SPONSORSHIP:
A BEHAVIOURAL ANALYSIS

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ABSTRACT

There has been spectacular growth in the use of sponsorship as a communication medium over the last two decades that has not been accompanied by increased knowledge of evaluation methods. Studies documenting management practice have revealed widespread use of informal sponsorship feedback measures, such as awareness and image, which suggests that sponsorship managers have relied heavily upon cognitive information processing models, in which these measures are assumed to have a sequential relationship with behaviour. This cognitive approach has attracted increasing criticism, with some studies suggesting that most marketing actions are undertaken to change, modify or reinforce consumers' behaviour. Therefore, it is logical to examine whether sponsorship has any behavioural consequences. The research reported in this thesis outlines a choice modelling experiment designed to investigate how sponsorship affected consumers' choice behaviour for two products: milk and bank investments. In both categories, sponsorship had a strong influence on the behaviour of a small group of consumers, however, overall, its influence was slight compare to the other attributes examined, and depended heavily on the cause promoted. The key implication that arises from these findings is that managers who hope to attract new customers via the sponsorship vehicle need to carefully consider the cause they support.

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CHAPTER ONE

INTRODUCTION

Although sponsorship can be traced back over many years, its use has grown rapidly over recent decades. The number of organisations using sponsorship, and the resources devoted to it, have increased dramatically on a world-wide basis (Scott and Suchard, 1992; Stotlar, 1993).

1.1 EVOLUTION OF SPONSORSHIP

The idea of sponsorship is not a new one. Authors have mentioned the historical association between sport sponsorship and the early Olympic Games in ancient Greece, where local merchants and cities supported many of the athletes. In ancient Rome Caesar gained wide spread publicity and won votes by financing a gladiatorial combat in 65 BC, while other wealthy business patrons regularly supported chariot racing teams with sponsorship (Stotlar, 1993; Sandler and Sharni, 1993).

Support for artistic endeavour reached a zenith, and characterised the Renaissance period when the major patrons were the aristocracies of Europe and the Church (Elton, 1971).

Commercially motivated support is a more recent phenomenon, although it does date back to the middle of the nineteenth century. In 1861 a British catering firm, Spiers and Pond, sponsored the first tour to Australia by the Marylebone Cricket Club, claiming a profit of £11,000. In 1863, John Wisden, a sportswear retailer, subsidised the publication of a Cricketers' Almanac that is still a popular publication with today's cricket enthusiasts (Pope, 1998). Around the turn of the century, Michelin began to supply tyres to racing cyclists in an endeavour to promote the benefits of their product; while in 1898, Nottingham Forest soccer team endorsed the beverage, Bovril, to the English public.

In 1896, with the revival of the Olympic Games, Kodak placed an advertisement in the official programme; and in 1924 Coca Cola began a long standing association

with the Olympic movement by providing product sampling opportunities when their product became the 'official soft drink' of the Games (Stotlar, 1993).

As the century progressed many examples of sponsorship activity by major companies became evident. In the 1950s Eisenhower asked the Mutual of Omaha and Union Oil to sponsor the first presidential physical fitness programme (Cornwell, 1995). The development of commercial radio from the early 1920s had progressed through the medium of corporate sponsorship enhancing radio as an instant mass medium. Texaco's 'Live from the Met' radio broadcasts began in 1940 (IAA World Media Group, 1998). Tobacco manufacturers were strongly involved in both music and sport sponsorship as early as the 1950s, well before restrictions were placed upon their advertising through television.

It was in the 1960s that tobacco companies, faced with diminishing promotional outlets, began to recognise the opportunities presented by sponsorship, in particular, through sport. By 1971, legislation had made it illegal for tobacco companies to advertise on television and radio in USA. Cut from their traditional broadcast media these companies, as well as alcohol corporations, turned to sponsorship to keep the corporate and brand names in the media. Sponsorship of events such as motor racing was found to provide significant media exposure of the brand name in a positive environment, but was still obscure enough to be acceptable to most authorities (Cornwell, 1995).

The last thirty years have seen a rapid escalation in sponsorship. There was a huge growth in Olympic sponsorship between the 1976 Montreal Games and the 1984 Los Angeles Games. Intense financial pressure had been placed upon the Montreal Games, which Stotlar (1993) suggested was the catalyst for the overt commercialisation of the 1984, and subsequent, Olympic Games. The ensuing commercialisation and marketing of events, particularly in sport, has accounted for much of the recent growth in sponsorship. This has also been accompanied by the advent of sport celebrities, along with the escalation of television penetration and televised sports events.

Corporate disillusionment with more traditional media communication vehicles, especially advertising, is another trend that has facilitated the growth of sponsorship (Otker, 1988; Meenaghan, 1991b). While sponsorship ranks as only the third most

important media vehicle for communication, after advertising and sales promotion, IEG (1998) data showed that during the 1980s and 1990s sponsorship growth rates have been much higher. IEG estimated that in 1998 sponsorship grew 15 percent for the year compared to advertising's 6.2 percent and sales promotion's 4.2 percent. This trend had been consistent over the two decades. In 1988, sponsorship grew by 20 percent compared to the 7 percent growth in both advertising and sales promotion. To a certain extent this change can be accounted for by changing government policies regarding advertising of tobacco and alcohol products, which have required these companies to use less intrusive media vehicles. However, other corporations have also been disillusioned with advertising, as its costs escalated and there was a perceived reduced efficiency created by features such as 'clutter' and 'zapping' (Gardner and Shuman, 1987; Crowley, 1991).

This explosion in growth continues today, with new and different forms of sponsorship being initiated, as well as the phenomenon becoming more world-wide. The altruistic component of sponsorship has largely been replaced by a commercial motivation, which now involves an explicit financial component that the sponsor can, and arguably, should leverage from the association.

Sponsorship has increasingly been regarded as an important promotional tool and a business expense that needs to be justified (Sandler and Shani, 1993). The fact that pure charitable donations have become less popular is striking. BDS (1999) reported that in the Netherlands in 1997 a total of 61% of Dutch companies undertook sponsorship as opposed to a mere 20% that donated. In 1995, the ratio had been 40% sponsoring and 26% donating. Companies increasingly want to get a commercial return for their money.

1.2 CURRENT DEVELOPMENTS

1.2.1 Increased Investment in Sponsorship World-wide

There has been phenomenal growth in sponsorship in the last few decades, and as Table 1 shows this is likely to continue into the foreseeable future.

Table 1 World-wide Sponsorship Market

Year	Value (US$billion)
1998	17.4
1996	16.6
1994	13.0
1992	9.4
1990	7.7
1987	4.1
1984	2.0

Sources: IEG Sponsorship Report, 1998
ISL Sponsorship Report, 1997

In 1989, the global expenditure of corporate sponsorships was reported as being $US5 billion (Meerabeau, Gillett, Kennedy, Adeoba, Byass, and Tabi, 1991). A decade later IEG (1999) estimated that world-wide expenditures will exceed $US19.2 billion for 1999.

Most of the growth in this expenditure has only occurred on two continents. In 1998, North American ($6.8 billion) and European ($5 billion) companies accounted for 68 percent of the total value (IEG Sponsorship Report, 1998). However, significant growth has also been noted in Australia and Asia. While this growth in sponsorship is exploding, it is still a relatively small percentage of the total advertising expenditure. Meenaghan (1998) quoted Otker and Hayes' estimate of sponsorship to be only 2.5 to 3.5 percent of advertising budgets in 1987, while he estimated the 1996 percentage to have increased to only 5.7 percent. This percentage varied from country to country. The proportions for USA, Great Britain and Japan were approximately five percent, while Germany, South Africa and Australia were 13.6 percent, 13.2 percent and 13.8 percent respectively (SRI, 1997). The figures for the latter two can be accounted for by the expansion of professional sport in these countries and its association with sponsorship rather than advertising as a communication medium.

Table 2 indicates that sponsorship is a world-wide phenomenon, although it clearly has a closer association with those countries which have a mature consumer economy. It is difficult, however, to establish consistent figures for the individual markets. There were a large number of small-scale sponsorships that are not recorded (Marshall and Cook, 1992). Only six countries; USA, Germany, Great Britain, Italy, Japan and Australia; accounted for seventy percent of the global

expenditure. These are countries in which there has been a marked increase in the availability of leisure time which, in turn, has lead to a growth in sport, art and other activities, making sponsorship opportunities more available.

Table 2 The Sponsorship Market in 1996

	Investments in Sponsorship $million	Country/continent percentage of world investment	Sponsorship as a percentage of advertising expenditure
Europe	**5500**	**33.2**	**7.0**
America	**6600**	**39.8**	**5.2**
Africa	**249**	**1.5**	**7.6**
Asia	**3400**	**20.5**	**4.8**
Middle East	**110**	**0.7**	**4.7**
Pacific	**713**	**4.3**	**12.7**

Source: SRI, 1997

1.2.2 Changing Patterns of Expenditure

Sport has been, by far, the most important location for sponsorship expenditure. In most countries sport accounted for at least two thirds of the total sponsorship expenditure (SRI, 1997). The North American experience, shown in Table 3, indicated that the other activities were finding it difficult to make any major encroachment into the domination of sponsorship by sport.

Table 3 Sponsorship Spending in North America by type of Property ($US Million)

	1998*	1997	1996	1995
Sports	$4,550	$3,840	$3,540	$3,050
Entertainment, Tours and Attractions	675	650	566	488
Festivals, Fairs Annual Events	578	558	512	466
Causes	454	535	485	423
Arts	413	354	323	277
TOTAL	$6,800	$5,900	$5,400	$4,700

* Projected
Source: IEG Sponsorship Report, 1998.

In addition to its ability to provide family entertainment and coverage of mass markets, sport has also been popular with television companies because of its relatively low production costs (Thwaites and Carruthers, 1998). Moreover, it has the ability to transcend national boundaries creating a multinational communication vehicle (Thwaites, 1995).

The majority of this sponsorship investment in sport has been spent on only a few major sports. In Great Britain motorsports and football accounted for 63 percent of sport sponsorship expenditure in 1998 (BDS Sponsorship Report 2, 1999). This situation has hardly changed from 1985, when Marshall and Cook (1992) quoted that Motorsports and Football accounted for 60 percent of sport sponsorship in Great Britain. The figures were much the same in North America. Motorsports accounted for 24 percent of all sport sponsorship revenue, while Motorsports and Golf accounted for nearly 40 percent (IEG Sponsorship Report, 1998).

Each of these sporting activities, whether in USA or Great Britain, has had an extremely high global television viewing audience, providing the corporate sponsor with a much higher global reach than any advertising campaign could have hoped to target. In addition, as with all sports in general, they provided leveraging opportunities in the form of licensing, merchandising and the provision of dealer incentives as a popular focus for sponsorship related activities (Stotlar, 1993).

There has been an expanding range of sponsorship media in the last decade. Meenaghan (1998) identifies three important areas that have developed: television or broadcast sponsorship, popular music and cause-related marketing. Broadcast sponsorship began in Europe in the 1980s and has accelerated such that most broadcast markets in Europe allow some form of programme sponsorship (Bloxham, 1980). Meenaghan (1998) estimated that in Great Britain, this market was worth £7 million pound in 1990, but by 1997 it had grown to £99 million. Sponsorship of popular music has also shown a similar increase in expenditure. IEG (1998) estimated that in 1998 $US 650 million will have been spent on this form of sponsorship. Its popularity with corporate sponsors lies in the medium's global mass appeal. Cause-related marketing (CRM) is the derivation of a benefit (sales or image) from an association with a notable charitable cause (Varadarajan and Menon, 1988). IEG (1998) estimated North American spending on CRM activities in 1998 to be worth $US 454 million dollars, or eight percent of their sponsorship total.

In other parts of the world, for example Europe and the Pacific Rim, this form of sponsorship is still in its infancy. Nonetheless, BDS (1999) report an increased level of funding in CRM activities in Great Britain. Their surveys revealed a positive growth in awareness and in its potential, with the average total company expenditures in 1997 CRM activities rising to £310,000 per annum compared with £275,000 in 1996 (BDS Sponsorship Report, 1999).

1.2.3 Expanding Range of Sponsors

Another development in the area of sponsorship has been the diffusion of sponsorship into new industrial sectors. As noted earlier, tobacco and alcohol manufacturers were among the first to utilise this media vehicle (Meenaghan, 1991a; Crompton, 1993). Their success, along with that of the motor vehicle industry's sponsorship of motor racing events, encouraged other types of industry to use the medium. This success of sponsorship as a communication medium has seen a proliferation of different types of organisations using sponsorship, including retail groups, financial institutions and electronic firms.

However, the development of sponsorship has not been all favourable. The growth of sponsorship activity has, in part, been due its clutter free environment (compared to advertising). Nevertheless, this advantage has begun to erode with the entry of an increasing number of corporate sponsors. Between 1987 and 1997 the number of U.S. companies engaged in sponsorship activities increased from 1,350 to 5,900. Moreover, not only have more sponsors become involved, but also the scale of the individual corporate sponsorship has escalated. Philip Morris Companies, the largest corporate sponsorship investor in USA, increased their sponsorship for the year from $US 140 million to $US 145 million (IEG, 1998). Meenaghan (1996) viewed this increasing sponsorship 'clutter' as a problem, suggesting that it may soon detract from its initial advantage over other types of media.

While the numbers of corporations and the amount of money invested in sponsorship have escalated there has been an increasing shortage of quality events to sponsor. There has not been the growth of new, top quality events to match the increased number of sponsors. The premier events, such as World Cup Soccer or the Olympic Games, which provide a mass global audience, have been sought after by a greater number of sponsors. It is out of this environment that a

disquieting element of sponsorship has emerged, that of ambush marketing. This occurs when *another company, often a competitor, attempts to deflect some of the audience attention to itself and away from the sponsor...* (p. 77, Meenaghan, 1994). Meenaghan, as well as Sandler and Sharni (1989) view this as a major issue for sponsorship, with the potential to undermine not only the integrity of the event, but also sponsorship as a communication medium.

Finally, another troubling trend in sponsorship development has been highlighted by the recent experience of sponsorship in New Zealand. In times of economic difficulty, recent New Zealand experience has indicated that sponsorship is one of the first of the media vehicles in the communications mix to be cut back or withdrawn (Corbett, 1998). While a small number of sports with a high television profile still manage to attract sponsors, many corporations have either reduced their investment or withdrawn their sponsorship of 'lesser' events and activities in times of inclement economic conditions.

In summary, sponsorship today represents an increasingly significant global phenomenon of the marketing communications mix. The development of this communication vehicle has been characterised by an increased scale of investment, an expanding range of sponsored activities and changing patterns of expenditure, but which has also been characterised by the domination of sponsorship investment in sport.

CHAPTER TWO

A REVIEW OF SPONSORSHIP LITERATURE

2.1 INTRODUCTION

In 1988 Gilbert commented that a *scan of the literature will show that sponsorship has extremely limited coverage* (p.6). This view was supported by Hoek, Gendall and West (1990) who describe an *...absence of a coherent body of research...* as a *feature of sponsorship* (p.88). Similar comments can be found in Sandler and Shani (1989); Javalgi, Traylor, Gross and Lampman (1994); Meenaghan (1994); Copeland, Frisby and McCarville (1994); and Quester (1997a). However, while this criticism was valid when first made, there has been some improvement in the amount of academic research dedicated to sponsorship. This has hardly been surprising in light of the considerable increase in sponsorship funding by corporations. Quester (1997b) tempered this with the observation that; while some of this literature had concentrated on determining the reasons why sponsorship had been successful as a communication tool most of it had only investigated managerial objectives associated with sponsorship. Cornwell (1997) was not so trenchant and commented that it is the nature of any fledgling area of inquiry to begin with description; to demark what is and what is not the phenomenon under study. Moreover, she added, sponsorship research had reached the point where its legitimisation as a communications medium was no longer the goal.

Cornwell and Maignan (1998) reviewed 80 articles[1] concerning sponsorship and found that there had been a general shift in the focus of research over the last decade. Early research was sparse and concentrated upon describing the development of sponsorship and on defining its main characteristics in relation to other promotion communications. The focus of research then shifted to researching managerial aspects of sponsorship activity, and investigating corporate objectives and motivations. More recently, the focus of research had become more empirical, analysing the commercial aspects of sponsorship as a method of legitimising it as a marketing technique.

[1] The articles reviewed only include those published prior to 1996.

Cornwell and Maignan (1998) identified five major streams of research:

- Nature of sponsorship: describes and analyses the development of sponsorship in a particular country or in a given industry.
- Managerial aspects of sponsorship: analyses sponsorship with respect to corporate motivations and objectives, and describes target audiences and media objectives.
- Measurement of sponsorship impact: examines communication effectiveness and sponsorship effects.
- Strategic use of sponsorship: describes the strategies and counter strategies associated with sponsorship.
- Legal and ethical considerations in sponsorship.

These provide a useful classification with which to examine current research. Early research focused upon defining the domain of sponsorship, with the consequence that much of this research either has been descriptive, or has investigated managerial objectives. More recent research has continued to elaborate upon managerial aspects, but has also attempted to measure the effect of sponsorship. As such, streams two and three will provide the major focus of this chapter.

2.2 THE NATURE OF SPONSORSHIP

The focus of early research on defining the domain of sponsorship and documenting its growth has merely shown an increase in the growth of sponsorship activity without really providing an explanation for it (Meenaghan, 1983, 1991a; Parker, 1991. Other studies specialised by focusing upon particular countries; for example, Great Britain (Thomas, 1985), Greece (Asimakopoulos, 1993) and post Soviet Union Russia (Graham and Lelchitski, 1993). Others focused upon specific industries; for example, beverages (Meerabeau *et al*, 1991) and the fast food industry (Cousens and Slack, 1996); or a specific interest, for example, the environment (Schoch, 1994) or Gay Games (Pitts, 1998). Yet, however interesting these developments may be, the value of such descriptive analyses has limited value in understanding the sponsorship issues which interest managers. Little insight has been given to understanding the effects of sponsorship, nor has there

been there any effort made to measure or evaluate the effects of sponsorship in these studies.

Similarly, it could be argued that attempts to define sponsorship (Meenaghan, 1983; Gardner and Schuman, 1987; Otker, 1988; Cornwell, 1995) have offered managers little practical guidance. Nevertheless, researchers examining this issue have agreed that sponsorship is a multi-faceted activity. First, it involves an exchange between the sponsor and the sponsee in which the latter receives some form of gratuity from the former in exchange for the sponsor obtaining the rights to associate itself with the activity sponsored. Second, the sponsor markets this association. If the partnership is to have any meaning for both parties, both activities are necessary.

As well as defining sponsorship, researchers have also sought to differentiate it from other promotional activities, especially advertising. Witcher, Craigen, Culligan and Harvey (1991) suggested that sponsorship was simply another form of advertising and, as such, it is able to communicate associations. However, Hastings (1984) analysed the differences between sponsorship and advertising, focusing upon objectives, the generation of awareness, promotion of messages and audience characteristics. He concluded that the effectiveness of sponsorship should be measured differently from that of advertising. Meenaghan (1991b) also analysed the differences between advertising and sponsorship. He highlighted the importance of leveraging the association between a sponsor and sponsee, suggesting this should consist of additional promotional activities, especially advertising. Thus, while Hastings has suggested that sponsorship should be treated independently from other promotions, such as advertising, Meenaghan sees sponsorship acting in unison with these activities. As yet, no general consensus concerning sponsorship similarities (or lack of) with other promotional tools has been reached. The ramifications of this debate are explored further in Chapter 4.

