value} \quad 15.160 \quad \text{Goodness-of-fit (GFI)} \quad 0.919 \\
\text{Degrees of freedom} \quad 12 \quad \text{Adjusted GFI AGFI} \quad 0.911 \\
p \text{ value} \quad 0.233 \quad \text{RMSEA} \quad 0.076 \\
C_{\text{min/df}} \quad 1.263 \]

Figure 6.3 Measurement Model for the Satisfaction Construct

\[ \chi^2 \text{ value} \quad 6.794 \quad \text{Goodness-of-fit (GFI)} \quad 0.953 \\
\text{Degrees of freedom} \quad 6 \quad \text{Adjusted GFI AGFI} \quad 0.935 \\
p \text{ value} \quad 0.340 \quad \text{RMSEA} \quad 0.054 \\
C_{\text{min/df}} \quad 1.132 \]
Figure 6.4  Sponsor Perceived Property Market Orientation Construct

\[ \chi^2 \text{ value} = 22.598 \quad \text{Goodness-of-fit (GFI)} = 0.892 \]
\[ \text{Degrees of freedom} = 24 \quad \text{Adjusted GFI AGFI} = 0.797 \]
\[ p \text{ value} = 0.544 \quad \text{RMSEA} = 0.001 \]
\[ C_{\text{min}}/df = 0.942 \]

Figure 6.5  Measurement Model for the Formal Communication Construct

\[ \chi^2 \text{ value} = 2.828 \quad \text{Goodness-of-fit (GFI)} = 0.971 \]
\[ \text{Degrees of freedom} = 2 \quad \text{Adjusted GFI AGFI} = 0.944 \]
\[ p \text{ value} = 0.243 \quad \text{RMSEA} = 0.099 \]
\[ C_{\text{min}}/df = 1.414 \]
Figure 6.6  Measurement Model - Frequency of Communication (on-season)

\[ \chi^2 \text{ value} = 5.694 \quad \text{Goodness-of-fit (GFI)} = 0.960 \\
\text{Degrees of freedom} = 8 \quad \text{Adjusted GFI AGFI} = 0.971 \\
p \text{ value} = 0.576 \quad \text{RMSEA} = 0.001 \\
C_{\text{min}}/\text{df} = 0.813 \]

Figure 6.7  Measurement Model - Frequency of Communication (off-season)

\[ \chi^2 \text{ value} = 6.358 \quad \text{Goodness-of-fit (GFI)} = 0.958 \\
\text{Degrees of freedom} = 8 \quad \text{Adjusted GFI AGFI} = 0.890 \\
p \text{ value} = 0.607 \quad \text{RMSEA} = 0.000 \\
C_{\text{min}}/\text{df} = 0.795 \]
The results for each of the models indicate that they meet the goodness-of-fit criteria requirements for acceptable fit and, therefore, demonstrate convergent validity. A number of the measurement items produced factor coefficients (loadings) lower than the 0.50 recommended by Steenkamp and van Trijp (1991). These included property market orientation as perceived by sponsor, and the frequency of communication (on season). Although allowing these items to remain in the construct is not as rigorous, it is still a sufficient condition for convergent validity given that the Cronbach alpha and the overall fit of the model were acceptable. The same applies in regard to the marginally lower GFI and AGFI scores for the market orientation of the property (as perceived by the sponsor) construct.

All but two items were retained after conducting the confirmatory factor analysis. Item B1 and B2 were removed from the market orientation construct to better capture the domain of the construct as it pertained to the context of this study. It was not possible to produce a confirmatory factor model for the commitment construct as the covariance matrix was not positive definite. It was deemed important to retain the commitment construct because the covariance result was the result of a small sample size, as a consequence of poor sample design, but because of a small population. To further justify its retention, conventional factor analysis confirmed the reliability of each of the items that make up the commitment construct. As the overall model demonstrates a good fit with the data, it was not necessary to re-specify, even though some of the relationships within the model were not found to be significant.

6.1.6 Nomological Validity

A correlation matrix was produced to illustrate the nomological validity of the constructs. The correlation matrix was examined to determine the extent to which the scales correlated in theoretically predicted ways with measures of different, but related constructs (Podsakoff and MacKenzie, 1984; Malhotra et al., 1996). The correlation matrix for each of the two models is presented in Table 6.2 and 6.3 below, provides general support for the nomological validity of the key constructs.
Table 6.2 Correlation Values between the Components of the Model A

<table>
<thead>
<tr>
<th></th>
<th>MKTO SP</th>
<th>COMMIT</th>
<th>TRUST</th>
<th>ECO SAT</th>
<th>NECO SAT</th>
<th>MKTOP (S)</th>
<th>RENEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>MKTO SP</td>
<td>.833(a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COMMIT</td>
<td>.483**</td>
<td>.805(a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TRUST</td>
<td>.259</td>
<td>.526**</td>
<td>.910(a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ECO SAT</td>
<td>.263</td>
<td>.495**</td>
<td>.562**</td>
<td>.857(a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NECOSAT</td>
<td>.266</td>
<td>.546**</td>
<td>.859**</td>
<td>.491**</td>
<td>.859(a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MKTOP(S)</td>
<td>.144</td>
<td>.263</td>
<td>.613**</td>
<td>.372**</td>
<td>.560**</td>
<td>.833(a)</td>
<td></td>
</tr>
<tr>
<td>ITRENEW</td>
<td>.120</td>
<td>.533**</td>
<td>.440**</td>
<td>.338**</td>
<td>.449**</td>
<td>.153</td>
<td>1.000</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).
(a) No.’s in diagonal are cronbach Alpha’s

The direction and weights of the correlation values in Model A were comparable with the anticipated relationships modelled in this study. Almost all of the construct variables were significantly correlated at a significance level of p < 0.01. One of the non-significant correlations was between the market orientation of the sponsor, and the sponsor’s level of trust in the relationship. This may be explained by the fact that the trust one confers in a relationship pertains to the actions and abilities of one’s partner and is less related to a party’s own actions or competencies. The other non-significant relationship was between the sponsor’s perception of the properties market orientation and the sponsor’s level of commitment. A possible cause of this lower correlation is that the relevant measurement items for these constructs included a "do not know" option for sponsor respondents when it came to perceiving property marketing competence.

Table 6.3 Correlation Values between the Components of Model B

<table>
<thead>
<tr>
<th></th>
<th>MKTOP (S)</th>
<th>CONFID</th>
<th>FREQ</th>
<th>FORM</th>
<th>MKTOP P</th>
</tr>
</thead>
<tbody>
<tr>
<td>MKTOP (S)</td>
<td>.830(a)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONFID</td>
<td>.386**</td>
<td>.840(a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FREQ</td>
<td>.373*</td>
<td>.680**</td>
<td>.724(a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FORM</td>
<td>.172</td>
<td>.148</td>
<td>.549**</td>
<td>.890(a)</td>
<td></td>
</tr>
<tr>
<td>MKTOP P</td>
<td>.014</td>
<td>-.136</td>
<td>-.266</td>
<td>-.172</td>
<td>.897(a)</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).
(a) No.’s in diagonal are cronbach Alpha’s
In model B, three of the construct correlations had unexpected negative correlations. These included the correlation between the market orientation of the property and the level of property communication in the sponsorship relationship, including the extent to which they passed on confidential information, the frequency with which they communicated, and the degree of formal communication with the sponsor. One explanation is that properties may not have distinguished their overall level of market orientation with that market orientation which is specifically related to sponsorship operations. Industry reports suggest that some properties have become increasingly adept at marketing to their fans, but that this has not carried over into their relations with sponsors. Some have noted that increased attention on fans, spectators, members etc has often been at the expense of the level of services provided to sponsors (Cummins, 2001). This could explain the negative correlation observed here.

6.1.7 Multicollinearity

The marketing orientation variables (actual and perceived) examined in this study are the independent variables to be analysed in hypotheses. Therefore, these variables should be examined for multicollinearity. Multicollinearity indicates the degree to which independent variables are correlated. When two or more independent variables are perfectly or very closely correlated, as indicated by a correlation value greater than 0.8, they are considered to be measuring the same construct. The greater the multicollinearity, the more technical problems arise with regard to multiple regression and correlation analyses, including structural equation modelling. An examination of the relationships among the independent variables (market orientation of sponsor, and market orientation of property as perceived by the sponsor) as presented in Model A (see correlations in Table 6.2 – 6.3) found no such correlation of substantial magnitude to imply multicollinearity.

6.1.8 Discriminant Validity

Discriminant validity refers to the principle that the indicators for different constructs should not be so highly correlated as to indicate that they are measuring the same thing. Correlations were run between the items of several constructs used in this
study. For example, the items used to measure sponsor market orientation were correlated against those items used to measure the trust construct, and for items in the collaborative communication construct and the commitment construct. In all instances the item correlations satisfied the $r = .85$ cut-off often used by researchers for this assessment (Garson, 2001), suggesting that the model demonstrated good discriminant validity.

As a further test of discriminant validity, the percentage variance extracted for each scale was compared to the estimates of shared variance between constructs squared correlation coefficients. The average variance extracted for each of the constructs was shown to be greater than its shared variance with any of the other constructs (e.g. percentage comparison between commitment and trust), further evidencing discriminant validity (Fornell and Larcker, 1981).

6.1.9 Structural Equation Modelling

AMOS Version 4 was used to perform the necessary covariance structure analysis to examine the hypotheses developed for the study. Covariance structure analysis is a multivariate technique that combines confirmatory factor analysis with structural equation models either in conjunction or independently. AMOS computes parameter estimates in multiple regression, path, and factor analyses. The analysis is confirmatory in nature as it compares the covariance matrix implied by the specified model with the actual covariance matrix from the empirical data.

Multiple regression analysis was an appropriate technique to determine the predictive capacity of market orientation on collaborative communication, commitment, trust, satisfaction, and the intention to renew. However, multiple regression can only be applied to one dependent variable at a time. The impact of the independent variables on each other and their indirect effect on the intention to renew is not captured by this means of analysis. Hence structural equation modelling using AMOS is important as it is a multivariate statistical technique that incorporates the interrelationships among the independent variables and allows a 'hierarchy of effects' to be postulated among them (Conduit, 1999).

Direct effects are measured by path coefficients computed on the hypothesised relationships between the independent variables and the dependent variable. The path
coefficient figures represent a standardised partial regression coefficient. The value of this standardised parameter indicates the resultant change in a dependent variable as a result of a one-unit increase in an independent variable attributable to this direct relationship.

Indirect effects on a dependent variable may also be significant. A dependent variable may be indirectly influenced by an independent variable through another mediating variable. In this study, the indirect effects were measured as a product of the structure coefficients involved. In line with the approach adopted by Schumaker (1996) the indirect and direct effects were summed together in order to calculate the total effects.

A large number of manifest variables in a structural model will make it more difficult to parsimoniously represent the measurement structure underlying the set of observed variables and find a model that fits the data (Schumacker and Lomax, 1996). As the sample size for this study was 92 and there were 9 manifest variables, it met the generally accepted rule of thumb of 5 respondents for every manifest variable (Baumgartner and Homburg, 1996). Therefore, reasonably good parameter estimates could be expected with a full structural equation model.

Lastly, it is important to note, we have not included latent constructs in the overall model in this study. We have however verified the items used. As noted, the items have been tested in previous studies, or in the few cases where new items are introduced, rationale for doing so is based on substantive information drawn from the conceptual framework. This foundation provided the confidence to take the average of the items to measure the key constructs in the path model.

6.2 Examining the Models

In model A (shown in Figure 4.1), three hierarchical levels of antecedents to sponsorship renewal was postulated. The first level recognises sponsor market orientation and the sponsor's perception of their property's marketing orientation as the driving force behind the development of sponsor trust and commitment. The second level shows that sponsor trust and commitment both determine the level of sponsor economic and non-economic satisfaction. The third level shows that sponsor economic and non-economic satisfaction is what drives the intention to renew.
In model B (noted in Figure 4.1), two hierarchical levels of antecedents to the sponsor’s perception of the property’s market orientation were postulated. The first level recognises market orientation of the property as the driving force behind collaborative communication with the sponsor. The second level hypothesise that collaborative communication with the sponsor is the driving force behind the sponsor’s perception of the property’s level of market orientation.
Figure 6.8 Empirical Results of Model A.

Table 6.4 Model A: Goodness-of-fit Measures

<table>
<thead>
<tr>
<th>GOODNESS-OF-FIT MEASURE</th>
<th>RESULT</th>
<th>GOODNESS-OF-FIT MEASURE</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Fit</td>
<td></td>
<td>Model Comparison</td>
<td></td>
</tr>
<tr>
<td>Chi-squared</td>
<td>4.495</td>
<td>Tucker-Lewis Index (TLI)</td>
<td>1.000</td>
</tr>
<tr>
<td>Degrees of Freedom</td>
<td>9</td>
<td>Normed Fit Index (NFI)</td>
<td>0.973</td>
</tr>
<tr>
<td>P-value</td>
<td>0.876</td>
<td>Comparative Fit Index (CFI)</td>
<td>1.000</td>
</tr>
<tr>
<td>Cmin / df</td>
<td>4.495</td>
<td>Model Parsimony</td>
<td></td>
</tr>
<tr>
<td>Goodness-of-Fit Index</td>
<td>0.972</td>
<td>Parsimonious Fit Index (Pclose)</td>
<td>0.910</td>
</tr>
<tr>
<td>Adjusted Goodness-of-Fit</td>
<td>0.913</td>
<td>AIC (proposed model)</td>
<td>42.495</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.000</td>
<td>AIC (saturated model)</td>
<td>56.000</td>
</tr>
</tbody>
</table>
Figure 6.9 Empirical Results of Model B

Table 6.5 Model B: Goodness-of-fit Measures

<table>
<thead>
<tr>
<th>GOODNESS-OF-FIT MEASURE</th>
<th>RESULT</th>
<th>GOODNESS-OF-FIT MEASURE</th>
<th>RESULT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model Fit</td>
<td></td>
<td>Model Comparison</td>
<td></td>
</tr>
<tr>
<td>Chi-squared</td>
<td>0.108</td>
<td>Tucker-Lewis Index (TLI)</td>
<td>1.000</td>
</tr>
<tr>
<td>Degrees of Freedom</td>
<td>1</td>
<td>Normed Fit Index (NFI)</td>
<td>0.984</td>
</tr>
<tr>
<td>P-value</td>
<td>0.742</td>
<td>Comparative Fit Index (CFI)</td>
<td>1.000</td>
</tr>
<tr>
<td>Cmin / df</td>
<td>0.108</td>
<td>Model Parsimony</td>
<td></td>
</tr>
<tr>
<td>Goodness-of-Fit Index</td>
<td>0.998</td>
<td>Parsimonious Fit Index (Pclose)</td>
<td>0.796</td>
</tr>
<tr>
<td>Adjusted Goodness-of-Fit</td>
<td>0.990</td>
<td>AIC (proposed model)</td>
<td>10.108</td>
</tr>
<tr>
<td>RMSEA</td>
<td>0.001</td>
<td>AIC (saturated model)</td>
<td>12.000</td>
</tr>
</tbody>
</table>
The path models A and B show the standardised estimates and are seen to demonstrate a good fit with the data, with both models recording a GFI of over the accepted .9 (Hoyle and Panter, 1995). Model A is the stronger of the two models. For model A, the goodness-of-fit indices, GFI (0.91), and AGFI (0.97) are close to 1 signifying an almost perfect fit with the data. Similarly the RMSEA (0.001) confirms that the model is a very good fit. Good model comparisons between the null model and hypothesised model were found, with TLI (1.00), NFI (.97), and CFI (1.00) very close to 1, indicating a very good fit. The model is also parsimonious (.91) as the estimate is close to 1.

