A PREDICTIVE MODEL OF SPORT SPONSORSHIP RENEWAL IN AUSTRALIA

by

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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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