2.3 MANAGERIAL ASPECTS OF SPONSORSHIP

Cornwell and Maignan's second research stream addressed the importance of managerial aspects of sponsorship activities and identified various dimensions of sponsorship management that have emerged. However, it has been the attempts to explore *why* an increasing number of corporations were investing in sponsorships,

and the endeavours to describe the audience targeted by these corporations, which have received the most attention.

Several researchers have sought to identify the objectives and motivations of the increasing number of corporations investing in sponsorship. The usual format for addressing this issue has been to give management a pool of objectives and ask them to rank the goals which explain their involvement in the sponsorship (Kuzma, Shanklin and McCally, 1993; Irwin and Sutton, 1994; Hoek, Gendall and West, 1990; Hoek, Gendall and Sanders, 1993; Marshall and Cook, 1992; Otker, 1988; Crowley, 1991; Witcher *et al*, 1991; Scott and Suchard, 1992; Thwaites, 1995; McCook, Turco and Riley, 1997; Thwaites, Aguilar-Manjarrez and Kidd, 1998; Thwaites and Carruthers, 1998). There has been a diverse range of motivations and objectives set for a sponsorship agreement. If all of these are attainable, then it is hardly surprising that sponsorship has grown so dramatically as a communications tool. Table 4 indicates that this wide selection of managerial objectives can be categorised into three groups (Sandler and Shani, 1993):

- media objectives
- broad corporate objectives
- marketing objectives

Table 4 Aggregated Objectives identified by Management for their Involvement in Sponsorship

Media Objectives	Corporate Objectives	Marketing Objectives
• increase media attention	• increase public awareness	• increase product or brand awareness
• generate visibility through signage, sampling opportunities, etc.	• enhance corporate image	• increase sales
• enhance advertising campaigns	• involvement with local community	• increase market share
	• alter public perception	• increase target market awareness
	• enhance employee relations	• increase new product or brand awareness
	• hospitality - client entertainment	
	• counter adverse publicity	
	• block competition	

Sources: Kuzma, Shanklin and McCally, 1993; Irwin and Sutton, 1994; Hoek, Gendall and Sanders, 1993; Marshall and Cook, 1992; Otker, 1988; Scott and Suchard, 1992; Thwaites, 1995; Thwaites *et al*, 1998; Thwaites and Carruthers, 1998.

One objective, regularly cited, which cannot be categorised into any of these three broad groupings is the philanthropic objective, involving managerial or personal interest (Thwaites, 1995; Irwin and Sutton, 1994; Hoek, Gendall and Sanders, 1993). Research has indicated that this philanthropic motive has become increasingly unimportant, and has repeatedly been considered one of the least important of the managerial objectives by managers (Thwaites and Carruthers, 1998). Studies have also indicated that few respondents confuse philanthropy with sponsorship (Weppler and McCarville, 1995; Copeland *et al*, 1996). Indeed, Easton and Mackie (1998) found that most consumer audiences accepted that sponsorship was not a purely philanthropic activity. It can be concluded that philanthropy is no longer a major reason for corporations selecting sponsorship opportunities. Increasingly companies regard sponsorship as a commercial decision.

The importance attached to each of these objectives, listed in Table 4, is still being debated. However, a review of sponsorship research seems to suggest that the main objectives have changed in importance over the last two decades. As sponsorship has grown and corporations developed more experience they have become increasingly sophisticated in their expectations of what sponsorship will do.

Scott and Suchard (1992) quote both an unpublished 1979 thesis and a 1988 report by the Global Media Commission which argue that media coverage, or exposure, was the most important objective behind the use of sponsorship. This focus upon media objectives was also confirmed by Abratt, Clayton and Pitt (1987) who, when surveying 45 sports sponsoring companies, found that the most important reasons for carrying out sponsorship were an increase in potential television coverage and potential media coverage. They also found that promotion of corporate image, name awareness and promotion of public relations were also important managerial objectives. However, according to Scott and Suchard, the Global Media Commission also reported that the same number of respondents would also use the sponsorship as a communications tool if the media channels were not available. This would suggest that the stated media objectives are not, in fact, the real or total motivation for corporations undertaking sponsorship. Meenaghan (1991b) suggested that the primary objectives for sponsorship were an increase in public awareness, changes in corporate image, brand awareness and brand image objectives. This indicated that there had been a shift in focus from the early key objectives of media exposure to the more recent corporate and marketing objectives.

The results of the research carried out thus far are somewhat confused. In general terms, the research findings indicate that there are two basic reasons why companies sponsor events. In an overview of this literature, Cornwell (1995) reports *the two benefits most cited as coming from sponsorship are (a) brand, product and company awareness and (b) brand, product and company image building* (p. 17). Each of these two groups is made up of both marketing and corporate level objectives. The confusion derives from the number of studies which validate awareness and image building as two of the important objectives quoted by managers, but which do not differentiate between the corporate and marketing levels (Shanklin and Kuzma, 1992; Scott and Suchard, 1992).

This confusion is compounded further by the inconsistent results that have emerged from studies classifying the objectives into corporate or marketing levels. Gardner and Schuman (1987), Armstrong, (1988), Witcher *et al* (1992), Hoek, Gendall and Sanders (1993), Thwaites (1995) and Thwaites *et al* (1998) have all demonstrated that corporate image was the highest ranked factor in corporate objectives. On the other hand, Marshall and Cook (1992), Stotlar and Kadlecek (1993) and Copeland *et al* (1996) found that marketing objectives were the highest ranked factor. In these cases, that objective created or enhanced brand or product awareness. Both sets of authors, however, demonstrated that while increasing sales (and revenue or market share) clearly has importance, it was not amongst the most important objectives (Thwaites *et al*, 1998).

There has been some evidence to suggest these marketing objectives, increasing sales or market share, which many would argue is the desired outcome of all marketing activity, has gained in importance. Hoek, Gendall and Sanders (1993) found some evidence for the increasing importance of behavioural objectives especially in relation to sales. Irwin and Sutton (1994) also found that increasing sales and market share had replaced image enhancement as the primary motive for sports sponsorship.

A simplistic view of this synopsis suggests that, with time, sponsors have accepted sponsorship as a valuable tool in their communications mix and have become more *au fait* with their sponsorships, and their expectations of it, based upon experience. Thus, they have shifted the focus of their primary objectives along a continuum,

ranging from media exposure through brand or product awareness and image enhancement to improving sales and market share. Their position on this continuum has become a reflection of the greater length of experience and duration of a company's involvement in sponsorship, and the bigger their sponsorship portfolio or the larger the amount of their individual sponsorship spending per year.

Quester (1997a) stated this relationship in the following way. Sponsorship ultimately affected the sponsor economically and commercially. Her view was that these objectives could tie in together producing a flow-on effect. Media coverage increased awareness, which in turn created positive feelings and an enhanced company image. This favourable publicity would then impact upon increased sales and market share. Corporations with long established sponsorship connections were motivated by image building and sales building objectives, rather than more simplistic awareness or media goals.

A number of studies have supported this contention. Farrelly, Quester and Burton (1997) in a comparative study of managerial objectives of North American and Australian companies found that sponsorship was used as more of a strategic tool in North America than in Australia. They found evidence of North American sponsorship programmes being more synergistic with broader corporate goals. By comparison, Australian programmes tended to focus on using sponsorship solely as a communications tool. This reflected a much longer and more developed experience of sponsorship as a communications tool in the North American market than in the Australian market.

Stotlar and Kadlecek (1993) and McCook, Turco and Riley (1997) found that individual companies used different approaches to sponsorship decisions involving motivations and objectives for the same events. Stotlar and Kadlecek (1993) studied the twelve official sponsors of the National Collegiate Athletics Association (NCAA) and found that the primary objectives of the sponsors varied according to their product and community involvement. For example, Coca-Cola sponsored events to increase sales (through pouring rights) and to exclude its competitors from any involvement.

McCook, Turco and Riley (1997) found similar results in their analysis of four major sponsors. However, they found that different industry sectors had different

objectives. For example, while State Farm, an insurance company, viewed image enhancement as its main objective in sponsoring the University teams, Pepsi-cola saw increased sales as its primary objective, with image enhancement as secondary. This difference in approach is understandable: Pepsi-cola is the type of product where the sponsorship can be leveraged through activities such as pouring rights. Insurance companies would find behavioural leveraging of their sponsorship more problematic.

Other North American studies have shown that there is a strategic element to many of the corporate goals concerning expenditures on sponsorships. Kuzma, Shanklin and McCally (1993) found that when corporations evaluated potential sponsorships, they tended to categorise them into commercial or more charitable activities. This distinction was important because they found companies emphasised different objectives for different events. The most important objectives for all were to increase company awareness, improve company image, demonstrate community responsibility and increase awareness of company products. However, the rankings of each of these changed when the type of event being sponsored changed. Thus, whenever an event was local or had a charitable theme, the community responsibility objectives were prioritised ahead of commercial or marketing goals.

Mount and Niro (1995) explained these variations in terms of organisation size. For example, they suggested that large corporations adopted marketing and communication objectives, whereas small and mid-sized businesses in small towns view sponsorship as a tool to support the community and to foster community relations. While these studies have tended to focus upon the 'effects' of these objectives, several researchers have attempted to put the focus upon the 'to whom' aspects of sponsorship objectives. That is, they have described the audience targeted by the sponsorship (Gardner and Shuman, 1987; Armstrong, 1988; Witcher *et al*, 1991; Crowley, 1992; Thwaites, 1995; Thwaites *et al*, 1998; Thwaites and Carruthers, 1998).

Gardner and Shuman (1987) identified four types of constituents in sponsorship: corporations, channel members, the public and sponsored organisations. They also identified five types of audience: consumers, financial institutions, community leaders, employees and channel members. Crowley (1991) subsequently identified seven sponsorship audiences in which he examined product markets, suppliers,

company workforce, the general public, the local community, the business community and shareholders. Polonsky, Sandler, Casey, Murphy, Portelli and van Velzen (1995) found that Australian businesses targeted the following publics: potential customers, current customers and the general public. Overall, these studies indicated that one of the main benefits attributed to sponsorship was the capacity to target a range of audiences within the same programme.

Gardner and Shuman (1987) also found evidence of corporations sponsoring particular activities to reach target constituencies. For example, consumer firms were more likely to sponsor sports events. Witcher *et al* (1991) described similar results and found art sponsorship was favoured for achieving objectives related to community relations and reaching opinion leaders, while sports sponsorship was the preferred medium for communicating with the general public. Armstrong (1988) found in the electronics industry that all companies defined sponsorship strategy as addressing either business users or consumers, but not both. He also found that American industries targeted consumers, while their European counterparts targeted the business audience. However, this research approach, in general, has not highlighted which type of sponsorship is most effective in reaching the various, diversified audiences.

Sponsorship research has successfully identified current managerial objectives and audiences; and to some extent, shown the priorities companies have placed on these objectives. Nevertheless, there are aspects of this research that present major concerns. Many studies of the objectives, motivations and audience constituencies of companies investing in sponsorship have, in the main, been largely descriptive. Consequently there has been lack of studies which have evaluated the outcomes of these objectives. Copeland *et al* (1996) have been prompted to comment that the *issue of evaluation represents perhaps the greatest single weakness in the sponsorship process* (p.45).

Few companies appear to have undertaken systematic evaluations of their sponsorships (Gardner and Shuman, 1987; Abratt and Grobler, 1988; Hoek, Gendall and West, 1990; Armstrong, 1988; Weppler and McCarville, 1995). Armstrong (1988) reported that only a small number of companies carried out any sponsorship evaluation at all. Others indicated that between half and two-thirds of companies evaluated their sponsorship (Sandler and Shani, 1989; Witcher *et al*,

1991; Pope and Voges, 1994). They mitigate this by saying that most of those who did evaluate sponsorship used *ad hoc* and unsystematic methods. Later work has indicated that this lack of performance assessment has improved only marginally with time (Marshall and Cook, 1992; Thwaites, 1995; Copeland *et al*, 1996; Farrelly, Quester and Burton, 1997; and Thwaites and Carruthers, 1998).

Indeed, Farrelly *et al* were moved to comment that while there has been a greater strategic integration of North American sponsorship into the marketing mix, they were concerned at the lack of assessment of this performance. This was a concern echoed by McCook, Turco and Riley (1997), who found that most companies did not employ any specific evaluation processes. Pope and Voges (1994) suggested that this may be related to the longevity of the sponsorship. In their study of managerial sponsorship objectives for eleven companies in Australia, they found only one company with a sponsorship deal longer than three years had not engaged in some evaluation of their objectives. In contrast, only one company with a sponsorship agreement of less than three years had evaluated their objectives. Hoek, Gendall and Sanders (1993) also reported that while nearly every respondent attempted to evaluate the effectiveness of their sponsorship, most still relied upon subjective measures. Rigorous evaluations of sponsorship do not appear to be routinely undertaken and even when it is conducted much of it is somewhat optimistic in its conclusions (Thorpe, Hoek, Gendall and Hedderley, 1999).

The use of subjective measures for evaluation has been an enigma. Pope and Voges (1994) found that *those sponsors who set objectives and evaluated believed that their sponsorship had lead to an increase in sales. This is despite the fact that virtually none of the objectives set or evaluative mechanisms employed would allow this finding to be clearly established* (p.42). This suggests that objectives formally set by companies for their sponsorship activities have, in the majority of cases, been selected to make use of existing evaluation methods. A caution made by Jacoby (1978) is as relevant today as it was twenty years ago. He was highly critical of the quality of the measures being used by marketers to assess their variables of interest in consumer behaviour, and commented that *most of our measures are only measures because someone* says *that they are, not because they have been shown to satisfy standard measurement criteria (validity, reliability, and sensitivity)* (p. 91). The difficulties experienced in evaluating sponsorship are explored further in the following section.

2.4 MEASUREMENT OF SPONSORSHIP EFFECTS

While sponsorship objectives and motivations have been well documented, research into sponsorship effects has remained problematic (Quester, 1997a). A number of authors have been quite critical of the reluctance of sponsoring companies to measure the effect of their investments (Abratt and Grobler, 1989; Hulks, 1980; McDonald, 1991). Javalgi *et al* (1994) explained this by suggesting that evaluation may not be undertaken because sponsorship satisfied personal rather than commercial objectives. However, most researchers have agreed that evaluation is not just important but essential.

The difficulty with sponsorship evaluation lies in the inability to isolate sponsorship effects from those of other marketing variables. Thwaites (1995) summarised the problem when he suggested that there was still a lack of universally accepted techniques with which sponsorship effects could be measured to give some indication of the return on investment gained. Thwaites *et al* (1998) suggested this problem was *exacerbated when little attempt is made to develop specific and quantifiable objectives for individual sponsorship initiatives* (p. 36). Even if it were possible to identify the effects of sponsorship, linking these effects in a causal way to behaviour has proved an elusive goal that has perplexed generations of advertising researchers (Thorpe, *et al*, 1999). For this reason, many researchers have concentrated on examining cognitive variables such as image and awareness, presumably because these variables are more accessible and more easily linked to sponsorship.

Meenaghan (1991b) outlined five methods of measuring sponsorship effectiveness, all of which involved the use of cognitive variables. While he suggested that relating sales results to sponsorship expenditures was highly problematic, he offered no insights into resolving the difficulty of isolating sponsorship effect from other promotional tools. Farrelly *et al* (1997) suggested that the propensity to treat sponsorship effects in advertising terms had often been to the detriment of sponsorship and had certainly lead to its under-utilisation as a communications tool. They noted that too often sponsorship was regarded in advertising terms and, therefore, many failed to recognise its *unique characteristics, which demand recognition and understanding before it can be purposely integrated into the marketing, function*

(p.171). Thwaites and Carruthers (1998) speculated that many sponsorship activities might have been reduced to the level of philanthropy through the lack of a systematic framework. They suggested that these could be the result of nonchalant attitudes to sponsorship and management's failure to utilise the full range of benefits offered by the medium (Kuzma *et al*, 1993). Unfortunately, they did not offer any examples to confirm this conjecture.

Obviously the question of how best to evaluate sponsorship still exists and the remainder of this section examines the work undertaken to assess sponsorship's effectiveness.

2.4.1 Media Audits

Sponsors (Gilbert, 1988; Meenaghan, 1991; Pope and Voges, 1994) have often used the level of media exposure as an indicator of sponsorship effectiveness. Methods have included monitoring the quantity and quality of media coverage of the event, for example, measuring the duration of television coverage, or measuring the extent of press coverage in terms of single column inches. Hulks (1980) argued that these measures have provided a sound and affordable estimation of exposure, acting as a proxy measure for sponsorship effectiveness. Nicholls, Roslow and Laskey (1994) described the example of how John Hancock Financial Services measured the effectiveness of its sponsorship of an American collegiate championship, by counting the number of stories and column length in newspapers and magazines across the country, and then equating it to advertising equivalency. IBM has withdrawn future sponsorship of the Olympic Games after the Sydney Olympics and, at the same time, announced extensions to its sponsorship of Grand Slam Tennis (Krochmal, 1998). While there were a number of factors that led to this decision, a crucial element came from a media audit. IBM found that there were almost twice as many hits per minute on its Internet site during Wimbledon and the U.S. Open than there were for the Nagano Winter Olympics, despite the latter commanding a much more expensive sponsorship deal.

Despite the fact that it is often criticised as being ineffective (Parker, 1991), the most commonly practised media evaluation has been to identify the number of sponsorship exposures (Thwaites *et al*, 1998). Gilbert (1988) found that *71% of sponsors questioned by Mintel used monitoring media coverage as the means of evaluating*

sponsorship success, despite the fact that this *...does not ensure that sponsorship involvement has been noted by the consumer* (p. 8). It is unclear whether or not enhanced media exposure increased awareness or influenced subsequent behaviour (see Sleight, 1988). While this measure may be practical and affordable, it has not provided the correct information with which to measure sponsorship effectiveness. Media coverage is not the objective of sponsorship and therefore should not be used as a measure. This form of evaluation sits uncomfortably alongside most of the managerial objectives given above. While media audits remain widely used, their continued practice must be seen as highly questionable.

2.4.2 Measures of Awareness

Awareness is the seemingly natural progression from media oriented evaluations to those which track the success of the sponsorship. *A first step in sponsorship effectiveness is the correct identification of a firm as the sponsor* (Sandler and Shani, 1993, p. 48). Sponsors have valued the opportunity to appear in print media and on event signage in the hope that it will build general awareness of the product, or of the sponsor (McCarville, Flood and Froats, 1998). In turn, it is hoped that this awareness will be the antecedent to increased brand familiarity and popularity. Consumer choice literature has offered some support for this assumption. Consumers were more likely to value and purchase brands that appeared familiar (Kardes, Kalyanaram, Chandrashekaran and Dornoff, 1993). However, this assumption ignores the problem of the direction of causality. Do consumers buy brands that have been made familiar to them, or are brands familiar because consumers buy them?

The assumption that awareness is the antecedent to brand familiarity has been the basis of research which has investigated recall and recognition via signage and other advertising at the event (Stotlar and Johnson, 1989; Cuneen and Hannan, 1993; Gardner and Shuman, 1986; Parker, 1991; Pope and Voges, 1995; Turco, 1994; Stotlar, 1993; Meir, Arthur and Tobin, 1997; Shilberry and Berriman, 1996). This research direction has a strong link to the corporate objectives noted by many of the same authors above. It appears that increased brand recognition is seen by sponsors as a vital result of their investment into sponsorship (Wilson, 1997).