For model B, the goodness-of-fit indices, GFI (0.99) and AGFI (0.99) are very close to 1 signifying an almost perfect fit with the data. Again, the RMSEA (0.001) helps confirms that the model is a strong fit. The TLI (1.00), NFI (.98), and CFI (1.00) suggest an acceptable fit with the data.

Model B in particular shows overfit. It has been noted that researchers want an overidentified model as this means the number of knowns (observed variable variances and covariances) is greater than the number of unknowns (Garson, 2001). However, overfit will often occur when using AMOS to analyse a small sample size such as in this study. In effect, the smaller the sample size, the greater the likelihood of a better fit, and the larger the sample size, the more sensitive the model is to minor deviations, sometimes even leading to rejections of good models (Hoyle and Panter, 1995). With this in mind, while the results might be considered unstable due to the relatively small sample, all indications suggest that these are good models, particularly given the very high cronbach alphas of the items tested in the study.

The Pclosse and AIC value indicate that both models were parsimonious, with the main model, Model A, being the better of the two. As the models demonstrate a good fit with the data, it was not necessary to re-specify even though some of the relationships within the model were found to be not significant.

6.3 General Findings – Direct Effects

Table 6.6 below summarises the beta coefficients from the relationships between the antecedents of the key relationship drivers examined in this study. Many of the modelled relationships were found to be significant.
Table 6.6 Direct and Total Effects of Antecedents, t value and Hypothesis Support

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>St. Regression Coefficient</th>
<th>t value and Support</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Direct</td>
<td>Total</td>
</tr>
<tr>
<td>Spon MO → Spon Commit.</td>
<td>.526***</td>
<td>.616***</td>
</tr>
<tr>
<td>Spon MO → Spon Trust.</td>
<td>.230*</td>
<td>.230*</td>
</tr>
<tr>
<td>Spon perceived prop MO → Spon Commit.</td>
<td>.005</td>
<td>.241</td>
</tr>
<tr>
<td>Spon perceived prop MO → Spon Trust.</td>
<td>.605***</td>
<td>.605***</td>
</tr>
<tr>
<td>Spon Trust → Spon Commit.</td>
<td>.390**</td>
<td>.390**</td>
</tr>
<tr>
<td>Spon Trust → Spon Non-Eco Sat.</td>
<td>.790***</td>
<td>.841***</td>
</tr>
<tr>
<td>Spon Trust → Spon Eco Sat.</td>
<td>.416**</td>
<td>.524**</td>
</tr>
<tr>
<td>Spon Commit → Spon Eco Sat.</td>
<td>.477*</td>
<td>.277*</td>
</tr>
<tr>
<td>Spon Commit → Spon Non-Eco Sat.</td>
<td>.131</td>
<td>.131</td>
</tr>
<tr>
<td>Sponsor Eco Sat → Spon Intent to Renew.</td>
<td>.035</td>
<td>.035</td>
</tr>
<tr>
<td>Spon Non-Eco Sat → Spon Intent to Renew.</td>
<td>.213</td>
<td>.213</td>
</tr>
<tr>
<td>Spon Commit→ Spon Intent to Renew.</td>
<td>.400**</td>
<td>.434**</td>
</tr>
<tr>
<td>Prop MO→ Frq Comm.</td>
<td>.176</td>
<td>-.266†</td>
</tr>
<tr>
<td>Prop MO→ Confd Comm.</td>
<td>-.136</td>
<td>-.190</td>
</tr>
<tr>
<td>Prop MO→ Formal Comm.</td>
<td>-.008</td>
<td>-.197</td>
</tr>
<tr>
<td>Formal comm→ Spon Perceived Prop MO.</td>
<td>.312†</td>
<td>.202†</td>
</tr>
<tr>
<td>Confd comm→ Spon Perceived Prop MO.</td>
<td>-.245</td>
<td>-.137</td>
</tr>
<tr>
<td>Frq comm→ Spon Perceived Prop MO.</td>
<td>-.105</td>
<td>.224</td>
</tr>
<tr>
<td>Confd comm→ Formal Comm.</td>
<td>-.419***</td>
<td>.104***</td>
</tr>
<tr>
<td>Confd comm→ Frq comm</td>
<td>.656***</td>
<td>.566***</td>
</tr>
<tr>
<td>Frq comm→ Formal comm</td>
<td>.832***</td>
<td>.790***</td>
</tr>
</tbody>
</table>

*** p < 0.001; ** p < 0.01; * p < 0.05; † p < 0.1
Note 1): Results based on Bootstrap = 1000, 95% confidence level.
Note 2): All relationships were hypothesised in +ve direction.

The most significant direct influences (represented in the model by red arrows) included the impact of the sponsor’s market orientation on their level of commitment to the relationship; the effect of the sponsor’s perception of the property’s market orientation on trust; the effect of sponsor’s trust on non-economic satisfaction with the relationship; and the effect of the sponsor’s commitment on their
intention to renew. The level of formal communication was also found to have a significant mediating effect on sponsor perception of property market orientation.

Three other effects that were not specifically addressed in the model but which are of interest include the positive, and highly significant direct effect of confidential communication on the frequency of communication, and the effect of frequency of communication on the level of formal communication. This suggests that the sponsor is motivated to communicate more frequently with the property where this involves discussion of important, confidential matters.

It is also important to recognise that more frequent communication ultimately translates into more formal communication, which is noteworthy given that formal communication is influential in shaping the sponsor’s perceptions of their property’s market orientation. Another finding of interest is that confidential information having a significant, negative effect on the level of formal communication. The literature suggests that where cooperative norms have developed, formal communication can introduce unnecessary rigidity into relationship exchange and, in so doing, may stifle the interchange of ideas and joint activity (Mohr et al., 1996). In this instance, where parties are sharing confidential information about consumers, industry conditions etc, and where there is provision of proprietary information on key decisions and strategies, a level of understanding and trust has most likely developed and formal communication may be less warranted.

The non-significant relationships between the antecedent variables and sponsor perception of property market orientation and/or the intention to renew are represented in Figure 6.8 and 6.9, by dark arrows. Although these relationships are insignificant, they explain a small portion of the development of the sponsor’s intention to renew and so were retained in the model. Moreover, it was not deemed necessary to re-specify the model, as it has a satisfactory fit with the data.

No support was found for the proposed relationship between the sponsor’s perception of the properties market orientation, and the sponsor’s level of commitment. This illustrates that the sponsor is not compelled by the market-oriented actions of the property to commit extra resources to leverage the relationship. The supplementary interviews associated with the study revealed that there appear to be different interpretations of what constitutes a marketing orientation. For the property,
market orientation in the sponsor relationship is often associated with general communication and general servicing. For the sponsor however, market orientation is determined based on the usefulness of this servicing and communication in marketing decision and outcome terms, particularly where it relates to leveraging the relationship.

The results reveal that satisfaction does not have a direct, significant effect on the intention to renew. This may be because the intention to renew is determined by expectation of future performance (economic satisfaction in the future) rather than by a current evaluation of performance. What is clearly evident is that sponsors base the motivation to renew on whether they are ‘activating’ the relationship (ie. Commitment) rather than on satisfaction with economic or non-economic outcomes achieved to date.

Counter to what was proposed, the results reveal that the property’s level of market orientation does not drive the level of collaborative communication, nor does collaborative communication (with the exception of formal communication) influence the sponsor’s perception of the property’s market orientation. This is not to suggest that frequent communications or the provision of confidential information is not important, rather that they were not statistically significant. The result suggests that that AFL properties do not act in ways deemed by sponsors to be directly beneficial to achieving their objectives. More generally speaking, properties have been criticised for their lack of ‘partnering’ in the sponsorship relationship (Farrelly, 1999; Burbury, 2001).

6.4 General Findings – Total Effects

The total effects of the antecedent variables on intention to renew were calculated using AMOS version 4. The standard error for the total effects was estimated by setting the bootstrap at 1000 and a confidence level of 95%. The beta values and level of significance resulting from this analysis are presented in Table 6.3 (refer above). AMOS allowed the total effects to be calculated. The calculation of total effects does not provide estimates of standard error, therefore this was calculated using bootstrapping. The total effects incorporate the direct effects of the independent variables on intention to renew as well as the sum of all the indirect effects.
The most significant indirect effects occurred in the pathways linking sponsor market orientation and intention to renewal (at 1%), and sponsor trust and intention to renew (at 5%). Next to the direct impact of commitment, these indirect effects are highly significant and provide the greatest clues as to the drivers of renewal. They demonstrate that in addition to commitment, the degree of market orientation of the sponsor and the level of sponsor trust in the relationship are strong predictors of the intention to renew. These effects also point to these factors having a strong pervasive influence on other variables, including satisfaction. While economic and non-economic satisfaction were not found to have a significant direct effect on intention to renew (refer figure 6.8), they do play an important mediating role between the market orientation of the sponsor and the trust of the sponsor and renewal. Of the two, non-economic satisfaction exerts the strongest mediating effect. This result also highlights that where an influence can be cast on the sponsor’s perception of the property’s market orientation, the flow on effect is a direct influence on sponsor trust. Moreover, it also shows an indirect influence, mediated by satisfaction, on the sponsor’s intention to renew. These results demonstrate the advantages of using path modelling as opposed to multiple regressions.

The empirical results of Model A reveal that the perceived level of market orientation of the property (by sponsor) and sponsor trust, help explain 75% of non-economic satisfaction and 37% economic satisfaction. That the model better explains the causes of non-economic satisfaction is consistent with earlier research which demonstrated that it is easier to capture the ‘soft’ side of relationship dynamics (Cullen et al., 2000) and demonstrates the difficulty in attributing sponsorship actions to economic outcomes discussed in chapter three.

Property market orientation as perceived by the sponsor, sponsor market orientation and sponsor trust, commitment, economic and non-economic satisfaction explain 32% of the factors that drive the sponsor’s intention to renew. While this is a promising result given the multitude of factors that are likely to impact such a decision, clearly several other factors impacting the decision. Such factors may include the sunk costs associated with the investment, entry barriers to other national properties in Australia, the personal preferences of senior management. These factors are discussed in more detail in the next chapter.
6.5 Hypothesis Support

In the following discussion, each of the relevant hypotheses is identified and addressed briefly. Where support for the hypothesis was found, discussion will be minimal so as not to repeat what was discussed as part of the rationale for the hypotheses provided in chapter four. Results which were unexpected or not proposed are discussed in greater detail in the next chapter.

6.5.1 Collaborative Communication

H1: Collaborative Communication between the property and the sponsor acts as a mediating variable between property's actual market orientation, and the sponsor's perception of property's market orientation (Property's MO → Property's CC → Sponsor perception of Property MO).

The results reveal that, overall, collaborative communication does not act as a mediating variable between how a sponsor rates a property in relation to market orientation. While one element of collaborative communication, namely formal communication, did impact the sponsor’s perception of their property’s market orientation, a conclusion cannot be drawn that ‘collaborative communication’, as defined in this study, has an effect on this perception. Mohr et al. (1999) note that collaborative communication is intensive communication designed to signal collaborative intent, and that “no single component alone can capture the collaborative essence of the communication” (p. 4). The results indicate that properties are not currently engaging the sponsor in the type of dialogue that ultimately would influence their marketing decision-making.

6.5.2 Market Orientation

H2a: Sponsor market orientation influences its commitment to the relationship.

The results indicate that sponsor’s market orientation has a strong, significant impact on their commitment to the relationship (p< 0.001), providing support for H2a. This result is not surprising given that a market-oriented sponsor is more likely to select a sponsorship investment that offers genuine leverage opportunities, and is also more likely to include its marketing budget any related expenditure deemed necessary
to fully exploit these opportunities. A market-oriented sponsor will also be attuned to identifying leveraging opportunities that arise in the marketplace.

H2b: Sponsor perception of their property’s market orientation influences their commitment to the relationship.

The results show that sponsor’s perception of their property’s market orientation does not drive them to invest to leverage the relationship. Again, this is not surprising given the previous results showing a lack of collaborative communication in relation to marketing decision making. Moreover, this result is consistent with the point made in the literature (Farrelly and Quester, 2002) and by several writers in the professional press (eg. Burbury, 2001), that sponsorship often receives limited attention by the property relative to pursuits more directly related to the its core business (ie. fans, spectator’s, members etc).

H3a: Sponsor market orientation positively influences their trust in the relationship.

Support was found for H3a. The external intelligence aspect of a market orientation is likely to result in sponsors choosing partners with a sound reputation, and would typically involve regular communication with property which is likely to help build trust in the relationship.

H3b: Sponsor perception of the property’s market orientation positively influences the sponsor’s trust in the relationship.

A very strong significant relationship (p< 0.001) was found between the perception the sponsor has of their property’s market orientation and sponsor’s level of trust, providing support for H3b. This was anticipated as sponsor recognition of a property’s market orientation (which may be attributed to sponsorship specific actions, or to the manner the property markets itself overall) is likely to highlight the property’s credibility and reliability, and to instil confidence that the property will serve the sponsor’s best interest in the future.
6.5.3 Trust

\textit{H4: Sponsor trust in the relationship positively influences their commitment to the relationship.}

Consistent with empirical findings in the literature, sponsor trust was found to have a strong impact on their level of commitment to the relationship (p < .0001), thus H4 was supported. This reflects (in the sponsorship context) the sequential relationship between trust and commitment established by Morgan and Hunt (1994) and others. This result is to be expected as risk laden activities such as sponsorship leveraging are more attractive where there is the knowledge that the property will not take advantage of the vulnerability associated with the investment.

\textit{H5a: Sponsor trust in the relationship positively influences their non-economic satisfaction with the relationship, and,}

\textit{H5b: Sponsor trust in the relationship positively influences their economic satisfaction with the relationship.}

Trust was found to have a significant positive impact on both the level of economic and non-economic satisfaction (p < .0001), providing support for H5a and H5b. That trust had a significant effect on economic satisfaction is consistent with the findings of Siguaw et al. (1998), though it is not surprising that the strongest impact was found on non-economic satisfaction where the evaluation would include factors most associated with trust including integrity, truthfulness etc.

6.5.4 Commitment

\textit{H6a: Sponsor commitment to the relationship positively influences their economic satisfaction with the relationship.}

Support was found for H6a. As noted in the literature review, companies must 'leverage' a sponsorship to achieve any real degree of success and the positive effects leveraging has on sponsorship performance have been demonstrated empirically (refer Cornwell et al., 2001; Quester and Thompson, 2001).

\textit{H6b: Sponsor commitment to the relationship positively influences its non-economic satisfaction with the relationship.}
It was expected that the 'psychological attachment' associated with commitment would have a positive impact on non-economic satisfaction. However their hypothesis was not supported as no significant relationship was found between sponsor commitment and non-economic satisfaction with the relationship. This may be because AFL sponsors operate independently of the property when making key decisions in support of the sponsorship (as indeed was revealed in the supplementary interviews and consistent with anecdotal evidence from industry more generally). Consequently, the sponsor may perceive a lack of reciprocity on the part of the property, and this may have an adverse effect on the sponsor's perception of the 'soft side' of relationship performance.

6.5.5 Satisfaction, Commitment and Renewal

*H7a:* Sponsor satisfaction with the economic outcomes of the relationship positively influences their intention to renew the relationship, and,

*H7b:* Sponsor' satisfaction with the non-economic outcomes of the relationship positively influences their intention to renew the relationship.

The expectation was that sponsorship renewal would stem from satisfaction with both economic and non-economic outcomes. However, this was not the case and neither H7a nor H7b were supported. One reason for this may be that the intention to renew is determined by expectation of future performance (satisfaction in the future) rather than by evaluation of current performance. Moreover, sponsors may base their motivation to renew on whether they are 'activating' the relationship (given the strong commitment/renewal link which was supported) rather than economic and non-economic outcomes achieved to date. This focus on 'future expectations' could stem from a recent push by the League and Clubs to do more to service sponsor relations (which was confirmed by the supplementary interviews and is likely to raise expectations), and the general feeling that the AFL is growing in its commercial standing - the magnitude of the recent TV rights deal being a case in point.