Cuneen and Hannan (1993) did find, in a survey of spectators at a LPGA golf tournament, that 98 percent of sponsors were correctly recognised. These results confirmed an earlier survey, assessing stadium advertising, in which just under 80 percent of respondents recognised sponsors' stadium advertising (Stotlar and Johnson, 1989). Hansen and Scotwin (1995) also reported high levels of recognition and concluded that sponsorship messages created recall of a similar magnitude to that of advertising. Similarly, Pope and Voges (1997) regarded problems of signage recall and recognition at a State of Origin rugby league match. They concluded that high rates of recall were found, although these did depend upon beneficial locations within the stadium. They did temper these findings by stating that advertisements in commercial breaks had little or no impact on awareness. Finally, one of the most quoted pieces of research concerning sponsorship effectiveness was contributed by Rajaretnam (1994). He investigated the long-term effects of sponsorship of an Indian tyre manufacturer in the absence of other types of communication. This was carried out over a period of five years. Rajaretnam found that the effect on awareness was marked and almost immediate and he noted that sponsorship had a greater impact upon awareness than product advertising.

While these findings support the idea that sponsorship can engender high rates of recognition and recall (see also Pitts, 1998), research from other authors has been less conclusive. Very little change occurred in awareness levels throughout a season (Shilbury and Berriman, 1996), while recall of sponsors was seen to vary greatly between companies (Stotlar, 1993; Meir *et al*, 1997). Certain sponsors and events seemed to generate higher levels of awareness than others, Parker (1991) and Mescon and Tilson (1987) contended that higher awareness was related to the extent of the promotional activity supporting the sponsorship campaign. Companies that leveraged their sponsorship with high levels of advertising, signage and publicity, or sold their product on site, generated higher levels of awareness (Nicholls, Roslow and Laskey 1994; Meir *et al*, 1997; Shilbury and Berriman, 1996). Certainly awareness has been much higher amongst spectators attending an event than those viewing the event through a medium, such as television (Cuneen and Hannan, 1993; Meir *et al*, 1997). Shilbury and Berriman also found that sponsorship takes time to be recognised and recalled. In their study of the St Kilda (Australia) Football League Club, an old sponsor, who had leveraged its sponsorship regularly over previous years, was found to have much higher levels of recall than the current sponsors had achieved.

Researchers have measured a variety of different awareness variables. These have included awareness of the event itself as well as awareness of the event's sponsors. However, the emphasis has been placed upon measuring awareness *per se*, rather than investigating the subsequent effect of that awareness. While some research has investigated whether recall or recognition is the better measure of awareness (Stotlar, 1993; Ishikawa, Stotlar and Walker, 1996; Meir *et al*, 1997), few studies have examined awareness as the antecedent to an effect. Moreover, even in those studies which showed that sponsorship could engender increased awareness, it was not ascertained if this increased awareness rested with regular users of the sponsor's product or if new customers were attracted because of increased public awareness, that is, the problem of causality noted earlier.

McDonald (1991) was highly critical of even using awareness as a measure of sponsorship effect. He suggested that awareness was only useful as a first level impact of the publicity, making the public more aware of the event and its link with the sponsor. Simple measures of awareness provided little insight into the effectiveness of sponsorship. McDonald went on to say that *this measure is not enough to tell us the effect which sponsorship has on perception* (p.33). Indeed, there is no evidence to suggest that changes in awareness are related to subsequent purchase behaviour. Much the same criticism can be levelled at another favoured measurement of sponsorship effectiveness, image building.

2.4.3 Measures of Image

Sponsorship has become highly regarded for its perceived ability to achieve managerial objectives relating to overall corporate image (Meenaghan, 1991b; Gardner and Schuman, 1987; Armstrong, 1988; Witcher *et al*, 1992; Hoek, Gendall and Sanders, 1993; Thwaites, 1995 and Cornwell, 1995). As such, a number of studies have attempted to evaluate the ability of sponsorship to enhance corporate image and or brand image.

Javalgi *et al* (1994) investigated whether consumers, who were aware of a company's sponsorship, viewed that business more favourably. They found that sponsorship could enhance corporate image, but the outcome was not automatic. They also found that awareness of the sponsorship was not sufficient to engender a

strong, positive corporate image; implying that awareness of a sponsorship was not necessarily an antecedent to improved or enhanced corporate image. Indeed, Pope and Voges (1999), who replicated Javalgi *et al*'s work in Australia, found that any effect of sponsorship on corporate image was accounted for by the effects of the brand name and prior use of the brand.

Similarly inconclusive were the results of a study by Hansen and Scotwin (1995). They noted that recall and recognition effects were common, but found few image or attitude changes. They attributed this to the limited information conveyed by the sponsorship and the difficulty of quantifying image effects and associations generated by the sponsorship. Rajaretnam's (1994) findings about images, enhanced by sponsorship, were similarly inconclusive. He found that there was, on the whole, a positive enhancement of long term corporate image, although this was not of the same magnitude for all image dimensions. However, there were no similar effects on product image. Rajaretnam noted that advertising created a much better impact on product image than did sponsorship. This tends to confirm the notion that sponsorship on its own will not be as effective as sponsorship which is linked to other promotions.

There is some evidence, however, that a spectator's involvement with the sponsor's product, or with a sponsored event, could have a positive impact on the sponsor's image. *A customer's image of the company will be affected significantly by the customer's personal experience with the company's product* (Javalgi, 1994, p.54). Turco (1994) found that the perceived image of an event's corporate sponsor could be enhanced depending upon the spectator's present consumption level of the sponsor's product. D'Astous and Bitz (1995) investigated the link between the sponsor and the event and found that the stronger the consumer's interest in the event the stronger the impact on the sponsor's image. Pham (1992) conducted an experiment which investigated the effectiveness of exposure to *embedded sponsorship stimuli* (p. 85), or billboards. He was able to show that when consumer involvement in a sponsored event was high, consumer information processing was significantly affected.

These results imply that an enthusiastic spectator of an event, who also is a user of the sponsor's product, will have a positive image not only about the product but also about the sponsor. However, as with the measurements of awareness, the measures of image also bring under scrutiny the problem of causality.

2.4.4 Measures of Persuasion and Preference

If awareness and image are the antecedents to some desired behaviour, then the link between these is persuasion and preference. Crimmins and Horn (1996) viewed sponsorship as a *potentially powerful form of persuasion* (p. 20). They saw perceptual changes working through the strength and duration of the sponsorship link and the 'gratitude' felt due to this link. Gratitude was used as a measure of brand loyalty engendered by the link to the sponsorship. The success of this, they suggested, was critically dependent on the way the sponsorship was leveraged. Crimmins and Horn quoted a number of examples from sponsorship of the Olympic Games in which they asserted fans were willing to change their perception of the brand as gratitude to the sponsors of the event. However, Crimmins and Horn made no attempt to link any of their measures to behavioural outcomes. They used levels of agreement to attitude statements and measures of perception, both of which present causality problems and neither of which could be specifically linked to behaviour.

A number of other authors have tried to address questions of image enhancement and product preference within the specific context of an Olympic Games event (Sandler and Shani (1993), 1992 Summer Olympics; Stipp (1998), Stipp and Schiavone (1996), 1992 Summer Olympics; Stotlar (1993), 1992 Winter Olympics; Schiavone, Hart and Stipp (1998), 1996 Summer Olympics; and Pope (1998) 1998 Winter Olympics). Each was able to report a marked improvement in corporate image. For example, Stipp (1998) concluded that a sponsorship of the Olympics could have a positive impact on the sponsor's corporate image if there was an event for which the audience had a high regard. This is largely predictable as well as being tautological. Few corporations would deliberately enter a sponsorship partnership of a high profile international sporting event if there were a chance that it was likely to detract from their corporate profile.

In addition, these studies reported that a large majority of their respondents were moved to favour the Olympic sponsor's product. For example, Stotlar (1993) recounted that 60 percent of respondents said that the sponsorship favourably affected their purchase habits. However, in a comparison with Stotlar's study, Ishikawa *et al* (1996) found that over 80 percent of Japanese respondents said that their immediate purchasing habits were not affected by the sponsorship, although

they did appreciate the companies' contributions. Ishikawa *et al* concluded that the perceptions and preferences of Japanese consumers were less affected by sponsorship than those of Americans were. This tends to suggest that cultural differences need to be taken into account when assessing the impact of sponsorships. It also highlights the problems of self-reported behaviour.

Other empirical investigations of non-Olympic events have shown that sponsorship has engendered only small or ambiguous effects. Nicholls *et al* (1994) measured sponsorship in terms of consumer preference for the brand, and found that a steady progression in consumer preference was observed for only one out of the nine product brands they investigated. Rajaretnam (1994) found that while the long-term effect of sponsorship on brand preference was positive, most of this improvement occurred only in the first two years. Indeed, this highlights one of the major criticisms of his research. However promising Rajaretnam's results may have been, his study did not include a discussion of other promotional mix activities which may have influenced these variables. These changes to the sponsor's corporate image may well have been perceived or believed whether the company was the sponsor or not. Moreover, much of the research above suggests that when a favourable change has been noted, it has been the result of not only the sponsorship *per se* but of associated activities leveraging the sponsorship as well.

Others have attempted to measure preference for a brand by asking respondents whether they have been moved by the sponsorship to purchase the sponsor's product. This has some methodological difficulties. First, none of these studies attempted to find out whether the respondents were already users of the product. It could well be that the respondents who indicated that they would be 'moved' by the sponsorship to purchase the product were already brand loyal, or had the brand in their repertoire. In this instance, the sponsorship will only reinforce their current purchasing behaviour. In addition, a number of studies have shown that what respondents say they will do is often very different to their actual behaviour (see LaPiere, 1934). Two studies have tried to circumvent this problem by measuring purchase intention. These appear to be the only pieces of research which have taken the analysis of sponsorship effects beyond measuring the intermediate variables of awareness and image change.

Pope (1998), in an Internet survey of the Nagano winter Olympics, attempted to measure purchase intention derived from sponsorship awareness. He found awareness of sponsorship did increase corporate image. However, awareness of sponsorship and enhanced corporate image did not have an effect upon purchase intention, except when the individual was involved in the Olympics as a fan. That is, for those consumers who recognised the sponsor, as their involvement in the event increased, so their purchase intention relating to the sponsor's product increased. Turco (1994) found similar results with spectators at an international balloon fiesta. He concluded that spectators' perceived image of a sports event sponsor was enhanced depending upon the spectators' current consumption level of that sponsor's product. This indicated users of a sponsor's product were more likely to recognise the sponsor and be more favourable towards that sponsor. The significant differences between spectators at an event and the audience viewing the event from a remote location, such as television, has raised the question for the need of different activities leveraging the sponsorship for on-site and remote locations (Cornwell, Maignan and Irwin, 1997).

While each of these studies suffered from analytical problems, they did provide some evidence to reinforce concerns which McDonald (1991) expressed about sponsorship evaluation. He has noted that the most frequent method of assessing sponsorship's impact upon image seemed to be tracking awareness, familiarity and favourability. McDonald suggested that these are not enough to gauge the impact of the sponsorship on consumer perception. He argued that these measures only indicated how effective the publicity surrounding the sponsorship had been and that *people who are already users of the company's products, and therefore more sensitised to it, are more likely to be both aware of the sponsorship and favourable to the company* (p.34). Consequently, even if one adheres to the notion that sponsorship can act as an agent of persuasion, these measures still fail to evaluate the potential change of attitudes towards the sponsor.

Overall, most of the empirical studies evaluating the impact of sponsorship have involved the use of tracking indices. They have recorded the awareness, familiarity and preferences engendered by the sponsorship. This research direction has produced inconsistent findings, these, perhaps, being the result of weak methodology. Measures such as non-representative samples, small sample size, lack of control for extraneous variables, as well as problems with the causal

relationships of the variables have questionable value when they are closely scrutinised as indicators of sponsorship effect.

2.5 MODELLING SPONSORSHIP

Few researchers have focused upon the constructs of sponsorship. Some have concerned themselves with conceptualising how intending sponsors made decisions in the selection of sponsorships, while others have attempted to conceptualise the development and determinants of sponsorship impact.

Some of these researchers have investigated the key influences on the selection process. McCook, Turco and Riley (1997) identified a number of key criteria which influence sponsorship choice as well as identifying the important players in the decision making process. Costs and product exclusivity were highlighted as key criteria, while the owner or manager was identified as the final decision-maker. Cousens and Slack (1996) emphasised the fact that the structure and corporate culture of each company largely influenced decisions about sponsorship. Weppler and McCarville (1995); Arthur, Scott and Woods (1997); and Aguilar-Manjarrez, Thwaites and Maule (1997) developed conceptual models related to sport sponsorship selection based upon the concepts of organisational buying behaviour. Each concluded that these concepts were suitable and applicable to the process of sponsorship choice, although they recognised that much more research is required in this area.

A number of authors have attempted to conceptualise the development and determinants of sponsorship impact upon the consumer. Cornwell (1995) detailed the development of sponsorship linked activities and suggested the use of a sponsorship development model with sponsorship strategies based on advertising, personal selling and public relations. Unfortunately this development model posed problems. It did help clarify some of the constructs Cornwell believed defined managerial objectives and strategy development. However, it was unable to offer any insight into the problematic area of sponsorship impact and evaluation. Cornwell's model suggested that sponsorship linked marketing could benefit from a comparison with advertising, but in light of the debate on the role of advertising (see Chapter 4) this assertion may be misleading.

Arthur *et al* (1998) posited a prescriptive model in which they determined its constructs by identifying key elements derived from sponsorship literature. They validated the inclusion of these constructs based upon the widespread support of these items in contemporary sport sponsorship literature. While the authors have given a comprehensive review of the recognised aspects which sponsorship literature has highlighted, they assumed that these research findings were able to withstand rigorous scrutiny. Their concluding comment, *corporations that adhere to the process proposed should be able to use sport sponsorship as an effective method of communication with their target groups* (p.58), needs to be treated with caution. As they correctly pointed out, there is still much research required to clarify sponsorship communication processes before prescriptive processes, such as those outlined, become universally accepted.

Other authors, perhaps, take a more useful strategic approach (Lee, Sandler and Shani, 1997; Speed and Thompson, 1997; and Gwinner, 1997). These authors identified the elements that, they believed, influenced the sponsorship constructs, which have an impact on the consumer. There are similarities within each of the three conceptual models. Each recognised the importance of factors surrounding the event; the sponsor and the sponsorship linked activities on the consumer. All of these models have attempted to adapt cognitive information processing models to suit the characteristics of sponsorship, attributing a pivotal role to various attitude components. Lee *et al* and Speed and Thompson proposed a variation of the AIDA model, which posited attitude toward the event as the core of sponsorship's impact on consumers. Gwinner conceptualised the transfer of the event image by drawing upon the theory of meaning transfer taken from literature on celebrity endorsement. This explicit reliance upon cognitive information processing models is discussed further in Chapter 3.

In summary, early research focused almost exclusively on defining the domain of sponsorship and describing its growth. In the last decade other aspects of sponsorship have attracted greater research attention, particularly investigations of managerial aspects of sponsorship and the measurement of sponsorship effects. From the managerial stream of research it can be concluded, with some confidence, that the main objectives of most sponsorships have been brand and corporate

image building, as well as brand and corporate awareness. However, in regards to the measurement of the effects of sponsorship, much less can be said, and with little confidence, about the ability of sponsorship to influence brand recall or corporate image.

CHAPTER THREE

THEORETICAL DIFFERENCES

3.1 INTRODUCTION

The widely documented relationship between sponsorship and awareness or image objectives suggests that managers believe these variables are the antecedents of particular behaviours, such as purchase. This notion draws heavily upon hierarchy-of-effects models, which posit purchase as the desired behavioural outcome of decision making or problem solving. There is, however, another paradigm, which also has much relevance to consumer behaviour. This is the behavioural paradigm in which purchase is treated as behaviour learned or established as a response to the consumer's environment. These paradigms need not be mutually exclusive in their explanations of consumer behaviour. However, it could be that one paradigm is more appropriate for particular conditions than the other. The review of the literature indicates that most sponsorship research is steeped in the cognitive paradigm. Nevertheless, there is mounting evidence that this paradigm may not be the most suitable in explaining the effects of advertising (Ehrenberg, 1988; East, 1997; Jones, 1997; Foxall, 1992). As a consequence, the behavioural paradigm may be more appropriate for other communication modes, such as sponsorship (Hoek, 1997; Hoek, Gendall, Jeffcoat and Orsman, 1997). This chapter reviews the cognitive and behavioural paradigms, and critiques several theories which have been advanced to explain consumer behaviour.

3.2 THE COGNITIVE PARADIGM

The cognitive paradigm certainly has been the more influential, being found in a multitude of textbooks about consumer behaviour (Engel, Blackwell and Miniard, 1995; Hawkins, Best and Coney, 1988; Engel, Blackwell and Kollat, 1978; Howard and Sheth, 1969). East (1997) cited Foxall who summarised this approach by commenting that *the cognitive consumer is credited with the capacity to receive and handle considerable quantities of information, to engage actively in the comparative evaluation of alternative products and brands, and to select rationally among them* (p. 8). This has been

an enduring idea found in different forms in a number of consumer behaviour models. Most of these models used active consumer decision-making as the primary explanation of consumer behaviour. They assumed promotion tools were used to increase awareness of a brand among consumers and provided information which would persuade consumers to purchase the brand. This cognitive information processing has been exemplified in the model proposed by Engel, Blackwell and Miniard (1995) who tried to accommodate different perspectives in a decision-making continuum. The core of their model was the spine, a copy of which is shown in Table 5. Behaviour was initiated with recognition of a consumer problem. Then followed a sequence of actions which involved the search for different alternatives and for information about each one, evaluation of each alternative, purchase, and concluded with post-purchase activities such as evaluation of the purchased product *vis a vis* consumer expectations. Engel, Blackwell and Miniard called this process one of extended problem solving. As can be seen in Table 5, it is a sequence that has been proposed by other authors. The core components of other cognitively oriented consumer behaviour models have followed a similar path leading the consumer from problem recognition through to purchase and post purchase behaviour. While there were some differences in the other components of these consumer models, these have been merely pedantic, changed only by emphasising different constructs of the model. The basic nature of the models has remained the same.

Table 5 Sequence of Decision Making Process used in selected cognitively oriented Models of Consumer Behaviour.

ENGEL, BLACKWELL & MINIARD (1995)	KOTLER (1988)	HAWKINS, BEST & CONEY (1989)
Need recognition	Problem Recognition	Problem Recognition
↓	↓	↓
Search	Information Search	Information Search
↓	↓	↓
Alternative Evaluation	Evaluation of Alternative	Evaluation and Selection
↓	↓	↓
Purchase	Purchase Decision	Purchase Decision
↓		
Outgoings	↓	↓
↓		
Satisfaction/ Dissatisfaction	Post Purchase Behaviour	Post Purchase Processes

Many managers have found this framework an intuitively appealing explanation for consumer behaviour (Kotler, 1988). It offers the potential of using mass media communication mixes to move consumers through several stages of the hierarchy. Consumers' response to communications made by managers in the early stages of the sequence can be readily measured through awareness and image or attitude tracking studies. Managers believe these can then be used to move consumers towards the final marketing objectives of increased sales. Such is the regard for this approach that it has become central to the analysis of managerial strategy (East, 1997).

3.2.1 Limitations of the Cognitive Oriented Consumer Decision Models

Engel, Blackwell and Miniard acknowledged that consumers often do not have the time, motivation or resources to engage in extended problem solving and instead often omitted many of the stages by engaging in what they refer to as limited problem solving. For repeat purchases they argued that the consumer used habitual decision making based upon processes which involved strong brand loyalty or inertia. This idea is incompatible with cognitive processing, in that Engel, *et al* suggest that there is no decision before the purchase, as should be suggested by the sequential model. As East argues, habits need a better explanation than just being a shortened version of the cognitive pathway because of the absence of thought.

Foxall (1990) and East (1997) have criticised these cognitive models because they have attempted to provide a generalised comprehensive theory encompassing as wide a domain of consumer behaviour as possible, and in the process have become highly abstract. These models cannot be precisely tested because the relationships between the conceptual components are poorly specified. Most have overextended their explanatory power by becoming too far removed from observable reality. This has limited their predictive ability, as many of the variables, which are supposed to interact, are not directly observable and, therefore, their presence has to be inferred. Establishing the direction of causality between these variables has generated some debate, especially the direction between attitude and behaviour (see East, 1997; Driver and Foxall, 1985).

Ehrenberg was also critical of the cognitive consumer behaviour models, because they consisted of variables which have been difficult to measure. He also criticised the lack of agreed methods of measurement, and suggested that the supposed relationship between the variables of the cognitive models had no empirical support. He argued that there was no direct evidence to show that consumers could be persuaded or manipulated through this decision buying process by promotional tools such as advertising. East (1997) also had doubts about the sequence of decision making, and cited studies which have shown that information was collected and processed in all phases of the decision making process, and was not necessarily just the precursor to purchase decision. This evidence was consistent with the idea that processes in decision making do not necessarily follow a sequential pathway. As such, there are doubts about the universal application of cognitive oriented models to all consumer behaviour situations (East, 1997).

3.3 THE BEHAVIOURAL PARADIGM

The behavioural paradigm provides an alternative explanation for the effects of consumer behaviour. Behaviourism rejects the cognitive idea that the internalisation of messages, such as thought and feeling, is the initiator of action (Skinner, 1977, 1987). That is, thought and feeling are effects but not causes, being used to predict, but not to explain (East, 1997). Therefore, behavioural learning theory has focused upon the environmental factors, which have influenced behaviour, and consumer behaviour objectives, which can be accomplished by studying the environmental conditions and then manipulating them to influence consumer behaviour (Nord and Peter, 1980). The central tenet of behavioural learning theory has been that positively reinforced behaviour is more likely to recur than behaviour that is not reinforced. As repeat purchasing behaviour is strongly associated with the success of a brand (Rothschild and Gaidis, 1981; Ehrenberg, 1988), behavioural learning theory appeared to be particularly relevant to consumer behaviour. The concepts associated with respondent conditioning and operant conditioning seem to be especially important.

3.3.1 Respondent Conditioning

Hawkins, Best and Coney explained respondent conditioning as *an established relationship between a stimulus and response to bring about a learning of the same response*

to a different stimulus (p.322). These are conditioned behaviours, which are under the control of the stimuli which precede them. Pavlov's classical conditioning experiments provided the foundation for this approach. A sponsor can use respondent conditioning to direct consumers' attention to the presentation of a stimulus, such as an interesting sports event, in which previous conditioning from viewing the event, can elicit certain feelings of approval in the consumer about the sponsor. In this way, the success, health and or power associated with a visibly successful sporting event or sports personality becomes associated with a brand or company. This concept certainly explains the plethora of companies who have spent millions of dollars in seeking sponsorship of high profile sporting events such as the Olympic Games or the Soccer World Cup.

Another strategy where sponsors have used respondent conditioning has been to direct consumers' attention to specific stimuli which have evoked certain feelings or emotions, and thus, increased the probability of the desired behaviour being repeated. In this way a celebrity could be aligned with a product or brand in order to condition the feelings elicited by the celebrity to the product (Nord and Peter, 1980). This strategy has often been used in other promotions, such as advertising, even though the celebrity may have little to do with the functioning of the product or brand.

3.3.2 Operant Conditioning

The key to any successful marketing strategy is to elicit repeat purchase behaviour. Crucial to this strategy is the provision of positive reinforcement for the desired behaviour (Rothschild and Gaidis, 1981). This notion of reinforcement distinctly lends itself to another important notion of Behavioural Learning Theory, that of operant conditioning. Operant conditioning differs from respondent conditioning in that operants are conditioned by consequences, which occur after the behaviour. *Operant conditioning has occurred when the probability that an individual will emit one or more behaviours is altered by changing the events or consequences which follow the particular behaviour* (Nord and Peter, 1980, p.23).

Operant conditioning is a generic term for a number of specific activities used by marketing managers in promotions. It has some particularly useful applications to sponsorship. The use of discriminative stimuli, such as logos or insignia, at an event

is designed to draw attention to a product or brand. While these stimuli may be used by managers to heighten consumer awareness of the sponsor's product, Nord and Peter suggested that such a promotion served to reinforce past behaviour associated with that brand. Previous experiences with the logo may have taught the consumer that purchase behaviour will be rewarded when the symbol is present and not rewarded when it is absent (Nord and Peter, 1980). The sponsored event, team or person's success may symbolise satisfaction reinforcing the consumer's satisfaction with the product or brand.

Behavioural learning theory also suggests that a brand's penetration level can be increased through shaping. Shaping is the process where behaviour is moved from one form to another by selectively reinforcing the performances showing change in desired action (East, 1997). Many of the activities sponsors have used as part of leveraging their sponsorship of an event have involved the action of shaping. For example, many beverage-producing companies try to gain pouring rights at an event they are sponsoring. These pouring rights can be considered to be a product trial, a form of shaping. Most of the cause-related marketing activities have involved the application of shaping strategies. These are activities by which a company contributes a specified amount to a designated cause when customers engage in revenue producing exchanges. Nord and Peter argued that shaping occurred when the customer continued to engage in the revenue producing exchange, and felt well-disposed that this would help further a worthy cause. Nord and Peter suggested that this agreeable feeling, generated by the cause-related marketing activity, was the positive reinforcement to the desired behaviour.

3.3.3 Vicarious Learning

Vicarious learning, or modelling, refers to the process whereby the desired behaviour is elicited by having the consumer observe the actions of others (the role models) and the consequences of their behaviours. Bandura (1969) noted that it was possible to influence emotional behaviour by observing others experiencing positive or negative emotional effects, in conjunction with particular stimulus events. Thus the consumer learns, from the success of the model, how best to use the product or service (Nord and Peter, 1980). This, in turn, may increase the overall probability that purchase of the sponsor's product or service will occur. It is in the context of this paradigm that the motor vehicle industry spends millions of dollars

sponsoring Grand Prix and Motor Vehicle Rallies, and that multinational footwear companies are queuing to sponsor champion athletes or sporting teams (Meenaghan, 1998).

3.3.4 Ecological Design

This is a term used by Nord and Peter (1980) to describe the deliberate design of environments to modify consumer behaviour. For example, a widely used merchandising strategy in department stores has been to place displays in high traffic areas (Buttle, 1988). This has increased the likelihood that the consumer will see the product on display and thus increased the probability of the purchase of the product. Sponsors have also used this concept to increase attentive behaviours. In any event it has become mandatory for the sponsor to insist on signage being located in the most desirable positions for viewing by the consumer, who is either a spectator or a television viewer. The success of any marketing communication depends upon whether it is noticed (Quester, 1997b). If sponsorship linked activities are used to reinforce consumers' attitudes about the brand, consumers still need to be aware that the producer of the brand is the sponsor of their favoured event.

3.4 RECONCILING THE TWO PARADIGMS

While cognitive oriented theories have tended to explore and define variables thought to cause or influence behaviour, behavioural learning theory has concentrated on observed behaviours and the environments in which these have occurred. It has encouraged the systematic analysis of purchase behaviour positing specific activities for modifying and reinforcing these behaviours (Nord and Peter, 1980). Engel, Blackwell and Miniard (1995) tried to accommodate all the different perspectives within a comprehensive model focused on a decision making continuum, but still put the emphasis on the internal processes of the consumer. This model, along with the other comprehensive cognitive oriented models, is consistent with the heavy emphasis which has been placed on awareness and attitude goals, with the belief that these variables foster behaviour.

The difficulty in attempting to reconcile the two paradigms is in their differing treatment of the relationship between attitude and behaviour. Rothschild and Gaidis (1981) have tried to resolve this problem by suggesting that each paradigm has its place depending upon the level of consumer involvement with the product. They

posited that in high involvement situations, where complex cognitive activity seems to take place, self-perception strategy may be more appropriate. In low involvement cases, where little cognitive activity is necessary for decision making, then behavioural learning strategies may be more appropriate (see also East, 1997). Driver and Foxall (1986) summarise the problem well when they state *the irony is that many consumer researchers, academic and commercial, are aware of the low involvement buying yet continue to concentrate upon the rational decision-making assumed by those early models as if they were the norm* (p.310).

The cognitive and behavioural paradigms represent two different schools of thought on how consumers behave. The cognitive paradigm has relied on a causal relationship between attitudes and behaviour, assuming a sequential processing of information to facilitate an attitude shift prior to purchasing (Vaughn, 1980; Preston, 1982). The behavioural paradigm has drawn on both respondent and operant conditioning to posit two behaviours: trial and repeat purchase (Rothschild and Gaidis, 1981). As outlined in Chapter Two, the cognitive paradigm has been the major influence on how sponsorship managers set their objectives their objectives or measure the effect of their promotions. However, there was some evidence that the behavioural paradigm could play a role in managers' decisions (see McDonald, 1991; Turco, 1994; Pope, 1998). As with other promotional vehicles, the problem of whether sponsorship operates within the cognitive or behavioural paradigm lies with unravelling the direction of causality between the two variables, attitudes and behaviour. This problem is explored in more detail in the following section.

3.5 BELIEFS, ATTITUDES AND BEHAVIOUR

The majority of the comprehensive models have identified attitudes as being a key component in the decision-making process. Engel, Blackwell and Miniard (1995) claim that *attitudes usually play a major role in shaping behaviour* (p. 362). Hawkins, Best and Coney (1989) confirm this when they state *attitudes are the actual manifestations of our learning about products and are the basic concept that marketers can measure and use to predict purchase tendencies* (p. 433).

This assumption has been often repeated in consumer behaviour research, in spite of evidence which casts doubt upon its validity. From his review of forty-seven

empirical studies, Wicker (1969) concluded that social psychologists were unable to adequately predict behaviour from measures of attitude. He found that attitudes at best were only slightly related to subsequent behaviour. Wells (1985) highlighted this problem of quantifying attitudes and behaviour in his discussion of the Needham Life style study. In a ten-year study of attitudes and behaviour covering a wide range of consumer products, not one could pass the empirical test of predictive power to any degree of confidence. Too often, attitude trends were found to go in one direction while behaviour went in another. Wells concluded that changes in attitude were too subjective to predict behaviour.

An explanation of the low correlation between attitude and behaviour measures can be traced to poor measurement of attitude. The comprehensive models, such as Hawkins, Best and Coney (1989), suffer because attitude has been poorly conceptualised into affective, cognitive and conative dimensions. Fishbein and Ajzen (1975) clarified the definition of attitude by rejecting the multi component aspect of attitude. Instead they proposed that attitude was an evaluative (affective) concept only and also introduced the idea of correspondence. In their theory of reasoned action they differentiated between attitude towards an object (A*o*) and attitude towards a behaviour (A*b*). They argued that A*o* was not necessarily related to A*b* and that while there should be a strong consistency between A*b* and behaviour this would not necessarily be present between A*o* and behaviour.

However, Driver and Foxall (1986) criticised this theory because it did not posit a simple attitude → behaviour relationship. They acknowledged that a high correlation could be achieved, but only under the tightest of circumstances. The accuracy of behavioural intention was dependent upon minimal time elapsing between the point at which behavioural intentions could be measured and the point at which the overt behaviour, purchase, is performed. Intentions must be the immediate temporal antecedents of behaviour. This created a number of practical difficulties (Foxall, 1983; Driver and Foxall, 1985; East, 1997). The essence of the difficulty was the strong probability that events would intervene between the time an intention was expressed and the chance to perform the intended act (Foxall, 1983). Very few, if any, managers are able to manipulate their markets in such a way that conditions and circumstances are conducive to the conditions required to gain a high correlation between the variables. Anything other than a very short intervening

interval, between establishing a purchase intention and the actual purchase, reduces the correlation dramatically (Foxall, 1983).

Bird and Ehrenberg (1970) were much more critical of the cognitive bias in consumer behaviour literature. They suggested authors have been too concerned with the pursuit of defining attitude measures and have neglected the question of how consumers behave towards brands. Bird and Ehrenberg, as well as Barwise and Ehrenberg (1985), noted that, despite the importance attached to brands, few generalisable results have been reported. They have been concerned at the lack of empirical evidence concerning how consumers' beliefs about the various attributes of different brands varied together, or how they related to their buying of brands.

Bird and Ehrenberg introduced the notion of descriptive and evaluative attitudinal responses. A descriptive response arose when the attitudinal measure described a specific physical attribute of the brand or a widely promoted characteristic of the brand. In contrast, evaluative responses did not indicate any major physical differences between the brands, being more *properly attitudinal* (p.235). Bird and Ehrenberg empirically demonstrated that a brand's usage level (or market share) conditioned the most important attitude response to a brand. The response patterns, of user and non-users of a brand, distinguished between descriptive and evaluative attitudes. For descriptive attribute measures current users and former users of a brand tended to be in agreement, however, evaluative measures discriminated more sharply between users and non users of the brand.

Barwise and Ehrenberg (1985) investigated further the notion that the proportion of consumers, who believed a brand had a given attribute, varied according to the number of people who used the brand. The effect of the general evaluative factor was that the more users a brand had the larger the number of consumers who declared it had any of the stated attributes. In contrast, when a descriptive response on a specific brand attribute was measured this showed up as unusually high amongst both users and non-users. According to Barwise and Ehrenberg, this explained why attitudes were so often poor predictors of behaviour and thus, confirmed the behaviourist viewpoint that attitudes were a consequence of behaviour (see also Ehrenberg, 1997).

These conclusions have directly questioned much of the current thinking about consumer behaviour. Indeed, Barwise and Ehrenberg's conclusions have provoked sharp criticism (Rossiter, 1987) and, at times, heated debate (Barwise and Ehrenberg, 1987; Baldinger and Rubinson, 1996, 1997; Ehrenberg, 1997b). While some clarification of the two differing views has evolved, no real consensus has been derived, due no doubt to the wide philosophical differences between the two groups.

Despite this on-going debate, the majority of sponsorship research undertaken has continued to follow the cognitive information processing perspective. McCarville, Flood and Froats (1998) typify the reliance upon this paradigm when they argue that *sponsorship activities are typically characterised by promotional activities. ...The overall goal is that of encouraging the potential consumer to progress along a decision-making continuum ranging from awareness to postpurchase evaluation* (p.53). However, there has been a failure to illuminate the relationship between the attitudes generated by sponsorship and behaviour.

Barwise and Ehrenberg's (1995) work into descriptive and evaluative belief attributes has offered important insights into this discussion. Their view that brand users hold evaluative beliefs about the brands and that these beliefs vary according to usage seems pivotal, because it could account for the positive impact of sponsorship on variables such as awareness and recall. However, there is no evidence to indicate that the accumulation of descriptive belief attributes among non-users of a brand will facilitate purchase behaviour. Very little research into sponsorship has routinely collected details concerning respondents' brand usage behaviour. Collection of brand usage details would enable some assessment of the direction in which awareness and attitude worked. It is from this perspective that the behaviourist framework seems to offer a more rigorous framework to assess the outcomes of sponsorship management.

This chapter has identified two paradigms, which are not necessarily competing, and has critiqued several theories that have been advanced to explain, and to a lesser extent, predict consumer behaviour. Most consumer behaviour models derive from the cognitive paradigm, and that sequential processing of information and a

change in attitude is required to prompt purchase behaviour. This notion suffers from assumptions which are inconsistent and relies upon relationships which are poorly specified and very difficult to measure. There is still much debate over the direction of the relationships of the variables assumed to be explaining consumer behaviour.

Much observed consumer behaviour is radically different from that described by the cognitive models. There is accumulating research evidence which supports a behavioural explanation of some consumer behaviour, particularly low-involvement buying. Nevertheless, this perspective does not appear to have been widely accepted amongst or adopted by managers, who continue to concentrate upon the cognitive models as if they were the norm. Much of the explanation of sponsorship effect has routinely been elucidated from this perspective, yet the behavioural perspective seems to offer more validity in accounting for the effects of sponsorship campaigns on consumer behaviour outcomes. Thus, with the increasing criticism of the cognitive approach, it seems logical to consider applying a behavioural framework to measuring the effect of sponsorship.

CHAPTER FOUR

THE ROLE OF SPONSORSHIP AND ADVERTISING IN MARKETING: CONVERSION OR REINFORCEMENT?

4.1 INTRODUCTION

Sponsorship has become highly regarded for its perceived ability to facilitate and accomplish certain objectives relating to overall communications (Meenaghan, 1991b), despite there not being an associated increase in the analysis and understanding of how it works (Hoek, 1997; Cornwell, *et al*, 1997). Thus while sponsorship has been viewed as an important part of the communications mix, there has been a real lack of investigation into the relationship between advertising and sponsorship. It has been seen by some as comparable to advertising, being able to *effectively reach specific target groups with well defined messages* (Gardner and Schuman, 1986, p.11). Others have viewed sponsorship as an alternative to advertising, being recognised as a legitimate and cost effective element of the communications mix (Meir, Arthur and Tobin, 1997) and providing a cheap avenue to a relatively clutter free environment. How sponsorship works, in comparison to advertising, is the subject of this chapter.

4.2 SPONSORSHIP AND ADVERTISING: COMPARABLE OR COMPLEMENTARY?

There has been a propensity on the part of managers to analyse and evaluate sponsorship exclusively in advertising terms (Hulks, 1980; Meenaghan, 1983; Mescon and Tilson, 1987; Parker, 1991). A search of the literature reveals that this is because no theoretical constructs exist, specifically to study the effects of sponsorship, *per se*. Cornwell (1997) highlighted the need to develop or adopt such an information-processing paradigm, and suggested that, perhaps one could be borrowed from the advertising literature. Batra and Ray (1983) suggested that the effect of communication messages, which include sponsorship, could be seen as a hierarchy ranging, in sequence, from exposure through attention, to awareness,

attitude, change to culminate in a behavioural effect. It was from this perspective Cornwell posited that the basic approaches used in other communications media, such as the measurement of awareness, are also appropriate for sponsorship linked marketing. She has not been alone in this view, with Parker (1991) advocating that techniques should be borrowed from those applied to advertising and then adapted to fit the special demands of sponsorship.

Witcher *et al* (1991) have also subscribed to this general view, suggesting sponsorship was simply another form of advertising and, as such, sponsorship could communicate associations. They asserted that because advertising worked through image association, sponsorship should work through similar associations. This implied, they believed, that sponsorship could be a very persuasive medium, the traditional view held of advertising. However, Witcher *et al* contradicted this assertion about sponsorship when they supported Hastings' (1984) argument that sponsorship and advertising have fundamental differences, by outlining problems with this imaging. Farrelly *et al* (1997) have pointed out that this comparison with advertising has often been detrimental to sponsorship, leading to its underutilisation, particularly in conjunction with other communication tools. As a consequence, they suggest sponsorship messages to markets should be included as part of the marketing mix.

Several authors have argued that sponsorship could enhance the profile and image of specific products, although they have maintained it should not replace advertising (Hastings, 1984; Mescon and Tilson, 1987; Gardner and Shuman, 1987). Hastings warned of the dangers in viewing sponsorship as a form of advertising. His caution was derived from observations that *there has been a tendency to view sponsorship as a form of advertising with the same characteristics and principles. This tendency is illustrated by the fact that the extent of media coverage is often used as a means of comparing sponsorship with mainstream advertising, without full realization or exploration of the potentially fundamental differences between the two* (p.171) (see also Crimmins and Horn, 1996). Hastings argued that while the precise content of advertising can be specified, sponsors do not have tight control over the medium and the context of the message it diffuses.