It may also be that any evaluation conducted may not be considered an accurate assessment of the return on sponsorship investment, at least not to the point where it should determine the intention to renew. It is very difficult to attribute
economic outcomes to sponsorship as these outcomes are often the result of the overall marketing mix (of which sponsorship is but one component).

\[ H7c: \text{Sponsor commitment to the relationship is positively associated with the intention to renew.} \]

As anticipated, H7 was supported. The single most influential factor driving renewal is the level of sponsor commitment to the relationship, where the sponsor leverages the relationship through promotional support activities. Commitment in the form of leveraging is fundamental to sponsorship success, and where the relationship has been in existence for a number of years (which is the case with the majority of AFL relationships) repeated commitment actions may strengthen an already strong intention to renew the relationship.

### 6.6 Chapter Summary

This chapter reveals the outcome of the regression analysis and structural equation modelling examining the effect of the property's market orientation and collaborative communication on sponsor's perception of property's market orientation, as well as the effect this perception and sponsor's actual market orientation have on trust, commitment, satisfaction and the intention to renew. Both models were found to demonstrate a good fit with the data.

The analysis revealed that formal communication was the best indicator of how the sponsor formed its impressions of the property's market orientation, and that sponsor's commitment to the relationship had the most significant direct effect on their intention to renew. The hierarchical nature of the proposed structural model allowed for the relationships among the independent variables to be captured. Each level of antecedents was proposed to influence the subsequent level and therefore, to also indirectly influence the intention to renew. The calculation of the total effects each antecedent had on the intention to renew revealed that sponsor's market orientation and trust had the most significant effect. The mediating effect of collaborative communication between property market orientation and sponsor perception of property was not supported. Support was also not found for the relationship between the market orientation of the property as perceived by the sponsor and sponsor commitment, nor for a link between economic and non-economic
satisfaction and trust. All other proposed relationships were supported. A sponsor's commitment was found to be the most influential indicator of their intention to renew.

Table 6.7 (below) summarises the findings of the hypotheses. The next chapter will discuss in more detail the less expected findings of the analysis.

<table>
<thead>
<tr>
<th>VARIABLE</th>
<th>DIRECT EFFECTS</th>
<th>TOTAL EFFECTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Property's MO → Property's Clarke → Sponsor perception of Property MO.</td>
<td>Not Supported</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H2a: Spon MO → Spon Commit.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H2b: Spon perceived prop MO → Spon Commit.</td>
<td>Not Supported</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H3a: Spon MO → Spon Trust.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H3b: Spon perceived prop MO → Spon Trust.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H4: Spon Trust → Spon Commit.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H5a: Spon Trust → Spon Non-Eco Sat.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H5b: Spon Trust → Spon Eco Sat.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H6a: Spon Commit → Spon Eco Sat.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
<tr>
<td>H6b: Spon Commit → Spon Non-Eco Sat.</td>
<td>Not Supported</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H7a: Sponsor Eco Sat. → Spon Intent to Renew.</td>
<td>Not Supported</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H7b: Spon Non-Eco Sat. → Spon Intent Renew.</td>
<td>Not Supported</td>
<td>Not Supported</td>
</tr>
<tr>
<td>H7c: Spon Commit → Spon Intent to Renew.</td>
<td>Supported</td>
<td>Supported</td>
</tr>
</tbody>
</table>
CHAPTER SEVEN

DISCUSSION, MANAGEMENT IMPLICATIONS
AND DIRECTIONS FOR FUTURE RESEARCH

7.0 Introduction

The main purpose of this study was to better understand the nature of the focal sponsorship relationship and the drivers of sponsorship renewal. The influence of market orientation and collaborative communication was explored in relation to their impact on perceived market orientation. The market orientation of the sponsor, their perception of the property’s market orientation, and the effect both constructs had on sponsor commitment and trust was also evaluated. The effect of sponsor commitment and trust on sponsor economic and non-economic satisfaction was assessed, as was the effect sponsor commitment and economic and non-economic satisfaction on their intention to renew. A conceptual model was developed which drew from the literature on market orientation, business-to-business marketing, on resource based competitive advantage theory, and sponsorship. The conceptual model was tested empirically and found to support many of the stated hypotheses. As a result of the study the knowledge bases associated with market orientation, collaborative communication and other key drivers of business-to-business relationships have been furthered. A greater understanding of the dynamics of the sponsorship relationship has also been gained.

As part of this research both parties where asked to consider whether they viewed the relationship as a co-marketing alliance (where ‘co-marketing’ included joint commitment of resources to achieve mutual objectives). In total 79% of respondents perceived the sponsorship to be a co-marketing alliance, with little distinction between the sponsor and property respondent groups. However, the broader findings suggest that while there appears to be a long-term orientation (based
on high intention to renew rates), much can be done to improve alliance dynamics and outcomes.

This chapter discusses such findings and highlights related managerial implications. The theoretical and methodological contributions to academic knowledge are noted, and the limitations of the study and the opportunities for future research are also detailed.


That collaborative communication (communication frequency, formality, feedback, and influence efforts) was not significant in explaining the sponsor’s perceptions of the level of market orientation of the League and clubs, while somewhat unexpected, is not unexplainable. It shows that properties are not currently providing the type of information that could potentially influence the sponsor’s marketing decision-making.

The ability of alliance partners to realise the benefits from complementary strategic resources is said to be conditioned on similar levels of competence, compatibility in decision processes, information and control systems and culture (Kanter, 1994; Doz, 1996). However, an assumption often made is that the two parties are able (or willing) to communicate effectively, and with sufficient depth, to understand where compatibilities may, or may not exist. The evidence from this research is that marketing competence may have to be effectively communicated if it is to impact the perceptions of a partner, or to engage partners in collaborative activity. A lack of effective communication may result in sponsors not perceiving accurately their property’s market orientation, and consequently, not engaging in joint marketing activities with the property as a result.

The channels literature can shed some light why this may occur. Unlike trust, a high level of communication may not be optimal in the sponsorship alliance. What characterises optimal communication within an alliance is whether the communication results in more informed and effective decision making. Just as a distributor is motivated to commit to a relationship where there is sufficient sharing of
quality information (Anderson et al., 1987; Mohr and Nevin, 1990; Anderson and Weitz, 1992), a sponsor will form positive impressions about a property’s market orientation if the information provided is both pertinent and purposeful (as distinct from frequent or voluminous).

It is possible that information sharing norms such as those discussed by Eisenberg and Goodall (1993) and Pelham and Wilson (1996), may simply not have developed well enough in the sponsorship relationships investigated here. AFL sponsorship relationships (and possibly sponsorship relationships in general) are still in their infancy with regards to collaborative partnering. Indeed, there is ample evidence from industry that properties have often not been proactive in advancing the sponsorship relationship, and that sponsors have worked at an arms-length when making leveraging decisions and investments. A likely outcome of this type of autonomous working relationship is that the cooperative norms critical to joint marketing action may take longer to evolve.

It is also possible that the independence in the relationship has meant that norms of non-collaboration have evolved, (Spekman et al., 1997) whereby the sponsor, works separately on key leveraging decisions. Spekman et al. (1997) highlight anecdotal evidence that suggests that consensus towards non-collaboration emerges as the standard for behaviour in situations where opportunistic behaviour is likely or when products are easily standardised. In the sponsorship relationship, this may have developed because the sponsor does not believe that the property has the marketing competence required to effectively leverage the brand.

Simspon et al. (2001) suggest that supplier management should take steps to communicate how their efforts are generating value for their reseller-partners. Speaking about the supplier, they also note that “simply implementing value-oriented activities and behaviours will not guarantee the creation of superior value from the reseller’s perspective” (p. 130). The empirical findings in this study suggest that formal communications may be an important first step for the property, as the supplier in the relationship, to establish an understanding of what value creating activities it can integrate into the relationship, and how this can facilitate collaboration.

Formal and structured communication processes and meetings may be necessary to facilitate the exchange of information, and to coax the co-development of
plans and actions. It may also be that when it comes to forming perceptions of the property's marketing competency, it is the formal communications processes that sponsors most associate with matters of marketing importance. It may be that these exchanges and the impression they leave overshadow the importance attributed to less formal exchange. It is quite possible that during formal communication exchanges, discussions of business strategy take place, the latter being an example of an effective non coercive partner influence strategy (Frazier and Rody, 1991).

The forces at play may be similar to those uncovered by Pelham and Wilson (1996), who found that within smaller organisations, structure and formalisation had the most significant effect on market orientation. The explanation given for their results was that the formality of process and communication ensured the needed input into planning (which might have otherwise been neglected), and the focus and routine required for strategy development and implementation.

Transaction Cost Analysis theory and related research referred to in the literature review can also help to explain why the sponsors perceptions were influenced most by formal communications. The nature of the sponsorship relationship could create a situation where the sponsor partner becomes most sensitive and responsive to formal communications. Williamson (1975) has noted that where a project is subject to high initial transaction-specific investments (such as sponsorship given the high initial rights fees outlay), the party making the investment is vulnerable to opportunism from changes in market conditions. This sense of uncertainty and vulnerability can create power imbalance (especially where one party such as sponsor is assuming the greatest risk) and significantly reduce relationship effectiveness.

Williamson (1985) notes that under these conditions, formal governance mechanisms such as contracts, or formal communication about key process, can reduce uncertainty, establish greater balance of power, and provide partners with a desirable understanding of expectations and roles. Bucklin and Sengupta (1993) tested this empirically and corroborated Williamson's views. Under conditions of high uncertainty, formal communication such as written documents that spelled out responsibilities, tasks and activities, work to safeguard partner interest to improve working relationships by aligning interests, and balancing partner input and risk.
In the sponsorship relationship, a potential change in market conditions that would heighten the risk attributed to the high initial investment (and upset relationship development), is the prospect of ambush by a competitor. The sponsor may therefore be most sensitive to formal communications that offer the opportunity to delve deeply into actions, such as marketing planning, that afford them greater control. Such communication may also allow them to develop opportunities and counter threats such as ambush, and in doing so reduce the sense of uncertainty.

7.2 Sponsor Perception of Property Market Orientation and Sponsor Commitment

In a business to business alliance the appropriate level of market orientation may well be what the partner perceives it to be (Steinman et al., 2000). It was expected that a direct significant relationship would be found between the market orientation of the property as perceived by the sponsor and sponsor commitment. The results, however, indicate that the sponsor's perception of the property's market orientation is not sufficient to engage sponsors in leveraging activities.

Clearly, while the perception of the property's market orientation would signal some commitment to the relationship, the property's level of marketing involvement, at least as it pertains directly to this relationship, does not appear to be sufficient to compel sponsors to commit resources to leverage the relationship. Drawing on reference group and equity theory, Siguaw et al. (1998) note that "the distributor may use its own market orientation as an internal benchmark by which to compare the actual market-oriented behaviours of the supplier. The distributor must perceive the supplier's market orientation as meeting or exceeding its own before the supplier will be judged 'market oriented'" (p.102). They also suggest that where a supplier fails to achieve the market-orientation benchmark set by the distributor, this reflects negatively on the channel relationship.

This response to a difference in capabilities would be quite common in a business-to-business relationship and certainly could prevail in the sponsorship relationship. Previous research has found that a major failing of properties is their lack of marketing know-how and a failure to understand sponsor objectives (Weppler and McCarville, 1995). In this research, the sponsor may believe that the property's
market orientation is far from matching its own, and this may limit its commitment to the relationship (and may explain why satisfaction did not drive renewal in the sponsorship relationship).

Another explanation may stem from the manner in which these perceptions were formed. As noted previously, collaborative communication is made up of four key communication attributes. The results suggest that the perception of property's market orientation was influenced only by formal communications initiated by the property, which may not necessarily be related to marketing matters. This alone may be insufficient to propel collaborative intent in the relationship. Mohr et al. (1999) emphasise that no individual component of collaborative communication can capture the collaborative essence of communication.

Collaborative communication is said to comprise at least these four component attributes and the presence of even two of the four components may not alone signal collaborative intents (Mohr et al., 1999). A lack of collaborative communication as was evidenced in this study, would be expected to negatively impact the sponsors perceptions of the properties market orientation and in turn could discourage the sponsor from investing. What might seem to contradict this scenario is that the sponsor's perception of the property's market orientation was found to influence their trust. This suggests some degree of collaborative communication especially as it shows the property to be taking some action to advance the relationship. However, this may reflect a basic level of interaction - to the extent that the property provides the sponsor with the necessary information to develop marketing initiatives, independent of the property - rather than collaboration associated with joint marketing action. It may also be that the measure of commitment used in this study was biased toward calculative response, similar to that discussed by Kumar (1996).

While Baker et al. (1999) found that the perception of a reseller's market orientation had a positive effect on the supplier's commitment, the reverse is observed here, where the reseller represents the sponsor, and the supplier (of sponsorship rights) is the property. The result in the Baker et al. (1999) study can be explained by the direct and substantial pay-off a supplier can expect if the effects of its market orientation are magnified through the efforts of a reseller it perceives to be market-oriented. Such tangible benefits may not be so immediately apparent to the sponsors
in this study. The type of alliance that exist between sponsors and properties is more akin to horizontal relationships than to vertical ones such as supplier-reseller relationship. That each organisation operates in such contrasted environments and with such diverse objectives in mind may contribute to a situation where commitment is hindered by the lack of obvious means of determining the other party’s behaviour and performance.

The results of this study contrast Langerak (2001) who found that the customer orientation of a manufacturer’s salesperson (as perceived by customer) had a positive effect on the cooperative behaviours of the customer. However, while this study examines the same directional causality as in this thesis, there is a clear distinction between cooperative behaviours (complimentary coordinated activities) and commitment as measured here, the latter entailing far greater risk as it comprises direct investment of substantial financial resources.

Another aspect of the effect of perceived market orientation on commitment can be explained in relation to asset specificity. Asset specificity can serve as a signal to partner firms of commitment to the relationship. Gulati and Nohria (1992) discuss the concept of unilateral commitments, in which a firm makes a significant commitment to the alliance to signal their support for the long-term relationship. It is clear that the sponsor makes the most significant investment in the relationship, which is to be expected as they are also seeking the major benefit from the association.

However, as noted, properties also obtain significant benefits from the relationship - in addition to gaining revenue from rights fees paid by the sponsor, they reap further benefits in the form of brand exposure generated through their sponsor’s leveraging activities. Based on the notion of equity and fair distribution of resources relative to outcomes (Adams, 1965), if a sponsor believes that the property is receiving significant benefits, they may also believe that this should obligate the property to mitigate risk and improve prospects of success by committing additional resources. Hence, sponsors may feel that investment in leveraging the association should be reciprocated with a reasonable level of resource support (bilateral commitment) by the property, especially where a property is market-oriented and should recognise the potential benefits. If the property does not reciprocate (which appears to be the case for this sample), the sponsor may be disinclined to act on their
property's recommendations, or may even chose to ignore the property in related decision-making. Consistent with this idea, Kamath and Liker (1994) note that a party in an inter-firm relationship 'earns' more decision-making responsibility by volunteering greater resources.

Moreover, it is also possible that the sponsorship relationship has not yet evolved into a bilateral type of relationship where both parties are highly committed. Dyer (1987) notes that this is the most sophisticated form of a business-to-business relationship, and that several stages are typically passed through (such as a trusting stage, and a unilateral commitment stage) before this level of collaboration is achieved. As noted in the literature review, properties have tended to be inactive in the relationship, and only recently has it been noted that sponsor sophistication has developed, whereas sponsorship was previously only rarely considered as part of the broader marketing mix (Hoek, 1998).

Hunt et al. (2002) suggest that key to alliance success are the pooled complimentary resources partners bring to the relationship to achieve mutually compatible goals. These complimentary resources are considered a key antecedent to the idiosyncratic resources the alliance develops to gain competitive advantage. The fact that the perceived market orientation of the property did not drive sponsor commitment indicates that the sponsor may not have been exposed to the complimentary resources a property can bring to the relationship. In this context it is unlikely the sponsor would perceive basic sponsorship rights as part of these pooled resources as they have paid substantial fees for that opportunity. Rather, the pooling of resources is more likely to be thought of in relation to exploiting the opportunity, and while the property appears to play a limited role in resource development, it is possible that the idiosyncratic sponsorship based resources are not being developed. This could have a detrimental effect on the sponsor's level of commitment to the relationship.

7.3 Sponsor Commitment and Non Economic Satisfaction

While commitment was found to have a strong significant impact on the level of economic satisfaction, it was not found to have a significant effect on non-economic satisfaction. The results of Anderson and Weitz's (1992) study of
commitment highlight one aspect of its importance in terms of the positive impact on the overall perception of a relationship. The interviews carried out as part of this study revealed that AFL sponsors operated largely independently of the property when making key decisions in support of the sponsorship (which is consistent with anecdotal evidence from industry more generally). In this situation, a lack of reciprocation by the property, may have an adverse effect on the sponsor’s overall perception of the ‘soft side’ of relationship performance, and hence, may limit their level of non-economic satisfaction.

Conversely, it may be that sponsors, in their efforts to objectively evaluate their promotional expenditures to activate the sponsorship, simply do not associate such activity with non-economic aspects of performance.

7.4 Sponsor Commitment and Renewal

Strategically, market orientation may be less effective if a property does not fully understand the *modus operandi* that produces superior value and induces sponsors to renew. The results of this study demonstrate clearly that a critical mediator between market orientation and the decision to renew is commitment. Commitment is a ‘core value-creating capability’ (Slater and Narver, 1994b) that drives a sponsor’s decision to renew.

The results also confirm the oft made suggestion that a sponsorship program must be supported with promotional activity if it is to achieve objectives (Parker and Etherington, 1989; McDonald, 1991; Meerbote et al., 1991; Meenaghan, 1991b; Cornwell, 1995; Cornwell and Maignan, 1998; Ring, 1998; Ringsten, 1999), and the empirical evidence highlighting the same cause and effect (Mescon and Tilson, 1987; Quester and Thompson, 2001). It is not surprising that commitment has such a significant impact on the decision to renew as it symbolises enduring relationship stability and, as suggested by Han (1992), serves as a reliable surrogate measure of long-term relationships at the operational level.

As noted in the literature review, value is derived from commitment activities and this in turn influences significantly the decision to renew. Deshpande, Farley, and Webster (1993) suggest that the most important manifestation of market orientation may be the success of innovations that result. This may also hold true for the
sponsorship relationship where market orientation unearth opportunities the sponsor can commit additional resources to, and in so doing generates new ways to strengthen the sponsorship brand association. The demand for greater accountability of all corporate expenditures, but particularly sponsorship (Parker, 1990; Shanklin and Kuzma, 1992; Copeland et al., 1996; Wilson, 1998) would also help explain why commitment and value producing activities are most associated with renewal intention.

Heide and John (1990) found that suppliers with specific assets invested in a manufacturer (which could include intellectual and financial capital associated with sponsorship leveraging) establish close ties with that manufacturer by means of joint action and expectations of continuity. The implicit or explicit pledge associated with commitment is a signal of the party’s intent to continue the relationship.

Shamdasani and Sheth (1995) referring to the work of Lund (1985) note that, “a committed partner is more likely to expend the time and resources needed to achieve the goals of the alliance and, therefore, display the desire and intent to maintain the alliance” (p. 7). Furthermore, commitment indicates that partners place a high priority on extracting value to achieve alliance objectives (Dwyer et al., 1987), an intent which may also have a direct effect on the prospect of renewal. A high level of commitment reduces the perceived uncertainty associated with the alliance (Shamdasani and Sheth, 1995) which is likely to have a positive effect on the renewal decision.

This result might also reveal one important evaluation criterion that may be used to assess the effectiveness of the sponsorship relationship. Part of their evaluation should include benchmarking how often, and how effectively, sponsors engage resources to leverage the relationship. This would be a useful means of evaluation given that commitment (rather than objective or subjective performance measures) has a direct effect on the intention to renew.

7.5 Sponsor Satisfaction and Renewal

That neither economic nor non-economic satisfaction had a significant impact on the intention to renew seem to contradict relationship marketing theory, given that trust is significantly related to economic and non-economic satisfaction and economic
satisfaction emanates from commitment to the relationship. While it may be that the measures used for capturing economic and non-economic sponsor satisfaction may not have performed as well as expected, there are a number of explanations can be put forward to explain these results. These include: 1) sponsor inability to effectively evaluate the relationship; 2) sponsor expectations of future performance in the relationship; 3) the nature of the intention to renew measure; 4) other forces driving the intention to renew.

That commitment (including the investment of additional resources) as opposed to economic or non-economic satisfaction, is most influential in the decision to renew, is in some respects consistent with an apparent paradox cited in academic and trade literature. Sponsors are investing increasingly large sums of money at a time when ambush activities, clutter, and the inability to accurately assess its outcomes, is causing them to question the return on investment it generates (Phillips, 1994; Farrelly et al., 1998). Sponsors may commit more funds to break through the clutter and to counteract possible ambush, but they may not base their renewal decision on the degree of satisfaction they have with related outcomes, as they are unable to effectively evaluate these outcomes, and because they consequently rely, to a large degree, on intuition.

A lack of a direct causal relationship between satisfaction and intention to renew may reflect the problems associated with sponsorship evaluation which have been well documented for over twenty years (e.g. Hulks, 1980; Ensor, 1987; Pham, 1992; Nicholls et al., 1994; Sparks, 1995; Cornwell and Maignan, 1998; Quester and Farrelly, 1998). Research by McCook et al. (1999) highlights the problems associated with sponsorship evaluation. They conducted in-depth interviews with four major sponsors in North America and the results showed that sponsors had vague ideas, and/or inaccurate means of measuring sponsorship effectiveness.

Consequently, sponsors may not be confident in their ability to evaluate economic outcomes. As a result, they may not rely on their interpretation of satisfaction (especially if it is made up of abstract evaluations) to determine whether to renew. Selnes (1993) argues that satisfaction will only have a direct effect on relationship continuity when customers can evaluate product quality through their experience with the product or service. He suggests that customers who cannot
accurately evaluate quality (because of the intangible or complex nature of the offering) will revert to brand or corporate reputation as the deciding factor in the decision to continue a relationship. Clearly the AFL's recent and highly publicised commercial growth has enhanced its reputation, and this, coupled with the difficulty in making direct investment evaluation, may mean that satisfaction as it relates to the overall AFL brand, is driving the decision to renew.

Moreover, if accurate assessment of return is difficult, behaviours thought to lead to better performance (ie. commitment-related behaviours), may validate the investment decision, and become a driving force in the intention to renew. Sponsors may feel that if they are active in the relationship, the benefits will eventually materialise, so that the very fact they have been active may be adequate justification to renew. Alternately, sponsors may feel bound by increased investment - the decision to renew may not be driven by satisfaction, but rather than by the perceived barriers to exit and the perceived losses should the decision is made to discontinue the relationship.

Satisfaction is obviously a complex phenomenon subject to a variety of forces. As such, this study may not have adequately tapped into those elements of satisfaction deemed fundamental to the decision to renew. Furthermore, sponsor respondents may have been inclined to exaggerate their intention to renew: a high intention to renew score relative to the satisfaction score would result in a non-significant link between satisfaction and renewal.

Sponsors may have been motivated to overstate their 'intentions to renew' simply because they can afford to be optimistic when there are no immediate ramifications or obligations, or because they did not want to upset the relationship in the event that the property became aware of their intentions. Another explanation is that high expectation of future value generation in the current contract period or future contract periods may diminish the negative impact of present satisfaction. Consistent with the sentiments of many researchers, expectations and target value coexist as a dual force in the assessment of a perceived situation (Oliver, 1977; Olson and Dover, 1979; Churchill and Surprenant, 1982; Tse and Wilton, 1988). Whereas satisfaction is mostly concerned with perceived value achieved to date, intention to renew is an
expression of the optimism regarding potential target value (Shamdasani and Seth, 1995).

Expectations (target value) provide the benchmark for assessing the current situation (Hunt, 1977; Churchill and Surprenant, 1982; Tse and Wilton, 1988; Johnson and Fornell, 1991; Schellhase et al., 2000). High expectations of value in the future (as reflected in the high intention to renew score), relative to satisfaction with value to date, may mean that sponsors are not satisfied, at least not to the extent that it drives the intention to renew. As noted in the literature review, an assessment of value will typically be an estimate as there is a portion of what is assessed embedded in the expectations of future gain. High expectations of future value gain may thus overshadow current satisfaction levels with performance. Especially if the cause of these future performance expectations (such as growth in media presence) has had little bearing on the sponsorship relationship to date, which is the case with the AFL.

It is likely that the decision to renew the AFL sponsorship is driven predominantly by perceptions of future potential. There has been a recent push by the League and Clubs to do more to service sponsor relations (albeit at a tactical, operational level). Such actions are likely to have a more pronounced effect on future expectations than on current satisfaction levels. There is also a general sense that the AFL is fast developing its commercial potential and the signing of the largest TV rights deal in Australian broadcast history has done a lot to generate such a perception in the marketplace (Cummins, 2001). Just prior to completing this research, the AFL informed all sponsors that the cost of protected sponsorship for the next season was to rise. This too may raise expectations.

Many of the respondents, both sponsors and representatives of the Clubs, suggested that the rise in the AFL’s perceived commercial stature had not yet had a ‘halo effect’ on the sponsorship relationship, but it was thought to be of great potential value for sponsors in the future. Resultant high expectations would also explain why sponsor commitment behaviours (i.e. leveraging the association) figure prominently in the decision to renew. The sponsor is likely to feel positively reinforced when investments are made to leverage its association with a property that is thought to be growing in commercial stature. Related commitment behaviour may even be a way of fulfilling expectations (Selnes, 1998).
As noted, it may be that the sponsor is simply not satisfied enough at present to renew. They may still exhibit high intention to renew (as is the case for the majority) but actual renewal may be conditional on realising certain gains (which would raise levels of satisfaction) at some point in the future. A customer is said to be satisfied with a partner firm when that partner is known to deliver on expectations (Selnes, 1998). While AFL sponsor expectations appear to have grown in recent times they may not yet be assured that the AFL property can deliver. This situation was revealed in the ‘wait and see’ attitudes of some of the sponsors interviewed as part of this study. The theory suggests that alliance prosperity is predicated upon the level of commitment exhibited by both parties (Narus and Anderson, 1987), and at present sponsors may believe that AFL properties have not done enough to advance the relationship. This would have an adverse effect on their level of satisfaction.

Paradoxically, a dampening effect on satisfaction levels may stem from one of the key drivers in the relationship – commitment. Commitment was shown to have a positive effect on both economic and non-economic satisfaction, with a significant effect on economic satisfaction. However, if the sponsor does not feel that their efforts to advance the relationship are adequately reciprocated by the property, they may be less satisfied with the relationship. Part of their expectation may therefore be bound up in the potential synergies to be gained, should the property become more directly involved in commitment-related investments.

Another explanation is that other variables may be more influential in the renewal decision. This could include the length of relationship, or the ‘chairman’s choice’ personal motive for sponsoring the property. Researchers have previously noted the personal interest motive of senior executives as being a reason for sponsorship agreements (eg. Scott and Suchard, 1992; Amis et al., 1999). There is also some evidence to suggest that personal relations formed between property and sponsor management, especially where an arrangement has been in existence for some time, can be a motivating factor in the decision to renew a sponsorship relationship (Ringsten, 1999).
7.6 Management Implications

7.6.1 Management Implications for Properties

The managerial implications of the results are quite clear. It is important for properties to work to improve their level of market orientation; it also appears important for properties to better communicate to sponsors the ideas and opportunities that stem from market-oriented activities, and to demonstrate greater commitment by supporting market driven initiatives with the sponsor.

The property must accept, as a paramount objective, the need to deliver superior value for sponsors (Narver et al., 1998). A truly market-oriented property could maintain a sustainable competitive advantage if it continually engages in market-oriented efforts, and makes timely modifications that lead to improved performance. Improving their market orientation should lead to their ability to provide resources, opportunities, and benefits superior to the offerings of alternative partners, and in doing so induce sponsor commitment (Morgan and Hunt, 1994). As part of this process, and of vital importance, is the need for the property to clarify what the sponsor believes is the property's marketing role in the relationship as well as the property's responsibilities in the alliance overall. Based on this, the property must then share information considered valuable by the sponsor. This will help the property to focus on incorporating behaviours that clearly demonstrate market-oriented actions perceived to be important by the sponsor.

There is the potential danger of a market oriented sports property becoming too adept at maximising marketing opportunities and consequently may over-commercialise the sport, and in doing so disenfranchise fans, participants and spectators. However, a market-oriented property should be more attuned to its target markets needs, and better able to effectively monitor its activities and sense appropriate levels of commercialisation.

In considering how to create a market orientation, Farrell (2000) tested two approaches. The first relates to top-down or planned change strategies with a focus on company-wide change programs, and modification of the behaviour of individuals to fit within the existing culture. The second involves a bottom-up emergent approach
with an emphasis on empowerment, participation and learning at all levels of the organisation. Though Farrell (2000) hypothesised that the first approach would have a greater effect on market orientation, findings indicated that both approaches were effective in developing a market orientation. While the results have to be treated with caution due to a low response rate (15%), the implications are that senior management must champion and direct the process as well as motivate and enable employees to embrace related activities.

This finding is consistent with the idea expressed in the sponsorship literature that sponsorship practice will only advance where senior management recognise the opportunities and benefits that can be realised through it, and provide those responsible with adequate resources to advance sponsorship practice (Farrelly et al., 1997). Senior management of properties must lead the way. They need to get personally involved in instilling the values associated with a market orientation and must carry this over to include resource allocation, sponsorship planning and sponsorship relationship development.

To help achieve this, it will also be important that senior management assesses the characteristics of the organisation including the strategies, structures, and systems, that can either constrain or empower those responsible for extracting most from the sponsorship relationship (Dreher, 1994). Senior management of the property can also help develop a market orientation by allowing the marketing function to be actively involved during the development of the company's strategic plans (Piercy, 1992). Senior management should also recognise the positioning opportunities that stem from relations with sponsors, and adopting a relationship marketing approach, strive to exploit positioning opportunities in consultation with the customer, ie. the sponsor.

Another key management implication for the property is that, in addition to seeking sponsors with brand image complementarity, they should strive to form relationships with market oriented sponsors. The intelligence gathering aspect of market orientation should place properties in a strong position to identify market-oriented sponsors, and sponsors with complimentary resource endowments (Dyer and Singh, 1998). The results demonstrate that market-oriented sponsors are more inclined to commit additional resources to the relationship, which is vitally important since commitment is the single most influential driver of renewal. Market-oriented sponsors
will be more aware and open to the synergistic opportunities that can be exploited through blending resources with market-oriented properties. Furthermore, based on the results of this study, it is probable that the greater the level of sponsor market-orientation, the more likely they are to renew a relationship.

Therefore it is important for a property to seek evidence that demonstrates the sponsor's market orientation. Case examples, preferably from experience in previous sponsorships or alliances more generally, would be valuable indicator of a market driven approach. For example, it would be useful to ascertain whether market objectives have been clearly defined by the sponsor (or by collaboration with property or other stakeholder), whether there is evidence of 'value adding' through brand complementarities, and whether the impetus for these initiatives stems from an understanding of the consumer.

Another benefit of working with a market-oriented sponsor is that its is likely to improve the property's knowledge base. A sponsor that is committed to, and satisfied with, the relationship will likely provide the property with valuable information about end users, brand leveraging innovations, etc (Simpson et al., 2001).