The key difference lies in how each of the media considers awareness. Advertising's messages can be manipulated and a direct link between these messages and the relevant brand or corporation can be promoted (Duckworth, 1995). In contrast, says Hastings, sponsorship messages are less easily controlled in that the link between the message and the brand or corporation is implied. *It is imprecise, intangible and removed from the world of the sender* (p. 173) (see also Javalgi *et al*, 1994). The message has been imbedded in the nature and characteristics of the sponsored activity or individual (Pham, 1992).

Hastings also suggested that the nature of audiences involved in sponsorship and advertising was significantly different. Advertising audiences consisted essentially of viewers, however, the sponsorship audience can be classified into three types: the active participants, spectators and the media audience. This seemed to suggest that the sponsorship audience was, potentially, more involved with the message than an advertising audience, and therefore more enthusiastic and amenable to the communication. Moreover, it was inevitable that as the number of participants increased the control the message sender had decreased. This view implied that there are fundamental differences between sponsorship and advertising and that it would be unwise to compare the effects of the communication vehicles.

Meenaghan (1991b) viewed sponsorship and advertising from a somewhat different perspective. He acknowledged the differences outlined by Hastings, especially the lack of control of the medium by the sponsor, but went on to argue that as a *mute, non-verbal medium* (p.8), its delivery was by association, that is, respondent conditioning, and as such it must be leveraged with advertising. This supports the idea that sponsorship and advertising have a complementary role, rather than a competitive role, and should be integrated with other promotional tools to obtain the maximum benefit from them. This is a view, which Otker (1988) has subscribed to, suggesting sponsorship is different from advertising and should *be judged (and researched) as a reinforcing and catalytic factor, rather than as an initiating or 'locomotive' factor* (p.82). Given that past research has shown some indication of the inability of most consumers to distinguish between sponsors and advertisers (Otker and Hayes, 1987; Javalgi *et al*, 1994; Cornwell *et al*, 1997); this approach to treat sponsorship and advertising as complementary communication tools seems logical.

In a study of sponsorship of television programmes in Europe, Bloxham (1998) found that television sponsorship was distinct from advertising because the sponsorship is perceived as being beneficial to the programme. These attitudes towards the sponsor indicate that there may be a different set of processes operating. Bloxham suggested that sponsorship conjured up images of altruism, selflessness and worthiness that viewers carried with them from their exposure to sport, the arts and other sponsored activities. Indeed, when investigating the differences between advertising and sponsorship he found that there were geographical differences between the perception of the two media. Viewers in some countries (for example, United Kingdom and Netherlands) saw sponsorship as completely different from advertising, while in other areas (for example, Germany and Italy) the differences were less marked and were perceived to be more tactical. The implications of Bloxham's research suggested that sponsorship might have different effects within different cultures. This would bring into question the validity of seeking a common objective in multi-national campaigns.

If sponsorship does work differently from advertising, then traditional advertising models should not be used to explain sponsorship. Moreover, in view of the considerable debate concerning how advertising works, Hastings and others may be presuming too much in their concerns over the relative role of awareness in sponsorship and advertising. Hoek *et al* (1997) are critical of this theoretical base from which many of these assertions are made. They have quite rightly argued that, as there is still considerable debate over which paradigm advertising operates within, then the paradigm within which sponsorship is presumed to operate should be held under scrutiny.

Despite these differing views managers seemed to have used sponsorship and advertising to achieve similar goals, especially those related to awareness and imaging. Whether sponsorship is comparable, or complementary, to advertising it seems appropriate to examine the theories of advertising and investigate how these could be used to explain how sponsorship works.

4.3 BACKGROUND TO THE ROLE OF ADVERTISING DEBATE

Traditional theories of advertising have generally assumed a prescriptive role, showing how advertisements can be used to move consumers from their present

state to one which will increase their propensity to buy a product. Consumers have been seen as rational decision-makers that seek and evaluate information before making their choices, with a heavy emphasis placed on awareness and attitudinal objectives in the belief that these variables encourage behaviour. The objective has been to build selective demand for a particular brand, by encouraging consumers to switch their loyalty to this new brand, or if already buying the brand, to do so with greater frequency. This is the theory of advertising, which accentuates the role of persuasion or conversion, and is referred to by Jones (1991) as the 'strong' theory of advertising.

The 'strong' theory of advertising, as such, has a number of implications. It is assumed to be a powerful tool that can increase consumers' knowledge and change consumers' perceptions of product change, *vis a vis* attitude changes. Psychological techniques can be used to manipulate apathetic and rather 'stupid' consumers. It is this 'hidden persuader' aspect of the theory, which has caused concern for the more militant consumerists, such as Packard (1957) and Galbraith (1958). Protagonists, such as Kotler (1998), have suggested that these techniques have been used to build brand loyalty and encourage non-users to switch to the desired brand. Thus, advertising is seen as playing a key economic role in the capitalist system. Jones (1991) quoted 'Advertising Age', *...turn off the advertising spigot and see what happens to sales, production, jobs* (p.196), to highlight this aspect of the 'strong' theory of advertising.

To achieve these ends, the 'strong' theory of advertising assumes that consumers will pass through a series of stages. This sequence of ordering can be found in a number of models, grouped under the label of 'hierarchy-of-effects', that have been posited to explain the advertising communication process. The prototype model was the Attention-Interest-Desire-Action, or AIDA, model. These models have used a variety of constructs, but most have followed a pattern of sequential hierarchies, as modelled by Lavidge and Steiner (1961) and Colley's (1961) 'Defining Advertising Goals for Measured Advertising Results' (DAGMAR). These hierarchy-of-effects models are still highly regarded in marketing and advertising circles. Rothschild (1987) has stated that Colley's book and model *have become the cornerstone of contemporary advertising planning* (p.142), while Preston and Thorson (1984) suggested that these models *...still provide the best way to guide organisation and*

marketing plans (p.59). However, no empirical evidence has been presented to validate this claim.

Not all have subscribed to this 'strong' theory of advertising and its powers of conversion. The hierarchy-of-effects models have assumed that consumers are sole-brand loyal, and it is the role of advertising to convert them or to switch their loyalty to the advertised brand, through the stages set out in the model. Ehrenberg, Goodhardt and Barwise (1990) have provided compelling evidence for multi-branding, where consumers hold a repertoire of brands. (see also Chi Kin (Bennett), Y. and Kannan, P.K., 1999) Conversion does not explain the effect of advertising in the market of repeat purchasing, especially of frequently purchased products.

Ehrenberg (1974) argued that consumers in these markets are well aware of the similarities and differences of the various brands, and that advertising will not change their ideas or perceptions about the attributes of the brand. He suggested that advertising sought only to reinforce consumers' attitudes, that advertising acts after the purchase, enabling consumers to justify their purchases and confirming later repeat purchasing decisions. Ehrenberg has offered a model where advertising was emphasised as reinforcing existing purchasing patterns, rather than converting consumers, the Awareness-Trial-Reinforcement (ATR) model, which presents a 'weak' theory of advertising. The characteristics of this model are the antithesis of the 'strong' theory, suggesting that advertising communicated very little to consumers. Consumers are already knowledgeable about the characteristics of the brand and, consequently, have limited interest in the brand. While they may be apathetic they are not stupid, hence, the ATR model implies that advertising has not been capable of overcoming the resistant attitudes of consumers whose beliefs about a brand are different to those claimed in the advertisement. Nor is it suggested that advertising has the ability to persuade consumers to undergo an attitude shift prior to purchasing.

These notions of the 'weak' theory have been developed over the last two decades by Ehrenberg and his associates and have offered a competing paradigm with the 'strong' theory. Indeed, the 'strong' and the 'weak' theories of advertising have become very polarised, in much the same way as the alternative explanations for the effects of consumer behaviour.

4.4 HIERARCHY-OF-EFFECTS MODELS AND THE ROLE OF CONVERSION.

What is the role of advertising? The ultimate function is to help produce sales. But this purchase behaviour is the end result of what traditional thought would say has been a long process of decision making. These traditional models prescribe how to move rational consumers through a sequence of steps, in which the threshold is the actual purchase. *Advertising is thought of as a force, which must move people up a series of steps* (p.59, Lavidge and Steiner, 1961). These hierarchical steps are linked to three major functions that have been drawn from cognitive psychology (see Table 6).

Table 6 Hierarchy-of-Effects Models (Source: Kotler,1988, p.595)

STAGE	A.I.D.A[a]	Lavidge and Steiner[b]	DAGMAR[c]	Roger's Innovation and Adoption[d]
COGNITIVE	Attention ↓	Awareness ↓ Knowledge ↓	Awareness ↓ Comprehension ↓	Awareness ↓
AFFECTIVE	Interest ↓ Desire ↓	Liking ↓ Preference ↓ Conviction ↓	Conviction ↓	Interest ↓ Evaluation ↓
CONATIVE	Action	Purchase	Action	Trial ↓ Adoption

The antecedents to buyer behaviour can be divided into three components or dimensions. At the first level is the cognitive component, the realm of thoughts, where advertising functions as a provider of information and facts. Next is the

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[a] Kotler, Philip (1988). *Marketing Management: Analysis, Planning, Implementation and Control* (6th ed.), Prentice-Hall, Engelwood Cliffs, New Jersey, p. 595.

[b] Lavidge, Robert, J. and Gary A. Steiner (1961). A Model for Predictive Measurements of Advertising Effectiveness, *Journal of Marketing*, 25, p. 61.

[c] Colley, Russell H. (1961). *Defining Advertising Goals for Measured Advertising Results*, Association of National Advertisers, New York.

[d] Rogers, E.M. (1962). *Diffusion of Innovations*, Free Press, New York.

affective component, the area of emotions, where advertising aims to change the attitudes and feelings of consumers. The final level is the conative dimension, or the domain of motives, where advertising stimulates and directs desires or actions. Therefore, the hierarchy-of-effects models prescribe the actions necessary to put something into the consumers' minds, change consumers' attitudes and prompt consumers to undertake the required purchase action. As shown in Table 6 these 'classic' models all follow a similar hierarchical progression. These models assume that consumers sequentially pass through the cognitive, affective and conative stages, each stage being a precondition to the next. The main implication for marketing strategy of the cognitive perspective is that consumers must be exposed to information, for example advertising or other mass media, if it is to influence their behaviour (Marsden and Littler, 1998). In other words, these models assume that learning comes before attitude change, which is the antecedent of behaviour. The implication for advertising is that if it can create an attitude change, then a behavioural change will follow.

Colley (1961) developed such an approach with DAGMAR, a model that is still influential in advertising planning, especially in the USA. While other models have also played an important role in advertising theory, their differences from the DAGMAR model are basically semantic, and as such, have similar defects. Colley suggested that if the ultimate goal in advertising was getting consumers to purchase a product, the prospective customer must be taken through four levels of understanding. The first communication is to make the consumers **aware** of the product, whereby certain information and mental images need to be conveyed. Next follows **comprehension** and understanding of what the product is, its features and benefits. Then a favourable disposition, or **conviction**, to buy the product needs to be engendered. Finally, the consumer needs to be spurred into an **action**, such as purchasing. Obviously, this is a very strong statement for using DAGMAR as a research and planning tool. East (1997) has suggested that it is this utilitarian tool, a prescribed programme of advertising strategy which contains readily measured sequences, that has accounted for the DAGMAR's popularity.

Over the years, these comprehensive hierarchy-of-effects models have been placed under close scrutiny. Preston (1982) saw the hierarchy-of-effects models as lacking essential consumer research steps, and has suggested that the number of stages

be increased through a variety of flows and incorporated aspects of the stimulus-response behavioural model. Vaughn (1980) described another model posited by Robertson, the summary adoption process, which followed the basic awareness to purchase sequence, but incorporated feedback that could alter outcomes. The aim was to allow factors, such as prior experience, to provide more flexibility in explaining purchase behaviour. This line of thought still sees advertising as a dynamic process.

These cognitive information-processing models are intuitively attractive in their logic of necessary preconditions. However, they also involve a less explicit implication of psychological processing which has become very contentious. According to DAGMAR, measures such as brand awareness and ratings should be leading indicators of potential sales, and sales should increase if a campaign was successful in increasing awareness. From a theoretical standpoint, such prescriptive values become conceptually problematical. The major concern is that the measures lack correspondence. The predictive power, of models such as DAGMAR, has been low, because the operational measures for most of its components are weak. There has been a conceptual problem in measuring progress through the sequence. While the cognitive and affective components of awareness, comprehension or conviction may be accurately measured; there is no evidence to consistently show that they can be correlated to the quite different conative component, measured by purchase. Empirical findings by Barwise and Ehrenberg (1985) have shown that awareness and ratings were very closely associated with, and derived from, usage; while Lodish, Abraham, Kalmenson, Livelsberger, Ludbetkin, Richardson and Stevens (1995) showed that the relationship between sales effects and advertising recall tests was at the best very tenuous.

This raises another concern about hierarchical models, that of sequence. Foxall (1983) and East (1992) reviewed a number of studies which indicated learning or cognitive response was often not a measurable antecedent of either affect or conation. Foxall (1984) suggested abandoning focusing on attitudes when advertising new brands and argued that beliefs, attitudes or purchase intentions depended heavily upon situational factors, such as point-of-purchase. According to Foxall, it was futile trying to change mental disposition beforehand as it would not cause purchase behaviour. The affective-conative link was also questioned. It is

obvious, therefore, that there are some conditions under which the hierarchy-of-effects progression will not occur.

It is questioning this ordering of sequences that has lead to the positing of alternative models. Intuition, itself, suggests that the DAGMAR model is not suited to products that involve limited or superficial information processing. Krugman (1965) was one of the earliest to recognise what has become termed 'low involvement' behaviour. He made the obvious point that consumers are not greatly involved with many of the products they buy. Trying to determine the effects of television advertising, Krugman posited that direct information might directly affect behaviour, and that attitudinal change will follow later. This idea has been confirmed empirically by Barwise and Ehrenberg (1985).

Ehrenberg (1974) questioned another aspect of the sequence of the hierarchy, in models such as DAGMAR. He stated that these models failed to allow for anything to happen after the 'Action', or the first purchase. The product category, which has accounted for the largest share of the total advertising dollar has been the market for repeat purchase, packaged goods. When a choice needs to be made between brands that are insignificantly different, there is little need for heavy involvement in decision making. Ehrenberg argues that it would be naive to try and convert consumers who, through previous purchase actions, were already quite knowledgeable about the attributes of the advertised brands. A hierarchy of effects model, such as DAGMAR, becomes completely inappropriate for repeat purchasing behaviour.

4.5 THE ROLE OF REINFORCEMENT: THE ATR MODEL

While the ideas posited by Krugman (1965) and Joyce (1967) have highlighted the need for a different approach to that of the hierarchy-of-effects model, the main protagonist for change has been Ehrenberg, who first posited his model in 1974. Ehrenberg argued that the role of repeat purchase was the key determinant of marketing success. With assistance from various colleagues, he accumulated compelling evidence to show the existence of regular and predictable patterns of consumer behaviour (summarised in Ehrenberg, Goodhardt and Barwise, 1990). The strength of Ehrenberg's arguments lies in the derivation of his models from the examination of a huge mass of actual purchase data over successive time periods.

From this data, Ehrenberg has been able to describe what consumer behaviour is actually like; much of which is in conflict with 'classical' marketing ideas.

Ehrenberg (1974) implicitly criticised the hierarchy-of-effects models. While intuitively pleasing, he suggested they lacked empirical evidence and *they also fail to explain many of the known facts* (p.27), relating to actual consumer behaviour. These models failed to account for consumers having a repertoire of brands in which they moved from one to another. Very few consumers purchase only one brand on a regular basis. Indeed, Collins (1971) showed that segmentation across brands rarely occurred. Ehrenberg argued all that could be expected from advertising was to persuade present users to buy a brand more often than others in their repertoire. He commented that consumers *tend to perceive advertising for the brands they are already buying, and repetitive advertising allows the habit to continue to operate in the face of competition* (Ehrenberg, 1974, p.32). This can be achieved by advertising, which reinforces the choice and use of the brand, a process Barwise and Ehrenberg (1997) referred to this as 'nudging'. The brands making up this repertoire are bought regularly so that purchasing behaviour remains steady and habitual, rather than dynamic. Consumer habits, thus, are more important in determining brand choice rather than advertising or promotions (Ehrenberg, 1988; Barwise and Ehrenberg, 1997).

Another facet of consumer behaviour identified by Ehrenberg's research was that purchase levels of most brands tended to be fairly steady, and real conversion from ignorance to long term commitment very rarely occurred (Ehrenberg, 1974; Barwise and Ehrenberg, 1997). The main difference between leading brands and small brands has been that the leader has more buyers. In practice, consumers have found it more convenient to develop habits of repeat buying covering a limited repertoire of brands. These observable regularities in consumer behaviour have acquired the status of a marketing law, the law of Double Jeopardy (Ehrenberg, 1988; Ehrenberg, Goodhardt and Barwise, 1990; Shuchman, 1968). Merely inducing those who used the brand somewhat occasionally, to using it more frequently may increase sales revenue from a given brand. The effects of Double Jeopardy show that this will occur at the expense of other brands in the repertoire, rather than through increased usage of the product category.

The Awareness-Trial-Reinforcement (ATR) model has focused attention on those aspects in the purchasing process where reinforcement advertising may be effective. The first point where this may occur is with awareness, where advertising is noticed mainly by the users of a brand or service and can be used to reawaken or strengthen their awareness. Advertising can also be one of the factors that will facilitate trial purchase. Neither of these requires any conviction that the brand is particularly special. Promotional strategies can be used to induce awareness and trial of a different brand; but, unless nurtured, consumers will usually return to their habitual brands. This emphasises the pivotal role of reinforcement.

While advertising could act to create awareness, Ehrenberg suggested that its role at this stage is minor, compared to its key function of reinforcement. This reinforcement may be as simple as a satisfactory usage experience. Indeed, in case studies from South Africa and Canada, Rice and Bennett (1998) have presented evidence, which shows that users of a brand are more likely to notice advertising for the brand, than are non-users. Moreover, they also noted that brands with a strong market share had greater likelihood of achieving a high advertising recall score than a brand with a small market share (a double jeopardy effect). This confirms the idea from the ATR model, which suggested that the effects of advertising are dependent upon the relationship that existed between the consumer and the brand prior to the advertising being viewed. The crucial determinant of long term sales is to develop a climate of habitual repeat buying for a particular brand, by reinforcement after use. According to the ATR model, the role of advertising is to nurture any positive feelings for a brand that have been gained through its use, with the reinforcement of the use of a product being primarily derived from that product, not its advertising.

In spite of their logical appeal, one of the harshest critics of Ehrenberg's ideas has been Rossiter (1987). Rossiter questioned the validity of brand awareness being sufficient to cause trial, the initial stage of ATR, and raised doubts as to its usefulness. He queried whether awareness, alone, was sufficient to produce trial and suggested that the formulation of a tentative belief or attitude was still required prior to the trial. Rossiter stated that advertisers could be misleadingly concerned with advertisements that promoted awareness, and argued if this is all that is needed to induce trial, why waste time and money researching and advertising benefits. Rossiter suggested that a model involving agenda setting or brand

salience was needed to complement the awareness-trial stage of Ehrenberg's model.

Sutherland and Galloway (1981) have also argued for the importance of brand salience or agenda setting. They saw the main goal of advertising being to focus consumers' attention on which brands to think about, rather than trying to persuade consumers what to think about each brand's attributes. Consequently, according to Sutherland and Galloway, brands which consumers thought about unaided by advertising, were more likely to be brands already existing in a their repertoire, and thus have a higher probability of being purchased.