It would also be important to determine a priori, whether the sponsor is disposed toward working collaboratively, and if previous alliance successes have resulted from joint input. It would be unwise to assume that sponsors are prepared to work jointly with the property on leveraging the association. Sponsors must be willing to relinquish some of the decision making control if there is to be joint leveraging activity. Determining previous experience in collaborations could be critical to the ultimate outcome, especially as previous research has identified past experience in collaboration as having a positive impact on outcomes (McGee et al., 1995; Deeds and Hill, 1996).

Properties should evaluate whether to expand the formal communication processes to better express marketing ideas and opportunities in an effort to influence sponsors perceptions of their market orientation, and to encourage collaborative norms and activities. This may require establishing joint working teams and routines that bring marketing capabilities to the fore, and open up opportunities for joint commitment. This may also set the stage for the evolution of more productive informal work patterns.
It is also vital that these communications are used to establish the sponsor’s perspective on the potential value of the relationship, and the roles and responsibilities required to nurture it. It is beneficial that properties understand what attracts or impedes corporate interest in sport sponsorship since corporate revenue is vital for the operation of many events. Determining this information will provide guidelines to properties on how to better service sponsors. The property must recognise that a key challenge is to identify a sponsor’s objectives and analyse them as criteria on which to base their own actions. If applied in a conscientious and strategically directed way, this type of collaborative communication should reap significant rewards for both parties.

To attract new sponsors, properties should provide evidence in their proposals of their market orientation, including formal processes developed in alliances, and outcomes of related activity. Moreover, they should also note the type of idiosyncratic investments they have jointly made with sponsors to achieve outcomes and to meet sponsor objectives. In line with what is often refereed to in conventional channels theory as ‘supplier qualification’, properties should do more to verify their ability to perform consistent with the claims presented in the proposal. In a business-to-business relationship such as sponsorship where there is high performance ambiguity (given the highly intangible nature of the brand association), such verification will be important in addressing uncertainty as it provides more concrete selection criteria (Heide and John, 1990).

The results indicate that the actions of the property do not have a direct effect on the commitment of the sponsor in the relationship. However, the fact that the sponsor’s perceptions of the property’s market orientation influences their level of trust presents a significant opportunity. Properties should use their influence on sponsor trust as a means to influence sponsor commitment. They should also strive to nurture trust in the relationship as it was found to have other strong indirect effects on renewal, including the effect on satisfaction and renewal. This should be achievable as trust in the relationship can act as a springboard for bringing parties together to collaborate. Pruitt (1981) suggests that trust (the belief that a party’s word is reliable and that a party will fulfil its obligation in an exchange) is highly related to the firm’s desires to collaborate.
In relationships where commitment is asymmetrical, the committed partner may begin diverting its effort to a different relationship where the partner exhibits an intention to commit, and commitment balance is more likely. At the very least, a sponsor in an asymmetrical commitment relationship is unlikely to have a long-term orientation toward the relationship (Ganesan, 1994) which may be detrimental. It is most likely that the optimal benefit (such as gains in brand equity and loyalty) can only be realised if parties manage value over the long term (Amis et al., 1999; Bennett, 1999). Consequently, it may be very important for the property to determine if the sponsor perceives an imbalance, and if so, to take action to remedy the situation.

This may entail reorganising the budget to ensure that more resources are assigned to jointly leveraging the relationship with the sponsor in order to achieve mutually beneficial outcomes. As Anderson and Weitz (1992) state, “mutual idiosyncratic investments can convert a competitive (win-lose) relationship into a cooperative (win-win, lose-lose) relationship” (p.21). This need not necessarily mean financial resources to leverage the brand association, although initially, financial resources aimed directly at co-leveraging activities may have the most immediate impact.

Other resources and capabilities a market-oriented property may contribute to the relationship have not been discussed in the literature, but may include creative input. Marketers (and performers) of sport or art, rely continuously on their creative talents and sponsors can extract creative ideas from them in relation to brand building and communication strategies - including launches, new product or service design and development, and so on. The over-reliance on cognitive business models referred to in the literature for many years (eg. Robinson et al., 1967; Williamson, 2001) suggests that such a resource could be highly valued.

It would also be important to use this ‘investment’ for other ends. It may be a prime opportunity to commence processes aimed at fostering a collaborative atmosphere, and bilateral governance of the relationship (Heide and John, 1988). Heide and John (1990) show bilateral governance structures to be a function of the extent to which transaction - specific assets have been employed. According to Spekman et al. (1997) when both partners believe they have similar levels of relationship specific investments, they are much more inclined collaborate.
Gundlach et al. (1995) demonstrate that credible commitment inputs (based on magnitude and specificity to the relationship in question) are positively related to the development of relational social norms. They also note that "it is not the act of initial commitment alone but rather the structure of initial commitment inputs that influences the type of sentiments and social norms that develop to characterise and govern the relationship and in turn fashion the quality and quantity of long-term commitment" (p.80). If the property clarifies its market-based rationale for the investment, it could enhance sponsor perception of the property's market orientation. As Anderson and Weitz (1992) demonstrate, the perception of one party is strongly influenced by the idiosyncratic investments of the other party in the relationship.

To ensure continuity, properties, in addition to satisfying the needs of existing sponsors, must place themselves in a position to attract new sponsors. In the future, being market-oriented may simply be a necessity if a property is to be able to provide the commercial rationale to convince new sponsors to invest. Sponsors will continue to exercise great care when selecting which properties offer the best opportunity to achieve corporate and brand objectives. They will also continue to emphasise the corporate 'bottom line' as key criteria for entering a sponsorship agreement.

Corporations are not content to assume that corporate objectives are being met, and instead will continue to seek tangible results (Schlossberg, 1991; Kuzma et al., 1993; Irwin and Sutton, 1994; IEG, 1997; Quester et al., 1998; Smallwood, 1998). Properties must be able to clearly demonstrate the benefits that can be accrued by investing in them (Mescon and Tilson, 1987). Such tangible evidence of market driven initiatives and associated results, and evidence of the property's ability to work collaboratively in the sponsorship alliance, should be presented in a proposal. It is conceivable in the future that sponsors will evaluate such evidence as part of their screening methods.

7.6.2 Management Implications for Sponsors

Sponsors should seek market-oriented properties. Significantly, the sponsorship literature makes no suggestion that the sponsor should include an evaluation of the partnering and general sponsorship marketing capabilities of the property when screening proposals. This is despite the fact that optimal results may
only be realised if partners work collaboratively (Farrelly and Quester, 1999; Ringsten, 1999). As a result, sponsors considering potential partners should incorporate an evaluation of the property’s level of market orientation as part of the screening process.

Many of the items used to measure the sponsor’s perception of the property’s market orientation could be used by the sponsor as an indicator of property commitment to the relationship. These items included whether the property conducted research in relation the sponsorship arrangement and whether they acted on this research to advance the relationship. That the perceptions of the property’s market orientation did not drive the sponsor’s decision to commit resources to leverage the relationship suggests that the sponsor believed that the property is not sufficiently committed to the relationship. The sponsor may feel an imbalance in the relationship in that they are investing considerably more resources than what is reasonable to expect of the property.

In addition, that the sponsor’s perception of the market orientation of the property drives trust, but commitment does not, suggest that a type of calculus-based trust may exist. Calculus-based trust centres on rational choices made regarding commercial exchange. In this instance, trust often emerges when one party believes their partner has engaged, or has the competence to engage, in actions that are beneficial to the commercial exchange. Such trust may be narrowly based and limited to certain aspects of the exchange (Rousseau et al., 1998). The results of this research indicate that trust emerges from the confidence sponsors have in the property’s efforts to assist them (the sponsor) in advancing the relationship, but this ‘assistance’ is not what drives the sponsor to commit resources to advance the relationship.

Anderson and Weitz (1992) note that a commitment imbalance between partners can cause dissension, and eventually lead to a weakening of the association. Gundlach et al. (1995) state that “disproportionately held commitments can undermine the relationship through elevating one party’s vulnerability to opportunism (p.78). In line with the exchange theory discussed in the literature review, an element of ‘unfairness’ in the relationship, may cause the parties to question the worth of their commitment. The same sentiments have been expressed in respect to co-marketing alliances. Bucklin and Sengupta (1993) note that the failure of either party to allocate
expected managerial talent, in numbers or in stature, can cause conflict. They found that such an imbalance of resource input had a detrimental effect on alliance effectiveness, where effectiveness was defined as "the extent to which both firms are committed to the alliance and find it to be productive and worthwhile" (p.33). Where sponsors feel that such an imbalance exists, it would be important that they express such concerns to the property. This may include suggestions for joint action. This will place the sponsor in a better position to assess the potential of the relationship.

Sponsors should also aim to improve their degree of market orientation. The aforementioned guidelines noted for the property also apply to the sponsor. They should evaluate the prospect of formal communication channels to ascertain the level of the property's marketing orientation, and they should ensure that their commitment to a relationship is based on trust. It is also important for sponsors to be aware of both economic and non-economic outcomes and they may want to develop related performance criteria for both categories. Sponsors should also seek market-oriented properties.

Sponsors should include, as part of their screening process, criteria for selecting market-oriented properties. It may be in the organisation's best interest to establish formal sponsorship guidelines consistent with the corporation's communication objectives that are set down for a particular planning horizon. This information can then be provided to lower level management who often screen incoming proposals (Burton et al., 1998) and who, without this guidance, might attempt to make a significant number of vital investment decisions based on otherwise remembered or presumed directives.

Development of collaborative communication may be important for both organisations. Collaborative communication may be vital to align what are often disparate cultures, and some level of alignment between the cultures may be fundamental if the relationship is to evolve into a true alliance. Failure to use communication to align inter-organisation activities and promote the development and use of new knowledge is likely to be a serious limiting factor in sponsorship relationships.
7.6.3 Management Implications – AFL Specific

A particular challenge faced by AFL properties is to ensure that their sponsors accurately perceive their level of market orientation, and to identify ways to favourably influence this perception. This may be a difficult task in the light of the results in this study, which show that communication as the AFL currently undertakes, fails to adequately translate properties market orientation for sponsors.

Based on the results, it would appear critical for AFL properties to engage their sponsor in some form of dialogue in order to establish what market-oriented activities they value. The property can then develop appropriate systems and processes to communicate accurately its market-orientation to its sponsors. However, such systems may need to be customised for each sponsor as different sponsors may require different levels of information or feedback to form a clear picture of their property’s market orientation. Under appropriately set up conditions, the judicious display of market-oriented behaviours by the property should reinforce their sponsor’s trust in the relationship and, in doing so, may also encourage further investments by the sponsor in the relationship.

When the AFL sponsors deliberate over the prospect of renewing an alliance contract, previous commitment will only have meaning if there is tangible evidence of economic gain consistent with their expectations. Where this gain is evident, and where there is evidence of joint efforts to achieve this gain, the renewal process will appear as another commitment in a cycle of commitments. In that sense, the whole commitment process will become self-perpetuating. If, however, the sponsor does not believe that the input and gain has been fairly proportioned (as the primary investor and risk taker, the sponsor would expect a commensurate greater gain) the relationship will break down. That the AFL property understands its sponsor’s objectives and makes substantive contribution to their achievement, including joint commitments, is paramount. It will ultimately determine if the high renewal intention translates into actual contract renewal.

Gassenheimer and Calantone (1994) note in their study of the office systems and furniture industry that, "operating suggestions from the supplier can become strategic mandates for the distributor" (p. 196). It is probable that AFL properties will
not achieve the same level of influence and contribution unless they make considerable improvement to their level of market orientation. It is also likely that the resources required to reach a high level of sponsorship sophistication would be far outweighed by the collaborative synergies, performance gain, and high renewal rates that would result. This is especially likely as sponsorship constitutes an expanding and vitally important marketing communications channel (Meenaghan, 1998a).

Further examination of the nature of business-to-business relationships indicates that the AFL is in a prime position to benefit from the effects of collaborative communication. Mohr et al. (1996) found that the benefits of collaborative communications were most significant in relationships with low control based on levels of dependence, and low integration (high levels of partner autonomy). In relationships exhibiting low levels of dependence and integration, the dealers were more receptive to, and influenced by, symbolic actions such as communication that united them in the relationship. The AFL protected sponsorship relationships exhibit low to medium levels of dependence, and low levels of integration. The reasons for stating this are given below.

Keith et al. (1990) refer to dependence (of B on A) as the extent to which B relies on A for achieving its goals and objectives. Referring to the work of Bucklin (1973) and El-Ansary (1972) they note, “when B has a large stake in a relationship (i.e. a significant proportion of investment is involved, and significant sales and profits accrue from the relationship), B is more dependent on A, and is more likely to be tolerant of demands made by A” (p.31). They also note than when rewards achieved in a relationship are greater than those expected in another relationship, or when few feasible alternative relationships offering comparable rewards are available, B is more dependent on A and is more tolerant of the demands of A (Cadotte and Stern, 1979; Anderson and Narus, 1984).

In the case of the AFL, the protected sponsorship relationship contracts involve considerable financial investments especially when considering total costs (rights and leverage costs). The sponsor clearly has a large stake in the relationship, which would add to its dependence on the property. The ‘stake’ is also significant because the protected sponsorship relationship with the AFL is often used as an important
part of any brand development activity. Also, there is the expectation that significant commercial benefits will accrue as a result of the AFL sponsorship relationship.

Expectations of gains from the AFL relationship are also probably higher than in other alternate relationships because the organisation has been growing so rapidly in ways that could positively impact the sponsorship relationship. This includes the record TV rights payments to the AFL, discussed earlier. However, there are other alternatives offering comparable rewards. For example, there are other national, season-based competitions that offer protected sponsorship arrangements, and similar levels of national exposure available such as via the Rugby League. Indeed, a key reason for the termination of two major AFL sponsorship contracts in 2000/2001 was the potential of greater returns from alternative properties. There is also the opportunity to achieve sponsorship related objectives - such as media exposure and corporate entertainment/networking - through other means, including conventional advertising, or the lease of a corporate box at an event. The level of dependence is limited by the simple fact that sponsors often conceive and implement sponsorship-related initiatives independently of the property.

Integration levels in the AFL protected sponsorship relationship can be characterised as low. The AFL sponsorship relationship is similar to conventional channel relationships where both parties operate fairly autonomously (Mohr et al., 1996). Once the AFL sponsor has purchased sponsorship rights, the actual marketing of the relationship is, largely, carried out by the sponsor. The property does not exert a great deal of control, and though it coordinates tactical or operational matters with the sponsor, it has limited involvement in the leveraging of the relationship since this is essentially carried out by the sponsor.

Given this, the AFL could reap considerable benefits from collaborative communication that would foster higher levels of sponsor satisfaction with the relationship. Mohr et al. (1996) found that where there is low control in the relationship, the marginal impact of collaborative communication is much greater because dealers have not yet yielded to manufacturers, and collaborative communication can help coordinate activities and thus improve the level of satisfaction. In the case of low integration, collaborative communication had
maximum impact because it aligned the parties' interests and values, and served as a 'pseudo-integrating device' (Mohr et al., 1996 p. 105).

In virtually all the interviews conducted with sponsors, there was a sense that the AFL had to do more to “back up its words with actions”. Over the last few years that there has been strong pressure for AFL properties to become more streamlined, commercially oriented, and customer sensitive organisations. While there is almost universal agreement that a change in perception along these lines has occurred, some argue that this has not yet translated into a substantive change in practice (Cummins, 2001). It is vital therefore that the AFL back-up their intentions to form stronger collaborative relationships, with additional resources. Research has demonstrated that partnerships demand more management time, including increased time spent in joint planning sessions with the partner (Joseph et al., 1995), than the arms length relationship typical of the sponsorship exchange.