A second explanation (Sutherland and Galloway, 1981) is that advertising weight and brand salience are cues to which brands are popular. Consumers assume that the more successful a brand, the more it has been advertised, therefore explaining why consumers have a tendency to buy popular brands. Rather than viewing this as a connection between brand salience and sales, Ehrenberg (1988) saw it as the result of a 'Double Jeopardy' effect. He suggested more consumers will state a brand has a certain attribute only because more people use that brand, rather than because users look at it differently. There has been little empirical data produced to suggest there any value in brand salience. Broadbent and Colman (1986) found no simple empirical relationship between sales and advertising awareness effectiveness across brands in the confectionery market. Ehrenberg (1987) replied to Rossiter's criticism arguing that there is a real lack of cross analysis of attitude-belief data with brand usage; and until this was rectified, such criticism concerning awareness was only playing with semantics, implying that models involving agenda setting or brand salience served provided no useful illumination of the link between awareness and trial.

One of the major implications of the ATR model is the specification of reinforcement processes in the advertising process. Rothschild and Gaidis (1981) showed that respondent conditioning was effective because it took place at the same time and place as the behavioural response it was designed to modify. With advertising not taking place at the time of the response, it is logical to assume that other promotional tools should be used to reinforce the desired behavioural response. Ehrenberg (1988) warned that strategies, such as cut-price offers, might induce consumers to trial a brand, but they would eventually return to their habitual brands

as if nothing had happened. Indeed, Sargent (1995) speculated that many price-related strategies could damage longer-term share, and found that long-term brand growth came from increasing the media presence, rather than an increased promotional presence.

Ehrenberg has provided a strong argument for the view that low involvement brand choice applies to virtually all consumer packaged goods. Ehrenberg (1974) argued that the ATR sequence could also operate at the high involvement level. He offered the example of advertisements for Ford motor vehicles being attended to after the purchase. This, posited Ehrenberg, was to reduce the dissonance between the action and the prior attitude that was changed after the purchase, to make the chosen brand appear more adequate. This is an extreme view, which most marketing theorists have found difficult to accept, *per se*. Thus, many have attempted to reconcile the two extremes posited by the 'strong' and the 'weak' views of advertising.

4.6 CONVERSION OR REINFORCEMENT?

The 'strong' theory still holds the prevalent position in explaining the role of advertising in consumer behaviour. Its main role has been to influence consumers in a big way, by providing the means by which consumers can be switched from brand to brand. Duckworth's (1995) view that *advertising exists primarily because brands exist and we need to steer them* (p.43) indicates that the 'strong' role of advertising is still prevalent as a managerial practice. However, some cognisance has been made of the behavioural aspects of the 'weak' theory.

The idea of 'high and low' involvement polarised at the end of a continuum has become a common method of reconciling the two theories. Vaughn (1980) described one such model, the Foote, Cone and Belding (FCB) Grid. This model has treated the two ideas of high and low involvement as opposites along a continuum, which comprises one axis on the grid. The other axis is another continuum of thinking centred decisions and feeling centred decisions, thereby creating a grid divided into four quadrants. The implications of this idea are that the 'strong' theory of advertising would be an appropriate strategy for products in the upper left-hand quadrant, while the 'weak' theory would be an appropriate strategy

for products in the lower, right hand quadrant. The other two quadrants attempt to amalgamate the two ideas with questionable success.

East (1990) however, has argued that grids, such as the FCB, are too simplistic. Ehrenberg (1992) simply suggested that they actually have no value in identifying advertising strategy, *vis a vis* consumer involvement, in purchasing products. He argued that consumer involvement was not distinguished sufficiently between buying a product, which engendered high involvement, and buying a specific brand, which was a low involvement activity. Ehrenberg continued, that advertising needed to create brand awareness, and nudge brand choice at the time of purchase, because consumers view brands as unimportant. Another criticism of grids is that it is product categories which are placed in a grid to identify which advertising strategy to implement, yet it is brands that are advertised.

Batra and Ray (1983) suggested that different processes are associated with frequency and importance of purchase decisions and put forward evidence for three different sequences of response. They found that low involvement was the most predominant process, where repetition advertising was found to be important to counteract the tendencies of consumers to forget or ignore the brand. This process seems to add weight to Ehrenberg's ideas about the role of advertising: reinforcement to increase purchase frequency and protection to maintain penetration. While Batra and Ray only identified three types of processes, the other two being high involvement processes, they also suggested that others probably do exist.

What has become increasingly apparent is the fact that the issue concerning the role of advertising is a complex one. Jones (1991) implied as much when he suggested that less than a quarter of all advertising operated according to the 'strong' theory; more than a quarter operated according to the 'weak' theory; and the rest did not work at all. While the proportions may be debatable, the identification of differing advertising strategies operating through different processes has much validity.

Despite the growing mass of evidence that sales directly attributable to advertising are small, and often non-existent, there has still been a common view that advertising operates in a 'strong', manipulative way to convert or change consumer

behaviour. Traditionally, advertising has been thought to work in a linear way, manipulating attitude changes to influence consumers' purchasing behaviour. However, the traditional models of advertising have ignored the interactive effect that exists between advertising and consumers. Even when cognisance has been taken of empirical findings which shows the purchase of established brands follows a regular, lawlike pattern, thus implying a 'weak' role for advertising, the 'strong' theory has been given a much more prominent role in the prescription of consumer decision making. This is more than research suggests that it deserves. While such ideas imply that the notion of advertising is able to change attitudes as an antecedent to the required behaviour, there has been no tenable scientific evidence presented that consistently verifies this causal relationship.

Ehrenberg has posited the ATR model, derived from a strong, empirically based research programme which examined what consumers were actually doing, rather than what people thought they were doing. His notions have startled the traditional marketing world because they have run counter to many preconceptions about brand loyalty. In this model advertising has merely been seen as helping to create some awareness of the brand, nudging a few consumers towards a first trial purchase, and then reinforce this behaviour so that the brand is included in the consumers' repertoire. Ehrenberg saw the aim of advertising as building consumer satisfaction through added value, and while facilitating awareness and initiating trial are important, these are only short-term effects if consumers reverted to old habits. The emphasis of advertising needed to be placed on reinforcement, to continue what they have already doing over the long term, hence, the role of conversion was going to be minimal.

The debate surrounding how advertising works still remains controversial and unresolved.

4.7 IMPACT OF THE ADVERTISING DEBATE UPON SPONSORSHIP

The advertising models have relied upon the notion that advertising assisted consumers through a series of hierarchical processes which culminate in the desired behaviour. In light of the fact that most advertising research is still primarily carried out within this cognitive information processing perspective it is hardly

surprising that the literature on how sponsorship works is also, predominantly derived from the cognitive paradigm.

Sponsorship research to date has either argued, or implied, that the basic premise of sponsorship is similar to advertising, and as such generates effects at all levels of the effects hierarchy. Sandler and Shani (1993) stated that they had set a goal of *developing and empirically validating a model of the cognitive processes consumers engage in when exposed to a special event sponsorship campaign* (p.43) when they were investigating sponsorship and the Olympic Games. Hansen and Scotwin (1995) also stated that the hierarchy-of-effects models would be a useful way to understand the effects of sponsoring. They argued that the basic premise of sponsorship was like advertising and as such generated effects at all levels of the effects hierarchy, although they did speculate that the impact of sponsorship at levels of the hierarchy above awareness might be zero.

Donovan, Holman, Corti and Jalleh (1996) used a hierarchy-of-effects model when measuring the effects of health promotion sponsorships. That found that the ratio of people aware of the sponsorship message and the consequent desired action was approximately sixty-seven to one. However, they admitted not being able to find sponsorship impacts at all levels of the hierarchy to show a sequence of actions.

Speed and Thompson (1997) formalised many of the themes implicit in earlier studies with a cognitive derived model. Table 7 clearly shows that the sequence of sponsorship impact constructs proposed by Speed and Thompson were clearly modelled on the AIDA constructs.

Table 7 AIDA and Sponsorship Impact Models

AIDA	SPONSORSHIP IMPACT (after Speed and Thompson)
Awareness	Awareness of Sponsor
Interest	Interest in Sponsor
Desire	Favourability towards Sponsor Preference for Sponsor
Action	Action towards Sponsor

They also argued that the three factors which facilitated this sponsorship impact were analogous to the dimensions of attitude which have been detailed in cognitive models of consumer behaviour which have been used to explain how advertising is thought to affect behaviour.

Just as cognitive-derived models have been used to explain how advertising works is being questioned, then similarly, the use of cognitive-derived models to explain sponsorship effects must also be put under scrutiny. That sponsorship creates awareness has been well researched and documented (Abratt and Grobler, 1987; Parker, 1991; Cuneen and Hannen, 1993; Javalgi *et al*, 1994; Hansen and Scotwin, 1995; Rajaretnam, 1995; D'Astous and Bitz, 1995; Shilberry and Berriman, 1996; Quester, 1997a). Increased awareness has been commonly expected from any sponsorship investment, there must be at least recognition that a company is involved as a sponsor by its targeted market if any commercial return is to be generated by the sponsorship (Quester, 1997a). However, as yet, there has been no evidence to suggest that awareness and the subsequent descriptive belief attributes will prompt an action such as trial.

Schiavone *et al* (1998) investigated the long term impact of the major sponsors at the Barcelona (1992) and Atlanta (1996) summer Olympics and were perturbed at the low percentage of respondents who indicated that Olympic sponsorship made them more likely to buy a product of the sponsor. This was despite the extremely high awareness levels and improved image they noted being generated by the Olympic sponsorship. Pope (1998b) also used purchase intention, as a measure, in his study of the effects of sponsorship at the 1998 Nagano winter Olympics. In this study he confirmed that awareness of a corporation's sponsorship raised corporate image, and that companies which were involved in the community were favourably looked upon. Further, Pope found that sponsorship awareness did not have an effect upon purchase intention except when the individual was actively involved in the Olympics as a fan. In those situation consumers believed that a recognised sponsor has good products and services, which in turn impacts upon the purchase intention. Pope's findings suffered from two problems: one methodological and one theoretical. First, there were limitations with his sampling method (it was drawn from 204 responses over the Internet) and the 5 scale levels of intention. Even if the research design had supplied satisfactory information, there was no evidence that purchase intention was directly related to behaviour. However, the results, did

suggest that actively involved fans are more amenable to the sponsor's products, implying that sponsorship has a role of reinforcement, which sits more comfortably alongside a behavioural explanation for sponsorship effect.

McDonald (1991) agreed with this role of sponsorship as a reinforcer when he argued that *as more people have the sponsorship brought to their notice by publicity, they are* ***reminded*** *of something they already approve of; it's brought to the front of their mind. It does not follow that anybody's mind has been* ***changed*** *about the company because of the sponsorship* (p.33). His ideas seem to sit comfortably with Ehrenberg's ATR model. Sponsorship, like brand advertising, is more likely to act in a defensive role, maintaining the status quo or reinforcing existing attitudes, rather than producing increases in sales. Barwise and Ehrenberg (1997) also implied a behavioural role for sponsorship when they elucidated the need for on going brand maintenance. They suggested that positive nudging could also occur for competitors and that this needed to be countered. Therefore, they suggested using other promotions which could include sponsorships, to reinforce this brand maintenance. A customer's propensity to buy a brand, rather than that of the competition, needed to be reinforced by nudging them, that is, by reminding customers about the brand and reinforcing its salience to them.

A few studies have recognised that not all sponsorship promotions comply with the prescribed sequences outlined by the hierarchy-of-effects models. Quester (1997a) assumed that the traditional cognitive processing thought to apply in advertising also applied to the type of communication afforded by sponsorship, she found that sponsorship objectives were achieved without the preliminary condition of recognition being fulfilled, bypassing awareness altogether. This also suggested an alternative mode of communication. Bloxham (1998) encountered problems with using simple recall and awareness as measures of sponsorship's success and cautioned against their use. He found that Diet Coke's sponsorship of a television broadcast had one of the highest levels of recall in his survey, but panel data found that it was far from popular because of its intrusive nature. The brand was viewed as having an unsuitable association with the sponsored programme; due largely to the use of intrusive credits.

Hoek *et al* (1997) is one piece of research which has deliberately investigated sponsorship effects from the perspective of the ATR model. Their initial research

compared the effects of advertising and sponsorship and concluded that sponsorship may generate higher levels of awareness than advertising, but neither increased users nor non-users' purchase probabilities. They concluded that neither sponsorship nor advertising seemed to be able to initiate new behaviour patterns, appearing to act only as a reinforcer of existing behaviour. While their sampling method had limitations, the study did provide enough evidence to conclude that the ATR model accommodated their findings much more readily than more cognitively derived models.

Turco (1994) also examined the effect of sponsorship by investigating spectators' use of the sponsor's product. He analysed the effects of sponsorship exposure on consumers' attitudes towards the sponsors' products at a large-scale annual sport event with an international viewing audience of 1.6 million. He collected data from 591 on-site spectators with the purpose of showing that corporations who aligned themselves with an event, with direct product relationships, could increase sales and market share. Turco found that a spectator's perceived image of an event's title sponsor was enhanced if that spectator was a current consumer of that sponsor's product. Again, this finding sits comfortably alongside Ehrenberg's ideas of reinforcing purchase behaviour and repeat purchasing, as well as Bird and Ehrenberg's (1970) ideas concerning brand usage and attitude.

In the wider context, the findings of Turco and Hoek *et al* are consistent with other investigations into descriptive and evaluative attributes to a brand and whether these vary according to usage behaviour (Bird and Ehrenberg, 1970; Barwise and Ehrenberg, 1985). These imply that although sponsorship may reinforce beliefs already held by users, it is unlikely to instil new beliefs in non users and even less likely to persuade them to engage in extreme new behaviour patterns.

Models from the two paradigms both begin with awareness, but the role that is attributed to advertising in fostering awareness varies. As such, the same criticism can be levelled at sponsorship. Cognitive derived models, such as AIDA or DAGMAR, have treated awareness as the antecedent to powerful persuasive forces, capable of initiating behavioural changes. In contrast, Ehrenberg's behaviourally derived ATR model gave awareness only a minor role, in which its chief function was to reinforce behaviour already performed. However, most authors have used traditionally derived models, such as AIDA, to argue that sponsorship

fulfils a persuasive role. For example, Crimmins and Horn (1996) argued that sponsorship is a powerful, albeit misunderstood, form of consumer persuasion. They suggested that *sponsorship improves the perception of a brand by flanking our beliefs about the brand and linking the brand to an event or organisation that the target audience already values highly* (p.12). Thus, while Crimmins and Horn argued that the role of sponsorship was derived from the cognitive theory of persuasion, they have, by all intents and purposes, suggested a role using the behavioural theory of respondent conditioning.

Similarly, Hansen and Scotwin (1995) extolled the usefulness of hierarchy-of-effects models, but used examples of reinforcement when cautioning readers that the links between the sponsor and sponsored could result in negative as well as positive associations. Javalgi *et al* (1994) in their study of awareness of sponsorship and corporate image also acknowledged the presence of operant conditioning. They noted in their conclusion that *corporate sponsorship might exacerbate a negative image if consumers hold prior negative perceptions* and that *managers expectations should be tempered by recognition of consumers previously formed views* (p.57). Cornwell *et al* (1997) also suggested that *location and related past experiences of audiences for sponsored events should be of great interest to researchers and practitioners* (p.56). These, again, acknowledge the importance of respondent conditioning in their explanation of the role awareness in sponsorship.

Pope and Voges (1999) replicated the work of Javalgi *et al* and found that any effect of sponsorship awareness on corporate image was entirely accounted for by the effects of the brand name and prior use of that brand. This behavioural effect of awareness on corporate image totally surprised Pope and Voges, who concluded, *these findings... illustrate that knowledge of sponsorship and how it works as a communications medium is limited* (p. 26). This conclusion was not surprising considering the huge emphasis which has been placed upon cognitive information processes, with almost universal exclusion of behavioural information processing, when researching the effects of sponsorship.

There is no denying that sponsorship can be used to create higher levels of awareness and modify the image of both the product and the corporate sponsor. The problem however, is that, as yet, heightened awareness and the subsequent

development of image (descriptive belief attributes) have not been shown to prompt trial. That is, there has been only anecdotal evidence that awareness and improved image are the antecedents to behavioural change. One study often cited as evidence of this is the case study of the long term effects of sponsorship on one Indian automotive tyre firm (Rajaretnam, 1994). He confirmed that there were marked long-term improvements in awareness, corporate image and brand preference. He concluded that sponsorship had a greater impact upon brand preferences than did advertising. It could be argued that brand preference is a substitute for purchase behaviour, in which case this provided evidence of a relationship between the early and later stages of the hierarchy-of-effects models. Unfortunately the study did not make any attempt to assess the effects of brand preferences on sales.

Thus, in conclusion, it has been argued that the cognitive information processing models, on which managers and practitioners have implicitly relied when setting sponsorship objectives, are unsatisfactory. The ideas implicit in cognitive derived advertising models, such as DAGMAR or AIDA, have been used by researchers as the prototype for modelling sponsorship effects and placed a heavy emphasis upon awareness and attitudes in the belief that these variables foster behaviour. To date, the evidence derived from empirical research of sponsorship has tended to favour Ehrenberg's ATR model. Sponsorship, as with all marketing activity, is undertaken to achieve some behavioural outcome, such as increased sales or improved market share. Managers have relied upon cognitive measures, such as increased awareness or improved corporate image, when setting sponsorship objectives in the belief that these somehow will shape behavioural outcomes. The lack of consistency in results derived from these measures has indicated there is a need to re-consider whether this cognitive approach has helped to achieve the behavioural objectives, which are, arguably, the focus of all sponsorship activity.

Ehrenberg's ATR model implied that sponsorship's role was one of reinforcing behaviour, rather than initiating new behaviour patterns. Image and awareness constructs fit comfortably within this behaviourist paradigm but rather than serving as an antecedent to purchase behaviour, they follow such behaviour. According to Ehrenberg, these variables do have a role, but it is only a minor one, in comparison to the key function of reinforcing or maintaining behaviour patterns. To date, this is an area that has been largely ignored by sponsorship researchers. Therefore, it is

within this behavioural context that there is a need to investigate the effects of sponsorship.

In summary, the widely documented relationship between sponsorship and awareness or image objectives has suggested that sponsorship managers have relied heavily upon advertising's hierarchy-of-effects models even if they have not explicitly acknowledged this. Although, sponsorship has been compared to advertising there has been considerable on-going debate over how advertising operates. The DAGMAR and ATR models represent two different paradigms on how advertising (and sponsorship) works. DAGMAR relies upon a causal relationship between attitudes and behaviour, while ATR posits trial and repeat purchase as behaviours, drawing upon respondent and operant conditioning to explain these. While the debate over how advertising and sponsorship works has not been resolved, the empirical research to date seems to suggest that sponsorship fits more comfortably into the ATR framework. Thus it seems logical that any further sponsorship research should be extended by visiting this behavioural framework.

CHAPTER FIVE

OBJECTIVES AND METHODOLOGY

5.1 A RESEARCH AGENDA

Very few researchers have investigated the issues surrounding the effects of sponsorship on the consumer (Quester, 1997a; Lee *et al*, 1997; Cornwell, 1995; Hoek, 1997; Farrelly *et al*, 1997). Cornwell (1997) has expressed the view of many when she said that the lack of appropriate measurement techniques for the effectiveness of sponsorship was at once the most widely debated and the most elusive aspect of the process. However, there has also been mounting pressure on decision-makers to develop appropriate measures of the effectiveness of sponsorships (Cornwell, 1997), for companies to be able to justify the expense of their commercial investments. Mescon and Tilson (1987) have called this the *bottom line* (p. 49), the need to obtain a tangible return for their contribution. Abratt *et al* (1987) concurred when they stated that *an increase in sales is always the ultimate goal* (p.306) of sponsorship.