The findings in this research should also alert AFL property's to consider evaluating their formal communication skills as a means to demonstrate their market orientation capabilities. Formal communications may facilitate the circumstances under which the property and sponsor are likely to actively engage in joint decision making (Ping, 1994). Ringsten (1999) notes that “if in the developing stages of a collaboration a formal program is carefully conceived then there should be a clear indication of partner marketing capabilities, and an excellent cross-pollination of ideas should also occur” (p.19). The League and Clubs might, for example, consider scheduling planning days with protected sponsors. During such a day it would be beneficial to concentrate on establishing sponsor expectations, focusing on important leverage related initiatives that could help meet these expectations, and highlighting the resources the property would require to achieve related objectives. If high expectations are driving intention to renew, it will be vital that the AFL understand the genesis of these expectations and manage them carefully.

Both Anderson and Narus (1989), and Heide and John (1988) found that closely related to partner disposition toward joint action (the degree of cross over into each firm's boundaries) is their expectation of relational continuity. Belief in the potential benefits of joint action is probably what fuels the positive thoughts about
continuation. Conversely the desire to continue a relationship will wane if benefits arising from joint action are not realised.

Our findings indicate that a sponsor that perceives a property as being market-oriented is likely to have more positive perceptions of the relationship with that property. As AFL sponsors have a high renewal intention, it follows that they may have expectations of increased levels of collaborative activity with the properties, or that they are open to ideas about joint action with the property (which is likely given that their perceptions of property market orientation levels has a direct effect on their trust). Such circumstances provide great opportunity for the property to be more proactive in engaging sponsor commitment, which is critical in the final renewal equation. However, this also may pose a threat to the relationship. If the sponsor feels that joint action has not been adequately explored, the alliance may fail to meet their expectations, and may negatively impact on their decision to renew.

Despite the difficulties it might entail (given the lack of impact of property market orientation upon sponsor perception), fostering trust may be a crucial challenge for AFL properties because of the influence this construct has on in the sponsorship relationship. If, over time, trust in the relationship does not generate more favourable sponsor perceptions of their property’s market orientation, or if it fails to result in joint leverage activities, then the sponsor may perceive that the relationship has underachieved and may question the wisdom of conferring trust in the relationship. Many researchers have noted that trust grows as it is used more and more, and that without increasing responsibility, and constant use and expansion in a relationship, it will dissipate (eg. Dasgupta, 1989). This is consistent with the findings of Steinman et al (2000) who found that the normative gap between partners in a dyad closes over time, which further highlights the need to nurture trust to advance the relationship.

Importantly, suppliers are said to move through stages of trust that involve specific behaviours and investments by both the buyer and the supplier. Those relationships that effectively move through these stages are more likely to exceed value expectations. Where AFL sponsorship partners work steadily toward optimising trust in the relationship they may realise stronger renewal intentions. This could be achieved by making mutual investments and activating these investments through
joint action. It may also be achieved through accurate and timely reporting of these results. This should serve to reduce perceived levels of risk (because both parties are involved and investing resources) while progressing opportunities that generate sought after value.

Satisfaction levels are very likely to influence the sponsor’s renewal decision in the future, particularly as the current contract draws to a close. The sponsors will decide if their expectations have been met, or are likely to be met in the future. With this in mind, the results of total effect calculations highlight that satisfaction, particularly non-economic satisfaction, mediates the impact of trust on the intention to renew. This further emphasises the need for AFL properties to continue to build trust in the relationship. Before they can do this, however, they need to be clearer as to what matters most to sponsors, and then focus resources and effort on helping sponsors achieve these ends. Examples of important management interventions that AFL properties can make are summarised in table 7.1 below.
### Table 7.1. Managerial Interventions to Promote Collaboration within AFL Sponsorship Alliances

<table>
<thead>
<tr>
<th>Relating to Context for Collaboration</th>
<th>Relating to Sponsorship Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Develop Criteria to determine whether a collaborative stance with a partner is appropriate.</td>
<td>Develop a screening mechanism for potential sponsors. Include assessment of partner capacity and desire to collaborate. Seek evidence of previous collaboration. Rank effectiveness of objectives for potential associations.</td>
</tr>
<tr>
<td>Review policies, procedures, and systems to ensure they facilitate the development of collaboration.</td>
<td>Develop market orientation and collaboration in accordance with the value potential and needs of each protected sponsor. Establishing an AFL specific template to help determine ‘importance criteria’ to ascertain which market oriented activities existing sponsors attribute the greatest importance to. Integrate criteria into operations systems and manipulate criteria and systems to structure interface with sponsor and sponsor management approach.</td>
</tr>
<tr>
<td>Refine process to generate collaborative projects.</td>
<td>Provide incentive to collaborate - allocate resources to pursue commitment-related initiatives. Assist in development of a schedule of formal meetings with protected sponsors.</td>
</tr>
<tr>
<td>Establish basis for monitoring and evaluating collaborative arrangements.</td>
<td>Utilise importance criteria re monitoring and evaluating collaborative outcomes of protected arrangements.</td>
</tr>
<tr>
<td>Formally recognise the value of relationships where collaboration has evolved.</td>
<td>Formally evaluate collaborative aspects of sponsorship relationships, use as basis for benchmarking, and cross check with importance criteria. Communicate adjustments and outcomes to raise sponsor perceptions of property input. Formally acknowledge success where collaboration has evolved. Use feedback and reward to encourage market and learning orientation.</td>
</tr>
</tbody>
</table>

*adapted from Knight (2000).*
7.7 Limitations of the Study

The findings in this research, as in all research, must be considered in light of the limitations of the study. Clearly the findings are contingent on the context and type of relationship studied – in this case large sponsorship relationships. Therefore, generalisations are bound by this context. There is evidence to suggest that there is a distinct Australian business culture, different from that found in the USA, particularly in the area of service delivery and interaction with customers (Pelendran et al., 2000). The sponsorship relationship dynamics studied here, such as the process of collaborative communication, may be unique to the Australian marketplace.

The model developed for this study did not include exogenous factors such as competitive intensity in industry, which may influence the correlations among constructs in the study. Subjective performance measures were used in this study instead of measures of actual performance. There is the possibility that using subjective measures may have resulted in 'false positive' associations (Dawes, 2000).

A key limitation of this study may stem from the small sample size and the many unique characteristics of the AFL. As such, whilst the very high response rate provides strong support for claiming an accurate understanding of this particular empirical context, the results may not be so easily generalisable to other sports or sponsorship properties (eg. arts). However, in Australia, the AFL is a leading sports property and many of its sponsors are leaders in their respective industries in terms of sponsorship. What we observe when examining AFL sponsorship relationships, therefore, is probably indicative of what will happen next in most other sponsorship contexts in the medium to long term. Clearly, however, a study such as this one needs to be replicated in other contexts in Australia, as well as in similar and other contexts overseas.

Finally, it is also possible that corporate policies on confidentiality may have impacted the respondent’s ability to reveal information requested.

7.8 Contributions to the Literature

This is the first study to clearly link market orientation, value creation, and key relational mediators and outcomes in the sponsorship alliance. The recent call for
such research in both the sponsorship (Olkkonen et al., 2001) and channels literature (Simpson et al., 2001), underpins its importance.

The delineation of satisfaction into economic and non-economic dimensions is of considerable diagnostic value for relationship marketing. This delineation enriches the general understanding of satisfaction, including the comprehension of what is required to enhance it in the business-to-business relationship. It enables the researcher (and practitioner) to more accurately assess the commercial and psychosocial drivers of satisfaction that can be influenced by market driven activities. As noted, to the author’s knowledge, this is only the second piece of research that considers antecedents and outcomes of economic and no-economic satisfaction. This study however differs from Geyskens and Steenkamp (2000), in that it considers the impact of critical inter-firm relationship building blocks, namely trust and commitment, on both economic and non-economic satisfaction.

The use of a composite scale to measure satisfaction may represent an important advantage over single item measures. Conceptually, no single facet of satisfaction is likely to fully capture the construct, and therefore examining any single facet in isolation is unlikely to produce a representative assessment. As Kumar et al. (1992) note in their development of a measure for channel member performance, a composite scale comes closest to mapping the theoretical domain of multifaceted constructs.

This research also contributes to the limited dyadic research in the business-to-business literature. Collecting dyadic data from both parties in a business-to-business relationship has been encouraged strongly by researchers to facilitate academic and practitioner understanding of relationship development, management, and maintenance (Weitz and Jap, 1995; Siguaw et al., 1998).

The relationship variables included in this study have been identified in previous channel research as being of paramount importance to the development and maintenance of stable, competitive relationships. The insights derived in this thesis add to the limited empirical research on the effects of these variables in the channel literature (Siguaw et al., 1998). This research also addresses the call for more context specific research into the dynamics of market orientation in different relationships and industrial settings (Kumar et al., 1998; Harris, 2001), and for research that analyses
the impact of trust and commitment on business to business outcomes (Siguaw et al., 1998; Harris, 2001).

Empirical results from this research provide an understanding of previously untested concepts in the sponsorship literature. The results contribute to an understanding of the critical success factors of an increasingly important form of marketing alliance. Particularly, the results highlight that market orientation has a major positive impact on the sponsorship relationship. The need for both parties to develop a market orientation is clearly evident as it drives the sponsor’s preparedness to commit extra resources to communicate the association, and prompts the sponsor to place trust in the property. By driving commitment, a market orientation also has an indirect effect on sponsor satisfaction with the relationship, and their preparedness to renew the relationship. The research also highlights that a market-oriented property is more likely to be trusted by the sponsor, and more likely to develop a relationship with a sponsor that is prepared to commit extra resources to build the brand association.

In this way, the research builds on the work of Cornwell (1995), who conceptualised and later demonstrated the value of sponsorship-linked marketing to brand differentiation and brand equity (Cornwell et al., 2001). As previously noted, sponsorship-linked marketing involves the use of sponsorship as a platform to conceive and implement marketing activities critical to building the sponsor/property brand association. This research points out that a market orientation is directly associated with a company’s preparedness to commit to sponsorship-linked leveraging activity, and with the satisfaction with such activity. The research confirms the importance of intelligence gathering, dissemination and responsiveness (as well as the involvement of both sponsor and property) as a precursor to sponsorship-linked marketing activity.

The findings also contribute to the literature in that they identify that a property can orchestrate actions that impact the perceptions of a sponsor, including their level of trust in the relationship. The fact that the sponsor’s trust has a direct effect on their satisfaction with the relationship, and that it precipitates their decision to commit to the relationship, highlights the role of the property, and provides them with the impetus to proactively manage their sponsorship relationships. Such a finding
is particularly significant at a time when sponsors are questioning the value of the investment because of problems associated with ambush and clutter (Meenaghan, 1996; Moore, 1998; Farrelly and Quester, 1999).

Finally, this is the first real attempt to test relationship marketing concepts and constructs in sponsorship research. From a research perspective, this study highlights the critical need for more research that explores the mechanics of the sponsorship alliance and adds to an understanding of the interplay between the sponsor and property (Farrelly and Quester, 2002). It also points to the need to approach sponsorship as an alliance when establishing a research framework and to consider the role of both parties in achieving sponsorship success. From a commercial perspective, the importance of such research is also clearly evident. Sponsorship and related communication activities assume an increasingly large portion of the promotion budget for many organisations, and many of these organisations now depend on the sponsorship alliance as a platform to mount an entire brand (and even corporate) positioning (Cornwell, 2001; Farrelly and Quester, 2002). Other ideas for future research are noted in the next section.

7.9 Directions for Future Research

To date, market intelligence gathering, dissemination, and responsiveness have been measured predominantly on information generated by a single organisation, disseminated within a single organisation, and evaluated in relation to an individual organisations preparedness to act, and the swiftness of this action (Jaworski and Kohli, 1993). It is important when researching market orientation in an alliance context, to broaden these three dimensions to capture market intelligence gathering through the collaborative efforts of alliance partners, dissemination between alliance partners, and responsiveness that encompasses the ability to jointly implement marketing initiatives. Future research should examine the use of market intelligence to establish collaborative solutions to market opportunities.

Intuitively, one would expect market orientation and collaborative communication to have a positive, synergistic effect on alliance performance. Researchers infer that market orientation contributes to incremental, adaptive behaviours that lead to 'single loop learning', whereas a learning orientation is
associated with knowledge enhancement and new ways of approaching market opportunities (Baker and Sinkula, 1999). Research which examines whether collaborative communication, as an extension of a market orientation, helps to develop generative learning, and whether this results in innovative response to market opportunities, could contribute significantly to an understanding of the processes that generate benefits from alliances. The alliance interaction processes that result in ‘learning’ may provide a blueprint for the development of a learning orientation throughout an organisation.

Of the eighty-seven percent of large Canadian sponsors surveyed by Copeland et al. (Copeland et al., 1996), conflict with the property was one of the most often cited reasons for discontinuation, and yet little has been done to assess sponsor/property relationship dynamics. Adopting a sponsorship alliance perspective as has been developed in this research, can equip theorists with a more complete and informative research agenda and so should be explored further.

It would also appear useful to measure the existence and impact of commitment asymmetry in the sponsorship relationship. This research indicated that an ‘investment mismatch’ exists, and may be a key to explaining the lack of property impact on important sponsorship alliance decisions, particularly commitment-related decisions. Moreover, there is evidence that perceived commitment imbalance (ie. particularly where the property fails to provide adequate marketing support) can be highly detrimental to the relationship (Moore, 1998; Farrelly, 2000). Anderson and Weitz (1992) suggest that commitment asymmetry may increase conflict, dissatisfaction, and eventual decline in the quality of the relationship.

Future research on horizontal, inter-firm alliances such as the sponsorship relationship should strive to develop a measure of commitment that encapsulates the perceived equity between partner commitment. This may provide considerable insight about the critical success factors of the relationship since horizontal relationships, such as the type of strategic and co-marketing alliances discussed by Bucklin and Sengupta (1993), and the sponsorship alliance examined here, are much more susceptible to perception of commitment imbalance, than vertical supplier/reseller channel relationships.
The type of structure, roles and operational processes necessary in a horizontal alliance may be far less apparent to the alliance partners than in the conventional supplier/reseller channel relationship (Das and Teng, 2001). This may result in heightened perceptions of relational risk, particularly risk associated with bilateral commitment. It may heighten partner sensibility to a perceived commitment imbalance, which in turn may affect the ultimate success of the relationship (Das and Teng, 2001).

In a vertical channel relationship such as that between a supplier or manufacturer and reseller, or manufacturer and reseller, governance procedures may be more formalised (e.g. in the form of franchise documents or licence or resale agreements) than in a horizontal alliance. As a result, the ability to assess if there is equity in the relationship, may be a simpler, more direct task in a channel relationship (without understating the possibility of conflict in vertical channels). In vertical channel relationships, the value source and the roles the two parties play in tapping this value source, may be less well-defined. Often the same product generates value for the two parties and when a reseller generates revenue, so does the manufacturer/supplier. Consequently the cause and effect of one's commitment is more evident as is the related cost - benefit analysis. In a lateral alliance however the revenue is often realised at distinctly different times from different sources. Consider the property receiving revenue at the beginning of the relationship i.e. from rights fees, and a sponsor who does not realise any return on investment until much later, and from its own target market.

Furthermore, as each organisation operates in different environments and often with quite diverse objectives, commitment may come under scrutiny because of the difficulties in determining the other party's behaviour and performance. Yet, despite this, inter-firm commitment research rarely measures the parties' perceptions of joint commitment, perhaps because much of the work on commitment is found in the channels literature (Anderson and Weitz, 1992; Siguaw et al., 1998). Assessing whether a party is committed to its partner (the more common measurement approach) differs from measuring whether a belief that both parties make equitable contributions, and produce different response. A level of commitment may be observed in a relationship because of future prospects, while at the same time, there
may also be some sense that one partner's commitment is waning or that commitment is not adequately reciprocated. This may not be effectively measured unless the question is direct.