Many researchers have viewed the solution to this research problem as being too difficult and have focused their attention upon more descriptive aspects of sponsorship. It has been argued, however, that this research direction poses problems. The commonly used measures, such as image and awareness, have been used as proxy measurements of sponsorship effects on behavioural outcomes, and as such have failed to provide any real insight into consumers' behavioural responses. McDonald (1991) has been prompted to suggest that what *these measures actually tell us about is probably, for the most part, how effective the publicity surrounding the sponsorship has been* (p.33). They have not explained how effective sponsorship was in generating sales and have failed to elucidate the relationship between sponsorship and consumer behaviour. This inability to address a critical management issue raises questions about the logic of continuing to pursue this research direction.

It has been argued that a behavioural perspective may provide a more suitable framework, since it would place greater emphasis upon the outcomes of sponsorship, and correspondingly less on processes such as awareness, which are only thought to influence behaviour.

5.1.1 Cause-Related Marketing

Few managers currently consider their objectives in terms of cueing or reinforcing behaviour. That is, few relate their sponsorship to a specific sales promotion activity, whereby some analysis of the behavioural consequences can be made. One recent sponsorship initiative which does link behaviour to a specific sponsorship reinforcer, is cause-related marketing (CRM). This type of sponsorship occurs when a sponsor agrees to make a donation to a non-profit organisation, in direct proportion to the sales revenue generated by the promotion (Meenaghan, 1998). One of the earliest CRM initiatives came from American Express and their support of the renovation of the Statue of Liberty in 1983. American Express donated one cent to the renovation every time its card was used, as well as donating one dollar for each new card issued. This, reportedly, resulted in a 28 percent increase in card usage, considerable increases in new cards issued and a $1.7 million contribution to the renovation of the Statue of Liberty (Varadarajan and Menon, 1988).

This form of sponsorship activity has also become popular with banking institutions in New Zealand. For example, Westpac Trust has set up an investment account, as part of its support for Team New Zealand's defence of the America's Cup. They donate a small percentage of each investment to a fund sponsoring the Team New Zealand support crew. The popularity of this type of sponsorship for managers comes from its ability to allow more control over the funding provided. More importantly, however, the behaviour must precede the sponsorship. The databases generated by this type of arrangement create excellent research opportunities. If access could be gained to these databases, it would allow analyses to be made of the source of the behaviour (is it creating new customers or appealing only to existing customers). In addition, the occurrence of any complementary behaviour (such as the impact upon other account

holders) and the conversion levels of new users, once the term of the sponsorship has concluded, could be investigated.

A variation of CRM is associating a sponsorship investment with some form of sales activity. A number of fast-moving-consumer-goods (fmcgs) have used this technique. Tesco is a large supermarket chain in England which, since 1992, has supported schools by providing equipment through its Computers for Schools scheme. Tesco customers can collect vouchers with their shopping during a 10-week period each year and give them to a school. Once the school has collected enough they can then redeem the vouchers for computer equipment. This particular CRM campaign has been so successful that Tesco has now become synonymous with the support of technology in UK schools (BDS Sponsorship Report 3, 1999). This type of sponsorship activity is designed to induce higher levels of repeat purchase behaviour than the norm and to increase the company's share of market for at least the term of the sponsorship promotion, and ideally beyond. These behavioural measures can all be examined using standard aggregated product scanning data. This would then enable an analysis of whether the investment in the sponsorship was offset by an increase in resulting sales, and also whether the sponsorship resulted in any longer term effects, such as increased market share.

Trialling is another sponsorship initiative, similar to CRM, which also cues or reinforces behaviour by attempting to create a direct link to consumers' behaviour. Many sponsorships have been associated with an event, especially sporting events, and companies sponsoring these events already use trial as a leverage for their sponsorship association. Breweries commonly select events to sponsor in which they can gain exclusive 'pouring rights'. Other businesses, such as computer firms, video and film equipment suppliers, will sponsor events where their product can be trialled, as well as making contacts, which serve as lead-ins to future sales (BDS Sponsorship Reports, 1999). This method of leveraging the sponsorship provides clear usage behaviour, and with the collection of the appropriate data, offers excellent opportunities to monitor the behavioural effects of the sponsorship.

While each of these ideas offer distinct research potential, they do pose problems with access to information. If the results of these activities are analysed in detail they, and the data generated to obtain them, are not usually made available to external parties because of their commercially sensitive nature. This poses another question which affects managerial decision-making. If a corporation does not have a budget that allows detailed analysis of the behavioural outcomes of their sponsorship investment, there has been little evidence found which indicates how effective sponsorship is, or whether different types of sponsorships have different effects on consumer behaviour.

A research design which does have a strong behavioural orientation, and circumvents the problems of collecting and analysing sensitive data, is to investigate how different types of sponsorship affect choice behaviour. In more established research procedures, awareness and attitude measurements have been examined as proxies for behaviour. However, choice modeling explores trade-offs between competing behaviours, by comparing different attributes and the effects these have on respondents' choice behaviour. Thus, discrete choice modeling can be used to estimate the effect sponsorship has had on consumers' choice behaviour and to explore how this compared to the effects of other product attributes which are under manager's control.

There are some obvious problems with this approach. The experimental research conditions are artificial, while the research instruments are influenced by those who design them. One concern with choice models is that the design assumes that attributes not included in the models are irrelevant. Therefore, careful consideration must be made in selecting the levels of each factor. However, this methodology is less open to biases than previous research and it does offer some insight into how sponsorship effects choice behaviour and whether different types of sponsorship have different effects upon the consumer. This is a much more meaningful method in assessing behavioural orientation than limiting sponsorship evaluation to a bland investigation of awareness, image and preferences, with no real understanding of the relationship between these variables and consumers' purchasing behaviour.

5.2 OBJECTIVES

The rest of this chapter outlines the methodology used in this research in which discrete choice modeling is used to estimate the effect sponsorship had on consumers' choice behaviour. In this regard, the primary objectives of this research were:

- to investigate the effect of sponsorship on consumers' choice behaviour
- to assess how different sponsorships affect choice behaviour.
- to investigate the effect of sponsorship on consumers' choice behaviours in different product categories

5.3 METHODOLOGY

5.3.1 Procedure

The Selection of Product Categories, Brand Attributes and Brand Attribute Levels

In order to increase the effectiveness of the study it was felt that at least two product categories with differing levels of consumer involvement needed to be tested. Term investments were selected as an example of a 'high involvement' product in the decision-making continuum. What also made them an appealing research subject was that Meenaghan (1998) had identified trading banks as one of the earliest groups to engage in sponsorship. Thus, they have the experience that accompanies a long association with sponsorship as a communication medium, which in turn has created high consumer awareness. Since 1984, when the New Zealand industry was deregulated, banks have been free to engage in promotional activity and to compete on interest rates. This has led to banks undertaking a wide variety of marketing opportunities, including direct marketing, product and image advertising, competitions and sponsorship. The five major New Zealand trading banks have become involved in sponsoring a wide variety of sporting events, art events, community projects and charitable causes. All of these banks have had a heavy involvement in cause-related marketing (CRM) types of sponsorship activity. In 1988, each of the major trading banks had linked investment in a specific product with donations to children's charities. By focusing upon a study of CRM type sponsorship, in which behavioural outcomes

can be readily measured, the effects of different types of sponsorships can be compared more readily. Certainly managers, in this very homogeneous market, should be interested in the ability of these cause-related marketing activities to induce loyal consumers to do business with a new institution.

The second product category was selected from the 'low involvement', fast-moving-consumer-goods (fmcgs) market, a sector Meenaghan identified as being a recent entrant to the sponsorship market. There are a number of fmcg product categories which are engaged in sponsorship activity in New Zealand, but only a few of these have a number of brands involved in sponsorship. Four fmcg product categories were initially investigated for selection in the experiment: breakfast cereals, carbonated drinks, health products and milk. Each of these had a number of brands, which in turn had different levels of sponsorship involvement.

Milk was selected as the fmcg product category for several reasons. First, milk has high penetration and so was expected to be purchased by a high proportion of the respondents. It also has a very short consumption cycle and therefore is bought frequently. Milk is a generic product and contains a reasonably small number of variants. Finally, the product category is not highly partitioned, which was a problem with the other fmcgs under consideration, such as breakfast cereals and carbonated drinks.

Creation of Choice Experiments

Once the two product categories were selected, the next step was to use these as the basis of choice experiments. The development of the choice experiment had two distinct phases. The first of these identified the different brand attributes that influenced consumers' choice behaviour and the levels at which these attributes were expressed. The second phase developed a balanced combination of attributes to ensure the choice sets were realistic and that they enabled an analysis of the interactions of interest.

Identifying the Attributes for Term Investments

A number of sources were used to identify the attributes for Term Investments. An informal survey of a selection of trading banks was carried out investigating which investment schemes, linked to some worthy cause *vis a vis* CRM type sponsorship, were being offered to potential investors. Informal interviews with financial advisors within the bank were also made as part of this survey, to verify the experiment would only test the variables that managers have some control over, namely length of investment, interest rate and sponsorship donation. In addition, a small panel group discussion was carried out with potential investors. This group, comprising six retired, or semi-retired, people who were members of a local golf club, was used to confirm the validity of the above attributes and their levels.

Thus, three attributes, each with three attribute levels were identified. This satisfied a concern about the need to keep the choice sets relatively simple so as to lessen the demands made on respondents' time by the survey. The attributes and attribute levels formulated for this experiment are shown in Table 8.

Table 8 Attributes and Attribute Levels for Term Investments

INTEREST RATES	4.85% p.a. 5.25% p.a. 5.65% p.a.
BANK	ANZ Bank ASB Bank Bank of New Zealand National Bank/Countrywide Westpac Trust
SPONSORSHIP	5c donation (for every $) to Child Cancer Research 5c donation to saving N.Z. Endangered Species No sponsorship option

One of the features of discrete choice modeling is that it allows for the situation where the brand name can be included in the choice set as a signal for degree of product quality and this can be traded against other attributes. Hence, the bank's name was included as one of the attributes, while the tenure of the investment was incorporated

into the scenario presented to respondents as a fixed condition.

Identifying the Attributes for Milk

Identification of the attributes for Milk began with observing the brands of milk displayed on supermarket shelves and noting the attributes of the different brands displayed on packaging, as prospective buyers would view them. Informal interviews with supermarket managers were conducted to verify the importance of attributes observed on the supermarket shelves. As with Term Investments, this was a product category where managers had some control over the salient attributes: brand, price and sponsorship cause. From these three attributes, three attribute levels were devised. The attributes and attribute levels formulated for this experiment are shown in Table 9. Again the choice sets were kept relatively simple to lessen the demands made on respondents' time by the survey.

Table 9 Attributes and Attribute Levels for Milk

PRICE (per litre)	$1.42 $1.48 $1.58
BRAND	Anchor Tararua Primo Foodtown Pams First Choice
SPONSORSHIP	5c donation to Outdoor Pursuit Centre 5c donation to Child Health Research No sponsorship option

Developing the Choice Sets

The second phase of the research design involved developing profiles that were used in the choice sets. Each choice set comprised three scenarios. Using the attributes shown in Table 8 a complete set of profiles for Term Investments, that is, a full factorial design, would produce 1215 choice sets. Similarly, using the attributes that are shown in Table 9, a full factorial design would produce 729 choice sets for Milk. This was an unrealistic number of sets for respondents to be expected to process, therefore a

fractional factorial design of 12 choice sets was created. This number was large enough to provide a balanced design, yet small enough for respondents to comfortably process in an interview.

The 12 choice sets decided upon for Term Investments and Milk are shown in Appendix A and Appendix B, respectively. Neither design was completely orthogonal. In creating the Term Investments design, a choice needed to be made between a design which was well balanced but where the estimates would be highly correlated, and a design which was not quite so balanced but which would be less correlated. The latter design was chosen because correlations that are too high produce problems of multicollinearity, which in turn produce problems of nonconvergence. The design used is outlined in detail in Appendix A. For the Term Investments design, an interest rate*sponsorship object two-factor interaction was decided upon. In the Milk design, it was only possible to get designs with one two-factor interaction, so a price*sponsorship interaction was decided upon. This meant foregoing a design with price*brand interactions, but every design in these interactions had at least one improbable set of options.

From each of the designs, a set of showcards was created. Table 10 displays Showcard A for the Term Investments design, while the full set of showcards for both Term Investments and Milk can be viewed in Appendix C and Appendix D, respectively.

Table 10 Show card A for the Term Investments Design

SHOWCARD A		
Option 1	**Option 2**	**Option 3**
ANZ/ Postbank	National/Countrywide	ASB
No Sponsorship	5 cent donation for every dollar invested to support New Zealand's endangered species	5 cent donation for every dollar invested to support New Zealand's endangered species
5.65% interest	5.65% interest	5.25% interest

5.3.2 Data Collection

The data for this research was obtained from two cross-sectional surveys, each involving 403 face-to-face mall-intercept interviews. Respondents were randomly selected as they passed interviewers in the Plaza, a busy shopping mall in Palmerston North, New Zealand, over the period 26-29 August 1999. Each respondent was asked if they would participate in the study, and the overall response rate was 54.5%. Mall-intercepts were used for several reasons. First, respondents needed access to visual stimuli and mall-intercept interviews enabled the use of the showcards. Second, mall-intercepts are generally recognised as being a cost-effective method of conducting a large number of interviews of the general public within a limited period of time. Finally, mall-intercept interviews have been widely accepted as providing responses from a broad cross-section of the general public.

Fully trained and experienced graduate and final year undergraduate students conducted the interviews. Each interview commenced with a screening question to ensure respondents were current users or purchasers of the two product categories chosen for the study. A hypothetical purchase situation was then outlined and respondents were given the series of showcards and asked to identify which option on each card they would select in the situation that had been outlined. Each of the showcards contained three product feature combinations, described in Tables 8-10 and Appendices C and D. The showcards were rotated with each interview to equalize any order effects. Finally respondents were asked a series of demographic questions. The questionnaires used in the surveys can be viewed in Appendix E and Appendix F.

5.3.3 Analytical Tools

Cluster analysis, using average linkage and centroid linkage algorithms, was used to identify groups of respondents who displayed similar choice patterns. These two algorithms were able to classify a large proportion of respondents, from both the Term Investment sample and the Milk sample, into clusters showing similar choice patterns. Discrete choice modeling, more specifically a multinomial logit regression model, was then fitted to the groups' choices and non-significant terms dropped. From these the

model's overall chi-square was derived, parameters measuring the part-worth of each attribute were found, the effect of each attribute was combined to create a utility index, and an analysis was made of each brand or bank's preference share.

The overall chi-square is a summary index of the model. Expressed as a percentage, this figure can be used to explain the contribution, and its significance, which each attribute makes to the overall fit of the model. Each attribute can then be broken down in such a way that parameter indices can explain how much each attribute level has contributed within the individual attribute. That is, the parameters describe the relative part-worths of each individual attribute and along with their interactions. The utility index combines the relative part-worths of each attribute into one figure for each combination of attribute and attribute level. Thus, an analysis of the utilities can be used to indicate which are the most preferred combinations of attribute levels for each brand. A preference share analysis can then be performed on these utilities. This is somewhat similar to a theoretical market share; the analysis indicating how much preference share of the market can be gained or lost if the attribute level combinations are changed for each brand.

In summary, the objectives of this research were to investigate the effect of sponsorship on consumers' choice behaviour and, more specifically whether different types of sponsorship affect this behaviour. To test this question two quite different product categories, Term Investments and Milk, were selected, attributes and levels within these were clarified and two fractional factorial designs of 12 choice sets were created. These choice sets were then used in two face to face mall-intercept surveys, each questioning just over 400 respondents. A cluster analysis was performed on the data gathered from these interviews. From this analysis groups with similar choice patterns were identified and then a discrete choice model was fitted to each of these group's choices.

CHAPTER SIX

RESULTS AND DISCUSSION

This chapter has been divided into a number of sections in which the choices made by different groups of respondents have been examined and analysed. The groups displaying similar choice patterns were identified using cluster analysis. Discrete choice models, or more specifically Multinomial Logit Regression analyses, were then fitted to the groups' choices and three groups of analysis are presented. The first of these is a chi-square analysis, which shows the overall contribution each attribute makes when fitted to the model. The second is the parameters, which indicate the individual part-worths of the levels for each attribute. The third analysis gives the utilities, one overall figure, for each combination of attribute levels.

6.1 ANALYSIS OF RESPONDENTS GROUPED BY SIMILAR CHOICE PATTERNS: TERM DEPOSITS

Cluster analysis revealed four distinct groups whose choice behaviour differed. Both average linkage and centroid linkage clustering algorithms[2] identified two major clusters, one of 65 and one of 207. These accounted for 63 percent of the sample. The remaining one-third was a somewhat disparate group, which was not clustered at the same level as the initial two groups. A closer inspection of the dendrogram revealed that two further groups (n=28 and n=27) could be identified at a lower, somewhat looser level. These four clusters account for 327 members, or 81 percent, of the sample. The following results and discussion is based upon a Multinomial Logit Regression analysis carried out on each of these four groups.

[2] Average linkage uses the average distance from individuals in one cluster to individuals in another cluster as the clustering criterion. This approach tends to combine clusters with small variances.
Centroid linkage uses an agglomerative algorithm in which the distance between two clusters is the distance between their centroid, or means. As each object is grouped, a new centroid is calculated. Thus, cluster centroids migrate as cluster mergers take place (Hair *et al*, 1992).

6.1.1 General Overview of Term Investments

Chi-Square Analysis of Term Investment

Table 11 displays the details of the results of the chi-square analysis for Term Investments. The 'percentage of overall model chi-square' shows the contribution that each attribute makes to the overall fit of the model.

Table 11 Chi-Square Analysis of Term Investment

Banks	Model Chi-Square	Improvement in Chi-Square	DF	Sig	% Overall Model Chi-Square
	Cluster 1	(n=65)			
Banks	36.547	36.547	4	0.0000	3.6%
Sponsorship	249.533	212.986	2	0.0000	20.7%
Rates	1022.461	772.928	2	0.0000	75.3%
S*R (3)	1026.808	4.347	4	0.3611	0.4%
	Cluster 2	(n=207)			
Banks	297.227	297.227	4	0.0000	8.8%
Sponsorship	1545.076	1247.849	2	0.0000	36.8%
Rates	3373.202	1828.126	2	0.0000	53.9%
S*R	3391.296	18.094	4	0.0012	0.5%
	Cluster 3	(n=28)			
Banks	14.903	14.903	4	0.0049	6.3%
Sponsorship	228.675	213.772	2	0.0000	90.8%
Rates	229.356	0.681	2	0.7114	0.3%
S*R	235.344	5.988	4	0.2000	2.5%
	Cluster 4	(n=27)			
Banks	171.653	171.653	4	0.0000	81.9%
Sponsorship	199.281	27.628	2	0.0000	13.2%
Rates	208.205	8.924	2	0.0115	4.3%
S*R	209.573	1.368	4	0.8497	0.7%

3 S*R = Sponsorship – Interest Rate Interaction

Overall sponsorship played a different role for members of the different clusters. In particular, members of the two largest groups, Clusters 1 and 2, were primarily influenced by the interest rate on offer. While members of Cluster 1 were significantly influenced by the interest rate on offer, accounting for 75 percent of the fit of the model, sponsorship also played a significant role, accounting for about 20 percent of the fit of the model. The type of Bank brand was significant but its contribution to the model was relatively small. The Type of Sponsorship*Interest Rate interaction was not significant.