One piece of research that comes closer to measuring bilateral commitment is Mavondo and Rodrigo (2001) who included two items in their commitment construct that directly assessed the degree of perceived bilateral commitment. These items measured whether both companies made equal contributions to the business, and whether there was an expectation that one party would make the same contribution to the business as the other. More research needs to be undertaken to explore the meaning of commitment in horizontal relationships, including how bilateral commitment is understood, how it is assessed, what are its antecedents and outcomes, and what managerial implications this has for practitioners.

As this is the first dyadic research exploring the mechanics of the focal sponsorship relationship, it is important that the model and related measures are validated through future research. The model would benefit from exposure to a larger sample base, and/or application to other sectors and industries.

The main emphasis in this research was on the focal parties in the relationship - the sponsor and the property. However, sponsorship partners operate in a web of important relationships, and their relations with other key intermediaries can have a major impact on relationship outcomes, including satisfaction and the intention to renew. These intermediaries include the sport consumer, the media, and sport retailers. It would be beneficial in future research to consider the impact of sponsor and property market orientation on this broader network. In this endeavour it may be important to consider 'network competence' as described by Ritter (1999), and in line with the thoughts of Wilkinson and Young (2002), who suggest network competence could be examined with generalised measures akin to those used for market orientation.

Because this study relies on the subjective judgement of managers' perceptions, the measurement of the degree of market orientation and 'competitive relativities' are subject to various cognitive biases. Future market orientation and competitive positioning studies might usefully use external and, perhaps, more objective sources of data. For example, it may be interesting to obtain information
about market orientation from customers, and compare these results with competitive strategy of the company, as this may overcome possible halo effects associated with manager judgement.

In the discussion section, the possible implications of dependency in the sponsorship relationship were considered. It would be worthwhile to carry this further and include a dependency construct in the renewal model. The extent that each party is tied to the other to achieve organisational goals may act as a moderator of renewal intentions. Such effects may be particularly significant in Australia where properties appear to rely more and more on revenue from sponsorship. One major League is known to generate over 50% of total revenue from sponsorship (Farrelly, 1997). Furthermore, the fact that many sponsor organisations are basing brand and sometimes corporate positioning on their association with the property is likely to increase their dependence on the relationship.

Future sponsorship research should also examine the long-term effects of key relationship drivers to better understand the ebb and flow in the development of trust and commitment between partners over time. In line with the suggestions of Geyskens et al. (1999), a longitudinal study involving the same set of firms over an extended period of time would be most beneficial for an understanding of the interconnectedness between the sponsor and property, and the cumulative effects of the key relationship drivers. This would allow for stronger inferences to be made about the development of the relationship over time. It would also enable a better understanding of the order of effects of key relationship constructs, and feedback effects. It would also be important to assess how various relational norms in the sponsorship relationship effect long term intentions. The results of the study by Gundlach et al. (1995) suggest that commitment inputs can generate a self-reinforcing norm where commitments made now tend to reinforce long-term commitments and attitudes.

The possible effect of market orientation can be underestimated in cross-sectional design such as that conducted here. Through longitudinal research the development of a market-oriented sponsorship relationship, and the growth of synergistic interplay between the sponsor and property, could be benchmarked at different points in time. It would also be possible through longitudinal research to get
a clearer picture of what achievement such an alliance could produce as the real benefits of the sponsorship association can take several years before they are realised (Armstrong, 1988). By being able to measure actual renewal rates instead of intention to renew, longitudinal research may also overcome some of the potential problems associated with the intention measure.

These problems, as noted, may include the sponsor’s tendency to overstate their intentions to renew (thus reducing the relative impact of satisfaction) simply because they can afford to be optimistic when there are no immediate ramifications or obligations, or because they did not want to upset the relationship in the event that the property became aware of their intentions. Longitudinal research may also reveal the importance of collaborative communication sequences that have that develop over time in a relationship and which could not be captured through a snapshot of the relationship.

The fact that neither economic nor non-economic satisfaction had an effect on the intention to renew suggests that an examination of a different sequence of effects may be illuminating. After conducting a meta analysis, Geyskens et al. (1999) found that that economic and non-economic satisfaction has a significant effect on trust and commitment. A new ordering of a sponsorship model could present market orientation and collaborative communication as antecedents of economic and non-economic satisfaction, which in turn drives trust and commitment, and trust and commitment drives the intention to renew.

Future research should consider the effect of property investment in the leveraging process on the sponsor’s renewal decision. It may be that if the property ‘buys in’ in this way that they can be more influential in the decision processes leading to renewal or dissolution. If this was to occur then it would help to show that the relationship was functioning as an alliance, and would provide highly significant managerial implications.

As noted in the results chapter, antecedents in the model explain 32% of the variation in sponsor’s intention to renew which means there are several other factors impacting the decision. Such factors may include the sunk costs associated with the investment, the switching costs associated with building an association with another property, entry barriers to other national properties in Australia, or the personal
preferences of senior management. These factors should be explored in future research. Researchers may find that 'sunk costs' or 'switching costs' are influential drivers in a sponsorship investment that has been in place for several years. Such sunk costs include the idiosyncratic investments made to leverage the relationship in the past (Bucklin and Sengupta, 1993). Practitioners could be aware that the sponsorship brand association typically takes a number of years to coalesce in the mind of key stakeholders. Consequently, they may be disinclined to exit a relationship to avoid wasting monies already committed, or to forgo the opportunity to reap such benefits. Similarly, they may also be less inclined to exit the relationship if they believe the costs will be high to establish and develop a relationship with another property.

Finally, this study also highlights that future sponsorship research must go beyond examining the extent to which sponsors and properties apply various marketing techniques. Future research must seek to investigate how critical sponsorship has become to the guiding philosophy of the organisation, how central marketing is to sponsorship development, whether the parties approach a sponsorship as an alliance, and the impact this has on value outcomes.

7.10 Chapter Summary

This chapter discussed they key results of the study and established a number of important managerial implications. The limitations of the study were noted, as were the contributions to the academic discipline arising from the study. A rich agenda for future research was also outlined.

Explanation was given for why collaborative communication had little impact on the sponsor's perceptions of the property's market orientation. One explanation is that information sharing norms may simply not be developed well enough in the sponsorship relationships investigated here. AFL sponsorship relationships (and possibly sponsorship relationships in general) are still in their infancy with regards to collaborative partnering.

Reasons were also provided to explain why the sponsor's perceptions of the property's market orientation did not drive its commitment to the relationship. The sponsor may believe that the property's market orientation does not match its own, or that the property does invest in the relationship commensurate with the benefits it
receives. That commitment had such a strong impact on the intention to renew was expected given that it symbolises enduring relationship stability and because investment in support of a sponsorship program has been found to be fundamental to achieving objectives is to achieve objectives. Sponsor inability to effectively evaluate the relationship, and sponsor expectations of future performance in the relationship, were two key reasons thought to explain why neither economic nor non-economic satisfaction had a significant effect on the sponsor’s intention to renew the relationship.

In the context of management implications it was deemed important that properties work to improve their level of market orientation, that they better communicate matters of marketing importance to sponsors, and to demonstrate greater commitment by supporting market driven initiatives with the sponsor. It was also considered equally important that sponsors seek market-oriented properties, and properties disposed to substantive collaboration to advance the relationship.

7.11 Conclusion

Using value to develop the framework for this research has aided the determination and understanding of critical business-to-business relationship determinants. It has prompted the categorisation of sponsorship as a co-marketing alliance and helped to focus the research on critical marketing decision issues. It has also helped to facilitate considerable insight that can assist managers in their relationship development and retention decisions.

The most effective alliances are those where both parties recognise that each has needs and assets, and that the assets of one can meet the needs of another, providing both parties strive to advance the relationship. The model and research outcomes discussed in this thesis provide a framework for understanding how the focal sponsorship partners can forge a stronger relationship.

However, it is first necessary that sponsorship is perceived and analysed as a co-marketing alliance. Consideration must be given to the sponsor, the property, and the means and implications of collaboration including the critical importance of building trust and commitment in the relationship. Viewing sponsorship as an alliance should re-calibrate the strategic and operational lens through which it is viewed, and
in so doing broaden the horizons of strategic opportunity. Adoption of this perspective should alert senior management to the need to consider collaboration issues including structure, process and resource matters that may otherwise be overlooked.

Presently, sponsorship could be categorised as functional alliance (Achrol, 1997) where the property performs an ‘enabling’ role in that it sells the rights to associate with it, and then facilitates the sponsor to develop and implement leverage strategies. However, as a co-marketing alliance the expectation is that both parties combine unique resources and find innovative ways to blend and extend their respective brand images, and jointly communicate this complementarity. To this end it is important for both parties to develop a joint understanding of what constitutes a co-marketing alliance, and to then collectively invest resources and take action toward the achievement of mutual objectives.

Ultimately, the most successful properties will be those that can evoke the highest possible level of commitment from their sponsors. This is a difficult task, and a crucial challenge for the property, however as this research highlights, it can take steps to substantially improve the relationship. There is a great opportunity to impact specific, controllable commitment determinants and in so doing enhance the productivity and longevity of the relationship.
APPENDICES
### APPENDIX 1: PROTECTED SPONSORS (A.F.L. & CLUB) - 2000 HOME AND AWAY SEASON

<table>
<thead>
<tr>
<th>YEAR</th>
<th>LEAGUE</th>
<th>ON FIELD POLICY SPONSOR</th>
<th>GUERNSEY SPONSOR (FRONT)</th>
<th>GUERNSEY SPONSOR (BACK)</th>
<th>SHORTS SPONSOR</th>
<th>PROTECTED SPONSORS</th>
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<td>N/A</td>
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<td>Coca-Cola</td>
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<tr>
<th>CLUB</th>
<th>YEAR</th>
<th>ON FIELD POLICY SPONSOR</th>
<th>GUERNSEY SPONSOR (FRONT)</th>
<th>GUERNSEY SPONSOR (BACK)</th>
<th>SHORTS SPONSOR</th>
<th>PROTECTED SPONSORS</th>
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<td>Adelaide</td>
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<td>Toyota</td>
<td>Toyota</td>
<td>Toyota Foodland Supermarkets</td>
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<td>National Foods</td>
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<td>SA Brewing</td>
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<td>Mitre 10</td>
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<th>GUERNSEY SPONSOR (BACK)</th>
<th>SHORTS SPONSOR</th>
<th>PROTECTED SPONSORS</th>
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<td>Nike</td>
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<th>GUERNSEY SPONSOR (FRONT)</th>
<th>GUERNSEY SPONSOR (BACK)</th>
<th>SHORTS SPONSOR</th>
<th>PROTECTED SPONSORS</th>
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<td>Speed Kills - TAC</td>
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<td>Alinta Gas</td>
<td>Alinta Gas</td>
<td>Southern Land Rover</td>
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<td>Aus Post</td>
</tr>
<tr>
<td>CLUB</td>
<td>YEAR</td>
<td>ON FIELD POLICY SPONSOR</td>
<td>GUERNSEY SPONSOR (FRONT)</td>
<td>GUERNSEY SPONSOR (BACK)</td>
<td>SHORTS SPONSOR</td>
<td>PROTECTED SPONSORS</td>
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<tr>
<td>Geelong</td>
<td>2000</td>
<td>Fila</td>
<td>Ford</td>
<td>Ford</td>
<td>Ford</td>
<td>Ford CUB Fila Shell</td>
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<tr>
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<td>2000</td>
<td>Puma</td>
<td>Samsung</td>
<td>Samsung</td>
<td>Crazy John's</td>
<td>Puma Wizard CUB</td>
</tr>
<tr>
<td>Port Adelaide</td>
<td>2000</td>
<td>Nike</td>
<td>Scott's Transport (Home)</td>
<td>Vodafone (Home)</td>
<td>Bridgestone</td>
<td>Scott's Transport Vodafone Nike Orlando Westaff SA Brewing</td>
</tr>
<tr>
<td>Richmond</td>
<td>2000</td>
<td>Lotto</td>
<td>TAC</td>
<td>Drink Drive Bloody Idiot</td>
<td>Nissan</td>
<td>TAC CUB</td>
</tr>
<tr>
<td>Collingwood</td>
<td>2000</td>
<td></td>
<td>Emirates (home)</td>
<td>Primus Telecom (away)</td>
<td>Emirates</td>
<td>Primus CUB</td>
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<tr>
<td>Sydney</td>
<td>2000</td>
<td>Puma</td>
<td>QBE Insurance</td>
<td>QBE Insurance</td>
<td>Cable &amp; Wireless Optus</td>
<td>QBE Insurance Puma Nissan</td>
</tr>
<tr>
<td>CLUB</td>
<td>YEAR</td>
<td>ON FIELD POLICY SPONSOR</td>
<td>GUERNSEY SPONSOR (FRONT)</td>
<td>GUERNSEY SPONSOR (BACK)</td>
<td>SHORTS SPONSOR</td>
<td>PROTECTED SPONSORS</td>
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<td>Melbourne</td>
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<td>West Coast</td>
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<td>Optus</td>
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<tr>
<td>Western Bulldogs</td>
<td>2000</td>
<td>Fila</td>
<td>Vodafone</td>
<td>Vodafone</td>
<td>TBA</td>
<td>Vodafone</td>
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<td></td>
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<td>Fila</td>
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<td>Bartercard</td>
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<td>Coca-Cola</td>
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<td>CUB</td>
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</tbody>
</table>
A SURVEY TO ADVANCE SPONSORSHIP MARKETING CAPABILITIES AND RELATIONSHIP PROCESSES

Nike & The Richmond Football Club

Research by the AFL and Francis Farrelly, Department of Marketing, Monash University

ALL INFORMATION WILL BE STRICTLY CONFIDENTIAL
Please be assured that your information is strictly confidential. All participants will be provided with a summary report of the overall Club/League sponsorship research. To ensure anonymity no club, sponsor or particular protected relationship will be identified in the report.

PLEASE NOTE - where completing more than one survey (because of involvement in more than one sponsorship relationship), it is vital that you are careful to make distinctions in the ratings between relationships. It is important to complete one questionnaire at a time (not simultaneously), and to note the differences in ratings even if they appear to be minor ie between one relationship and another.

It is also vital that you carefully consider the ratings you give to each item as that score will help in the determination of the relationship strengths, areas where the relationship could be better managed, and what marketing opportunities may be present in the future. It is also important that you PLEASE ANSWER ALL THE QUESTIONS, even if some may appear similar. IF YOU DO NOT ANSWER ALL QUESTIONS THE QUESTIONNAIRE CANNOT BE INCLUDED IN THE RESEARCH.

If you have any queries about the questionnaire, if there are any items where you are not completely sure about what is being asked, please do not hesitate to contact Francis Farrelly on (03) 9903 2364.

Thank you very much.
Your contribution to this research is appreciated.

PLEASE SEAL THE COMPLETED QUESTIONNAIRE IN THE REPLY PAID ENVELOPE AND MAIL.
Marketing Processes - General

A. The following statements relate to general marketing processes. These processes are not specific to sponsorship. Please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-4</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-5</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-6</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-7</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

Marketing Processes - Sponsorship (Specific)

B. The following statements relate to marketing processes that specifically impact your sponsorship relationship with Richmond. Please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>B-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>B-3</td>
<td>1 2 3 4 5 6 7</td>
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<td>B-4</td>
<td>1 2 3 4 5 6 7</td>
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<td>B-5</td>
<td>1 2 3 4 5 6 7</td>
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<td>B-6</td>
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<td>B-7</td>
<td>1 2 3 4 5 6 7</td>
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<td>B-8</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>B-9</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

The Sponsorship Relationship

C. Keeping in mind your sponsorship relationship with Richmond, please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>C-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>C-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>C-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>
**Relationship Communication**

D. Keeping in mind your relationship with Richmond, how frequently do you typically communicate with them during the season in the following ways.

| D-1 | Formal face-to-face interaction with sponsorship partner. |
| D-2 | Telephone interaction with sponsorship partner. |
| D-3 | Informally through interaction at games/events. |
| D-4 | Written information, reports. |
| D-5 | Email. |
| D-6 | Newsletters. |

<table>
<thead>
<tr>
<th></th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Every 2-3 Months</th>
<th>Less than every 2-3 Months</th>
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</thead>
<tbody>
<tr>
<td>D-1</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>D-2</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>D-3</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>D-4</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>D-5</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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<tr>
<td>D-6</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
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</tbody>
</table>

E. And, how frequently do you typically communicate with Richmond during the off-season in the following ways.

| E-1 | Formal face-to-face interaction with sponsorship partner. |
| E-2 | Telephone interaction with sponsorship partner. |
| E-3 | Informally through interaction at games/events. |
| E-4 | Written information, reports. |
| E-5 | Email. |
| E-6 | Newsletters. |

<table>
<thead>
<tr>
<th></th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Every 2-3 Months</th>
<th>Less than every 2-3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-1</td>
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<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>E-2</td>
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<td>E-3</td>
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<td>E-4</td>
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<td>5</td>
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<tr>
<td>E-5</td>
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<tr>
<td>E-6</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
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</tbody>
</table>

F. The following questions relate to the nature of communication you have with Richmond.

| F-1 | We share confidential information about consumers, industry/market conditions, competitors, etc. with Richmond. |
| F-2 | We provide proprietary information to Richmond about our sponsorship related decisions and strategies (eg. branding, target market selection, positioning). |
| F-3 | It is expected that any information that we have which could help the sponsorship relationship be provided to Richmond. |

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>F-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>F-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>F-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

G. The following questions relate to how frequently you provide feedback to Richmond based on information they provide to you.

| G-1 | We provide feedback to Richmond on matters, which impact this relationship. |
| G-2 | We provide feedback to Richmond in terms of sponsorship effectiveness |
| G-3 | We seek dialogue with Richmond about important sponsorship issues. |

<table>
<thead>
<tr>
<th></th>
<th>Very Infrequently</th>
<th>Very Frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>G-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>G-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

H. The following questions are designed to capture information about communication processes within your sponsorship relationship with Richmond.

| H-1 | In coordinating our activities with Richmond, formal communication channels are utilised, ie. there are formal mechanisms for structured communication as distinct from casual, informal, word of mouth modes. |
| H-2 | Both partners' expectations about the sponsorship relationship are communicated in detail. |
| H-3 | The terms of this relationship have been explicitly verbalised and discussed. |
| H-4 | The terms of this relationship have been written down in detail. |

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
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<tbody>
<tr>
<td>H-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
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<tr>
<td>H-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>H-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>H-4</td>
<td>1 2 3 4 5 6 7</td>
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</table>
### Commitment to the Sponsorship Relationship

1. The following questions relate to the level of commitment you have to the sponsorship relationship with Richmond. Please indicate to what extent you agree or disagree with the following statements.

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I-1</td>
<td>We developed formal sponsorship objectives for this relationship with Richmond.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I-2</td>
<td>Sponsorship objectives are integrated into our corporate or marketing plan.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I-3</td>
<td>We have, together with Richmond, jointly established sponsorship objectives.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I-4</td>
<td>We intend to allocate greater resources to this sponsorship relationship with Richmond in the future.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I-5</td>
<td>We have a strong sense of loyalty to this relationship with Richmond.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>I-6</td>
<td>We are committed to the sponsorship relationship with Richmond.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
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</table>

### Trust in the Sponsorship Relationship

2. The following questions relate to the level of trust you have in the sponsorship relationship with Richmond. Please indicate to what extent you agree or disagree with the following statements.

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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>J-1</td>
<td>Our firm can rely on Richmond in this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-2</td>
<td>Richmond is knowledgeable about this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-3</td>
<td>Richmond understands our position in this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-4</td>
<td>Richmond cares for our welfare in this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-5</td>
<td>Richmond is open in dealing with us in this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-6</td>
<td>Richmond is well known for their fair dealing with sponsorship partners.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>J-7</td>
<td>We trust that Richmond will serve our best interests.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>

### Satisfaction with the Sponsorship Relationship

3. The following questions relate to the level of satisfaction you have with this sponsorship relationship with Richmond. Please indicate to what extent you agree with the following statements.

<p>| | | | | | | | |</p>
<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>K-1</td>
<td>The relationship with Richmond has resulted in initiatives we can implement.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K-2</td>
<td>This relationship with Richmond has produced results that enable us to increase the value of our brand.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K-3</td>
<td>This relationship with Richmond has produced results that enable us to increase the value of their (ie Richmond's) brand.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K-4</td>
<td>Staff at Richmond are dependable when it comes to servicing this sponsorship relationship.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K-5</td>
<td>Staff at Richmond have established a good rapport with our staff.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>K-6</td>
<td>Staff at Richmond are thoroughly professional in all they do.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
</tbody>
</table>
Marketing Capabilities of Richmond (as Perceived by NIKE)

L. The following statements relate to the marketing capabilities you believe Richmond have in the context of this sponsorship relationship. Please indicate to what extent you agree or disagree with the following statements. Please circle only one response per question.

<table>
<thead>
<tr>
<th></th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>L-1 Richmond actively utilises market research (with its consumers as the focus) for the purpose of advancing our sponsorship relationship.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-2 Richmond actively utilises market research (with its competitors as the focus) and use related information to advance our sponsorship relationship.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-3 Richmond reports and stores valuable research information in a form that is easily extracted for use in future sponsorship initiatives.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-4 Based on its research, Richmond responds quickly to changing customer requirements as they relate to this sponsorship relationship.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-5 Richmond effectively prioritises marketing opportunities as they relate to this sponsorship relationship, in line with their resources and capabilities.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-6 Richmond plans ahead in order to differentiate its sponsorship offering and in so doing satisfy its consumers in the future.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-7 Richmond places a high priority on implementing changes to increase customer satisfaction where it relates to this sponsorship relationship.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-8 Richmond senior management perceives the sponsorship with NIKE to be part of their overall corporate strategy.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
<tr>
<td>L-9 Richmond senior management are involved in sponsorship decision making as it relates to this sponsorship relationship with NIKE.</td>
<td>1 2 3 4 5 6 7</td>
<td>Do not know</td>
</tr>
</tbody>
</table>

Intention to Renew the Sponsorship Relationship

M. Using the following scale, in your view please indicate the likelihood that this sponsorship agreement with Richmond will be renewed.

Where zero indicates no chance that NIKE will renew this relationship at end of the current contract period and where 100% indicates that this relationship with Richmond will definitely be renewed at end of current contract.

0 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

General company/sponsorship relationship questions.

What is the approximate number of employees in your company (please circle):

<table>
<thead>
<tr>
<th>fewer than 20</th>
<th>20-49</th>
<th>50-99</th>
<th>100-199</th>
<th>200-399</th>
<th>400+</th>
</tr>
</thead>
</table>

How many years have you (personally) been responsible for managing and marketing this sponsorship relationship with Richmond?

How many years experience have you had managing sponsorship relationships (overall)?

How long has the current sponsorship contract with Richmond been in existence?

What is the length (term) of current sponsorship contract with Richmond?

For how many years have you sponsored Richmond (overall)?

Please Ensure You Have Completed All Questions. Thanks Again For Your Input.
A SURVEY TO ADVANCE SPONSORSHIP MARKETING CAPABILITIES AND RELATIONSHIP PROCESSES

The Richmond Football Club & NIKE

Research by the AFL and Francis Farrelly, Department of Marketing, Monash University

ALL INFORMATION WILL BE STRICTLY CONFIDENTIAL
Please be assured that your information is strictly confidential. All participants will be provided with a summary report of the overall Club/League sponsorship research. To ensure anonymity no club, sponsor or particular protected relationship will be identified in the report.

PLEASE NOTE - where completing more than one survey (because of involvement in more than one sponsorship relationship), it is vital that you are careful to make distinctions in the ratings between relationships. It is important to complete one questionnaire at a time (not simultaneously), and to note the differences in ratings even if they appear to be minor ie between one relationship and another.

It is also vital that you carefully consider the ratings you give to each item as that score will help in the determination of the relationship strengths, areas where the relationship could be better managed, and what marketing opportunities may be present in the future. It is also important that you PLEASE ANSWER ALL THE QUESTIONS, even if some may appear similar. IF YOU DO NOT ANSWER ALL QUESTIONS THE QUESTIONNAIRE CANNOT BE INCLUDED IN THE RESEARCH.

If you have any queries about the questionnaire, if there are any items where you are not completely sure about what is being asked, please do not hesitate to contact Francis Farrelly on (03) 9903 2869.

Thank you very much.
Your contribution to this research is appreciated.

PLEASE SEAL THE COMPLETED QUESTIONNAIRE IN THE REPLY PAID ENVELOPE AND MAIL.
## Marketing Processes - General

A. The following statements relate to general marketing processes. These processes are not specific to sponsorship. Please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>A-1</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-2</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-3</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-4</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-5</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-6</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>A-7</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

## Marketing Processes - Sponsorship (Specific)

B. The following statements relate to marketing processes that specifically impact your sponsorship relationship with NIKE. Please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>B-1 We actively utilise market research with our consumers as the focus</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>B-2 We actively utilise market research with our competitors as the focus</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>B-3 Valuable research information is reported and stored in a form that is</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>easily extracted for use in future sponsorship initiatives including</td>
<td></td>
<td></td>
</tr>
<tr>
<td>those put in place as part of our relationship with NIKE.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-4 Based on our research, we respond quickly to changing customer</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>requirements as they relate to our sponsorship relationship with NIKE.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-5 We effectively prioritise marketing opportunities as they relate to</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>our sponsorship dealings with NIKE, in line with firm resources and</td>
<td></td>
<td></td>
</tr>
<tr>
<td>capabilities.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-6 We plan ahead in order to differentiate our sponsorship offering</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>with NIKE and satisfy consumers in the future.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-7 We place a high priority on implementing changes to increase customer</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>satisfaction where it relates to our sponsorship relationship with</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NIKE.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-8 Our senior management perceives the sponsorship with NIKE to be part</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>of our overall corporate strategy.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B-9 Our senior management is involved in decision making regarding the</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>sponsorship with NIKE.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Sponsorship Relationship

C. Keeping in mind your sponsorship relationship with NIKE, please note to what extent you agree or disagree with the following statements. Please circle only one response per statement.

<table>
<thead>
<tr>
<th>C-1</th>
<th>The Richmond Football Club and NIKE should jointly commit additional resources over time to ensure successful achievement of mutual objectives.</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5 6 7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| C-2 | In this relationship both the Richmond Football Club and NIKE should work together to achieve mutual objectives.                   | 1 2 3 4 5 6 7    |

| C-3 | The sponsorship relationship with NIKE should be viewed as a co-marketing alliance.                                             | 1 2 3 4 5 6 7    |

Relationship Communication

D. Keeping in mind your relationship with NIKE, how frequently do you typically communicate with them during the season in the following ways.

<table>
<thead>
<tr>
<th>D-1</th>
<th>Formal face-to-face interaction with partner staff.</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Every 2-3 Months</th>
<th>Less than every 2-3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2</td>
<td>3 4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| D-2  | Telephone interaction with partner staff.                                                                                     |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| D-3  | Informally through interaction at games/events.                                                                              |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| D-4  | Written information, reports.                                                                                               |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| D-5  | Email.                                                                                                                      |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| D-6  | Newsletters.                                                                                                                |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

E. And, how frequently do you typically communicate with NIKE during the off-season in the following ways.

<table>
<thead>
<tr>
<th>E-1</th>
<th>Formal face-to-face interaction with partner staff.</th>
<th>Daily</th>
<th>Weekly</th>
<th>Monthly</th>
<th>Every 2-3 Months</th>
<th>Less than every 2-3 Months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td>1 2</td>
<td>3 4</td>
<td>5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| E-2  | Telephone interaction with partner staff.                                                                                     |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| E-3  | Informally through interaction at games/events.                                                                              |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| E-4  | Written information, reports.                                                                                               |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| E-5  | Email.                                                                                                                      |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

| E-6  | Newsletters.                                                                                                                |       |        |         |                  |                           |
|      | 1 2 3 4 5                                                                                                                   | 1 2   | 3 4    | 5       |                  |                           |

F. The following questions relate to nature of communication you have with NIKE.

<table>
<thead>
<tr>
<th>F-1</th>
<th>We share confidential information about consumers, industry/market conditions, competitors, etc. with NIKE.</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 2 3 4 5</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| F-2  | We provide proprietary information about our sponsorship related decisions and strategies (eg. branding, target market selection, positioning) to NIKE. | 1 2 3 4 5 6 7 |

| F-3  | It is expected that any information that we have which might help the sponsorship relationship be provided to NIKE.            | 1 2 3 4 5 6 7 |
G. The following questions relate to how frequently you provide feedback to NIKE based on information they provide to you.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Very Infrequently</th>
<th>Very Frequently</th>
</tr>
</thead>
<tbody>
<tr>
<td>G-1</td>
<td>We provide feedback to NIKE on matters that impact this relationship.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>G-2</td>
<td>We provide feedback to NIKE in terms of sponsorship effectiveness.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>G-3</td>
<td>We seek dialogue with NIKE about important sponsorship issues.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

H. The following questions are designed to capture information about communication processes within your sponsorship relationship with NIKE.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>H-1</td>
<td>In coordinating our activities with NIKE, formal communication channels are utilised, i.e. there are formal mechanisms for structured communication as distinct from casual, informal, word of mouth modes.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>H-2</td>
<td>Both partners' expectations about the sponsorship relationship are communicated in detail.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>H-3</td>
<td>The terms of this relationship have been explicitly verbalised and discussed.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
<tr>
<td>H-4</td>
<td>The terms of this relationship have been written down in detail.</td>
<td>1 2 3 4 5 6 7</td>
<td></td>
</tr>
</tbody>
</table>

**General company/sponsorship relationship questions.**

What is approximate number of employees in your company (please circle):

**fewer than 20**  **20-49**  **50-99**  **100+**

How many years have you (personally) been responsible for managing this sponsorship relationship with NIKE_____

How many years experience have you had managing sponsorship relationships (overall)_____

Please Ensure You Have Completed All Questions. Thanks Again For Your Input.
APPENDIX 3: INTRODUCTION LETTER

18th November, 2000

Ms Diane Power
Marketing Services Manager
Ford Motor Company

Dear Diane,

We wish to seek your involvement in a comprehensive examination of sponsorship relations in the AFL in an effort to further advance current practices. Our intention is to assess the effectiveness of current marketing processes used to leverage the sponsorship association, and to assess important relationship processes.

The research will be administered to all protected sponsors, the League and Clubs, to individually examine every protected sponsor relationship including what is deemed (by each party) to be critical to sponsorship success now and in the future. Michael Edgley from the Geelong Football Club will participate in the research.

Francis Farrelly, Senior Lecturer in the Department of Marketing at Monash University, will administer the research. Francis has carried out extensive national and international research in the sports marketing and sponsorship area. He has also worked with major national properties and sponsors locally and in the USA.

The research will take place between November 2000 – February 2001 either by way of a self-completed questionnaire, which will take around 20 minutes to complete. This letter will be followed by an e-mail so you can confirm whether you intend on participating by way of a reply e-mail.

All participants will be provided with a report of the sponsorship research. The report will include an overview of the findings, and recommendations to improve practice. To ensure anonymity no sponsor, or specific protected sponsorship relationship, will be identified in the report. The information will remain confidential to the League and sponsors.

We are confident that the research will assist in sponsorship decision making and offer valuable insight to improve sponsorship.

We look forward to your involvement.

Ben Buckley
General Manager
Commercial Operations

Francis Farrelly
Senior Lecturer
Monash University
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