Cluster 2 contained over 50 percent of the sample (n=207). As such, the results based on this group were more representative of the whole sample. Members of this cluster were also primarily influenced by the level of interest rate on offer, although this attribute only accounted for 54 percent of the fit of the model, somewhat less than for Cluster 1. However, sponsorship accounted for 37 percent of the fit. The type of bank preferred had a small, but significant influence (9 percent), as did the Sponsorship*Interest rate interaction (0.5 percent).

Members of Cluster 3, a much smaller group (n=28), were significantly influenced by sponsorship, which accounted for 91 percent of the fit of the model. The type of Bank also had a minor influence, accounting for 6 percent of the fit, but the Interest Rate attribute had no significant influence on this group's behaviour. This is somewhat surprising in light of the importance of interest rates for the other clusters.

Cluster 4 was also another small group (n=27). Table 11 indicates that this group was primarily influenced by the institution offering the investment, and the Bank attribute accounted for 82 percent of the fit of the model. However, the Sponsorship and Interest Rate attributes also had small but significant effects on the choices of members of this group. Sponsorship accounted for 13 percent of the fit, while the Interest Rate on offer accounted for 4 percent.

The results of the overall chi-square analysis have a number of implications for managers. The effect of sponsorship on the choice behaviour of consumers varied from group to group. A small group of consumers can be significantly influenced in their choice behaviour by sponsorship. A similar sized group, though, were significantly loyal to a bank and sponsorship, as well as other inducements, had very little impact upon their choice behaviour. However, the vast majority of consumers (approximately 80 percent) were predominantly influenced in their choice behaviour by the interest rate on offer. For this group, sponsorship played a relatively small but significant role in their choices. The challenge for managers is to identify the group to which potential and existing customers belong.

While the interest rate on offer and to a lesser extent, sponsorship and brand have been shown to be significant attributes, it was the attribute levels and their combinations that provided greater insight into the choice behaviour of consumers.

Parameter Coefficients of Term Investment Attributes

Table 12 displays the parameters of the part-worths for each attribute; these indicate the relative importance of each level by using one of the brand attribute levels as base zero. The greater the positive value of the parameter, the more important its part-worth was to the overall model. Thus, while the chi-square analysis indicated the relative contribution sponsorship made to the overall fit of the model, these parameters indicated the part-worth of each of the different types of sponsorship to the overall sponsorship value.

Table 12 Parameter Coefficients of Term Investment Attributes

Attribute and level	**Cluster 1** (n=65)		**Cluster 2** (n=207)		**Cluster 3** (n=28)		**Cluster 4** (n=27)	
Bank	Parameter	SE	Parameter	SE	Parameter	SE	Parameter	SE
ANZ	-1.11	0.206	0.98	0.166	-0.75	0.238	2.38	0.273
ASB	-0.98	0.402	0.52	0.171	-0.63	0.235	0.94	0.263
BNZ	0.04	0.301[4]	0.71	0.181	-0.06	0.323	0.72	0.284
National	-1.09	0.266	1.69	0.158	-0.61	0.232	0.26	0.319
Westpac	0		0		0		0	
Sponsorship								
None	-4.46	0.4	-1.29	0.138	-1.21	0.43	-0.93	0.336
Cancer	-0.59	0.22	1.91	0.152	1.65	0.317	-0.22	0.339
Endangered Species	0		0		0		0	
Interest Rate								
4.85%	-4.90	0.402	-3.05	0.23	0.74	0.374	-0.66	0.356
5.25%	-2.47	0.339	-2.11	0.238	0.01	0.356	-0.11	0.35
5.65%	0		0		0		0	
S*R								
None * 4.85	-14.36	1709	-1.44	0.463	-0.99	0.683	-0.06	0.502
None * 5.25	0.64	0.466	-0.27	0.252	0.08	0.563	-0.37	0.503
None * 5.65	0		0		0		0	
Cancer * 4.85	-0.62	0.692	-0.53	0.307	-0.66	0.41	0.25	0.458
Cancer * 5.25	0.1	0.33	0.64	0.303	0.31	0.401	-0.34	0.549
Cancer * 5.65	0		0		0		0	
End. Species * 4.85	0		0		0		0	
End. Species * 5.25	0		0		0		0	
End. Species * 5.65	0		0		0		0	

An analysis of the parameters for each attribute for Cluster 1 indicated that the higher the interest rate the more attractive it was, for obvious reasons. The preferred sponsorship cause was supporting New Zealand's Endangered Species, although this was only marginally preferable to supporting Child Cancer research.

[4] Table 12 also contains the standard error for each of the parameters. Analysis suggests caution needs to be used when interpreting some parameters. This is particularly true for some of the less important attributes in the two smaller clusters, as well as non-significant attribute values.

This group had a slight preference for BNZ or Westpac Trust accounts, although the bank effect was relatively small in comparison to the other two attributes.

Again, as would be expected, the parameters for each attribute for Cluster 2 indicated that investment accounts that offered higher interest rates were more appealing than those offering lower interest rates. However, unlike Cluster 1, the most preferred sponsorship was the Child Cancer research option. Investment accounts that offered no sponsorship as an option did not do quite as poorly as similar accounts in Cluster 1. Members of this cluster also showed a strong preference for the National Bank.

The preferred cause for members of Cluster 3 was Child Cancer Research. There was somewhat less support for Endangered Species and, as with the previous two clusters, very little support for accounts with no sponsorship. The Banks preferred by this group were Westpac Trust and BNZ, although the difference was small. The attribute parameters also seemed to suggest that members of this group were not influenced by Interest Rate. The most preferred rate was the lowest, 4.85%, but this was only marginally preferred to the other two rates. Members of Cluster 4 showed a clear preference for the ANZ bank, with National and Westpac Trust being the least favoured. While their preference for interest rates did show a linear trend, there was not a great difference between the three parameters. This indicated that members of this group were not very sensitive to interest rates. Similarly, while this group showed a preference towards supporting New Zealand's Endangered Species, the difference between the sponsorship parameters was small enough to indicate that there is also little sensitivity towards sponsorship

Analysis of the parameters also provided an insight into the choice behaviour of consumers, which has some important managerial implications. When cluster members were offered any investment account without a sponsorship option, this option had the lowest coefficient values. This suggests that supporting some form of sponsorship cause is preferable to no support at all. However, the preference for the two sponsored causes tested varied from cluster to cluster. Members of Clusters 2 and 3 showed a strong preference for investment accounts supporting Child Cancer research. Members of Clusters 1 and 4 preferred accounts that supported New Zealand's Endangered Species, although this was only marginally preferable to supporting Child Cancer research. Overall, respondents favoured accounts that

supported Child Cancer research. This indicates to managers that while some type of sponsorship is preferable to no sponsorship, there needs to be careful consideration given to the selection of the cause supported.

The Utilities for Term Investments

The final sets of indices derived from the multinomial logit regression analysis are the Utilities. These indices, displayed on the next page in Table 13, combined the relative part-worths of each attribute into one figure. In the case of the Term Investments data, three components were combined: Bank, Sponsorship Cause and Interest Rate. As with the part-worths, the value of each utility was relative to one selected combination, which had been set at base 0. In this analysis, that combination was an investment account offered by Westpac Trust that supported New Zealand's Endangered Species at an interest rate of 5.65%. The greater the positive value of the utility the more preferred the option was. In each cluster, the most attractive combination has been highlighted. While the preference for an interest rate of 5.65% is perhaps predictable, each group has a different preference for the Bank offering the investment account. In addition, the utilities also confirm that any investment account not supporting a cause fared poorly, and that the preference for the cause being supported varied from group to group, with a distinct overall preference for investment accounts supporting Child Cancer research.

Table 13 The Utilities for Term Investments

Utilities		ANZ	ASB	BNZ	National	Westpac
Cluster 1						
	None * 4.85	-24.83	-24.70	-23.68	-24.81	-23.72
	None * 5.25	-7.40	-7.27	-6.25	-7.37	-6.29
	None * 5.65	-5.58	-5.45	-4.43	-5.55	-4.46
	Cancer * 4.85	-7.22	-7.09	-6.07	-7.20	-6.11
	Cancer * 5.25	-4.07	-3.94	-2.92	-4.04	-2.96
	Cancer * 5.65	-1.70	-1.57	-0.55	-1.68	-0.59
	Endangered Species * 4.85	-6.01	-5.88	-4.86	-5.98	-4.90
	Endangered Species * 5.25	-3.58	-3.45	-2.43	-3.55	-2.47
	Endangered Species * 5.65	-1.11	-0.98	**0.04**	-1.09	0.00
Cluster 2						
	None * 4.85	-4.81	-5.27	-5.08	-4.10	-5.79
	None * 5.25	-2.69	-3.15	-2.96	-1.98	-3.67
	None * 5.65	-0.32	-0.78	-0.58	0.39	-1.29
	Cancer * 4.85	-0.70	-1.16	-0.97	0.01	-1.68
	Cancer * 5.25	1.41	0.95	1.14	2.12	0.43
	Cancer * 5.65	2.88	2.42	2.62	**3.59**	1.91
	Endangered Species * 4.85	-2.07	-2.54	-2.34	-1.36	-3.05
	Endangered Species * 5.25	-1.13	-1.59	-1.40	-0.42	-2.11
	Endangered Species * 5.65	0.98	0.52	0.71	1.69	0.00
Cluster 3						
	None * 4.85	-2.20	-2.08	-1.51	-2.06	-1.45
	None * 5.25	-1.86	-1.74	-1.17	-1.72	-1.11
	None * 5.65	-1.95	-1.84	-1.26	-1.81	-1.21
	Cancer * 4.85	0.98	1.10	1.68	1.12	1.73
	Cancer * 5.25	1.23	1.34	1.92	1.36	**1.97**
	Cancer * 5.65	0.90	1.02	1.60	1.04	1.65
	Endangered Species * 4.85	0.00	0.11	0.69	0.14	0.74
	Endangered Species * 5.25	-0.74	-0.62	-0.05	-0.60	0.01
	Endangered Species * 5.65	-0.75	-0.63	-0.06	-0.61	0.00
Cluster 4						
	None * 4.85	0.73	-0.72	-0.94	-1.40	-1.66
	None * 5.25	0.97	-0.47	-0.69	-1.15	-1.41
	None * 5.65	1.45	0.00	-0.21	-0.67	-0.93
	Cancer * 4.85	1.76	0.31	0.10	-0.36	-0.62
	Cancer * 5.25	1.71	0.27	0.05	-0.41	-0.67
	Cancer * 5.65	2.17	0.72	0.50	0.04	-0.22
	Endangered Species * 4.85	1.73	0.28	0.06	-0.40	-0.66
	Endangered Species * 5.25	2.28	0.83	0.61	0.15	-0.11
	Endangered Species * 5.65	**2.38**	0.94	0.72	0.26	0.00

Overall, the utilities reflect the patterns identified by the parameter coefficients. It should be noted that the parameter values have been derived from the base utility

values, that is, the parameter values are the same as the utility values for 'Endangered Species*5.65'.

Clusters 1 and 2, the two largest clusters, show a consistent linear pattern, not surprisingly, aligned with interest rates. Members of Cluster 1 favoured an investment account sponsoring New Zealand's Endangered Species, while Cluster 2 favoured Child Cancer research. Investment accounts offered by the National bank were strongly preferred by members of Cluster 2 over options from other banks, while there was only a marginal preference for accounts offered by BNZ over Westpac Trust for Cluster 1. These trends were consistent with the patterns identified with the parameter coefficients and therefore, the non-linear pattern of the Cluster 3 utilities was not unexpected.

The parameter coefficients for Cluster 3 signalled that the most preferred sponsorship was Child Cancer research, and that an account offered by Westpac Trust would be marginally preferable to other bank accounts. The six highest utilities, combinations of Westpac Trust and BNZ banks supporting Child Cancer research, reflected the importance of this cause to members of this cluster. The interest rate was unimportant to this group and therefore could explain why an option of 5.25% was preferable to one at 6.25%. The utilities for Cluster 4 also showed a non-linear pattern, with the six highest utilities comprising of combinations involving ANZ and the two sponsorship causes, indicating the importance of loyalty to the ANZ bank. The importance of the utility indices lies in their relative value, which reflects the market share of each combination.[5]

Preference Share Analysis

Finally, one other valuable tool that was used was to determine each Bank's preference share from each utility combination. This figure was derived from the following equation,

[5] Accompanying the utility results were the standard error for each utility as well as a figure for each combination called "1/2LSD". These have been displayed in Appendix H. As with the parameters, if the standard error of the utility was too large, caution must be used in interpreting the value of the utility. The "1/2LSD" is half the value of the least significant difference between each Bank for each Interest Rate*Sponsorship combination. This assisted in the explanation of which attributes, and attribute levels, differed statistically from the others.

$$p_{i|s} = \frac{e^{x_i' \beta_s}}{\sum_j e^{x_j' \beta_s}}$$

Where $p_{i|s}$ = the preference share for product *i* within segment *s*,

and *j*=1,2,...,J are the available products.

This is known as the aggregate logit or market-attraction model for preference shares (Allenby and Rossi, 1991). Preference share is somewhat analogous to a theoretical market share. It differs from market share because it does not take into consideration factors which influence market share; factors such as product distribution, brand awareness, out-of-stock considerations, point-of-sale promotions and imperfect buyer knowledge. Nevertheless, it still remains a useful tool in determining what the effect on aggregate choice will be when combinations of attributes are changed.

Table 14 displays the results of an analysis performed on the combinations with the highest set of utilities for each of the four Term Investment clusters.

Table 14 Preference Share Analysis of Highest Utility Combinations for Each Cluster – Term Investments

		ANZ	ASB	BNZ	National	Westpac
Cluster 1 End. Sp.*5.65	e^x	0.33	0.375	1.041	0.336	1
	%	11%	12%	34%	11%	32%
Cluster 2 Child Canc.*5.65	e^x	17.81	11.25	13.74	36.23	6.75
	%	21%	15%	16%	42%	8%
Cluster 3 Child Canc.*5.25	e^x	3.421	3.819	6.821	3.896	7.172
	%	14%	15%	27%	15%	29%
Cluster 4 End. Sp.*5.65	e^x	10.805	2.56	2.054	1.297	1
	%	61%	14%	12%	7%	6%

When sponsorship and interest rates are held constant for each bank, the percentage of preference share will remain in the same ratio as displayed in Table

14, even though the exponential values for each utility will differ. For example, when all banks, in Cluster 1, are offering investment accounts supporting New Zealand's Endangered Species at an interest rate of 5.25%, the preference share percentage will still remain the same if all banks raise the interest rate to 5.65%. The usefulness of preference share analysis is to show how much theoretical share can be gained or lost when one bank offers an investment account, at a lower interest rate and/or supports another sponsorship cause, which is different to its competitors[6].

These percentage share values confirm the observations made in the analysis of the parameter coefficients and the utilities. Clusters 2 and 4 showed a strong preference for one bank (the National Bank and ANZ, respectively). Clusters 1 and 3 showed only marginal support for either the BNZ or Westpac Trust, but there is a much stronger preference for these two banks over the other three. This suggests, for example, that it would not take major option changes by Westpac Trust to gain the leading preference share from the BNZ bank in Cluster 1.

While a general overview has offered some insight into the results, a more detailed investigation of each cluster is required to illustrate the effect that changing various attribute combinations has upon consumers' choices.

6.1.2 Cluster 1

Analysis of the utilities revealed that the most attractive option for this group was a BNZ account at 5.65% supporting New Zealand's Endangered Species. However, the difference between the part-worth contributions of the two banks, BNZ and Westpac Trust, was very marginal. The other three banks were not particularly favoured, nor were investment accounts that offered no sponsorship. Indeed, the no sponsorship choice fared very poorly. Of all the clusters, members of this group felt most strongly about accounts that did not sponsor any cause. The utilities for no sponsorship*interest rate options were the lowest for all the clusters. Even when no sponsorship was linked with the highest interest rate, 5.65%, it could not outperform the other clusters when no sponsorship was offered with the lowest interest rate.

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[6] A worked example of how preference share is calculated and how percentage share can be gained or lost by banks is outlined in Appendix I.

The Effect of Brand

There was statistically no significant difference between ANZ, ASB and National if they were all to offer an investment account which had the same interest rate and sponsorship cause. Similarly, there was no significant difference between accounts offered by BNZ and Westpac Trust when the same interest rates and sponsorship cause were offered. However, there was a significant difference between these two sets of Banks as the options changed. Preference share analysis highlighted this difference. When the most favoured option, an account supporting New Zealand's Endangered Species with an interest rate of 5.65%, was offered, a BNZ account offering this combination of choices would have a preference share of 34 percent. This was marginally greater than the 32 percent gained by Westpac Trust offering a similar account, but much greater than the 11 and 12 percent which would be generated by the other three banks. By offering a more favourable interest rate or supporting a more favoured cause, ANZ, ASB or National could become more competitive with BNZ and Westpac Trust. Alternatively, either BNZ or Westpac Trust could enhance their preference share by following a similar strategy.

The Effect of Sponsorship

The type of cause sponsored can also affect banks' preference share. The utilities indicated that members of this cluster marginally preferred investment accounts that offered an interest rate of 5.65% and supported New Zealand's Endangered Species. Thus, if the BNZ were to offer an investment account supporting Child Cancer research, while the other banks offered accounts supporting Endangered Species, all with an interest rate of 5.65%, the preference share for BNZ would drop from 34 percent to 22 percent. Westpac Trust, its main competitor, would attract most of this share loss, increasing its preference share to 38 percent (the workings for this example are shown in Appendix I). A similar result would occur if Westpac Trust made the change, thus, benefiting BNZ.

The effect of having no sponsorship was even more dramatic. If the BNZ were to offer an investment account with no sponsorship and an interest rate of 5.65%, while the other banks offered accounts at the same interest rate but supporting New Zealand's Endangered Species; BNZ's preference share would fall to 0.5%. This would enable Westpac Trust to increase its preference share from 31 percent to

almost 50 percent. Even an investment account offering the highest interest rate without any sponsorship was only marginally more desirable than accounts which offered the lowest interest rate but supporting Endangered Species. For example, BNZ would only lose 7 percent preference share if it were to offer an account supporting Endangered Species at the lowest interest rate, while all other banks offered investment accounts with no sponsorship but the highest interest rate of 5.65%.

The Effect of Interest Rate

Interest rates, however, had a much bigger impact on the choices of this group than sponsorship. The effect of offering an investment account at a lower interest rate was comparable to the same effect as offering no sponsorship. For example, if all banks offered an account supporting New Zealand's Endangered Species with an interest rate of 5.65%, but BNZ dropped its interest rate one increment to 5.25%, its preference share would drop to 4 percent. This was a loss similar to that incurred if it offered no sponsorship support, while the other banks offered investment accounts supporting New Zealand's Endangered Species.

Changes in interest rates, and to a lesser extent sponsorship, could also be used to make accounts offered by the less competitive banks more attractive to members of this cluster. For example, if all the other banks offered investment accounts supporting Child Cancer research with an interest rate of 5.25%, but ANZ offered an account supporting Endangered Species, at the same interest rate, it could improve its preference share from 11 percent to 17 percent. However, as with all investment accounts in this group, if ANZ increased its interest rate one increment above the other accounts then it could gain 70 percent of preference share.

There seems to be a distinctive role for sponsorship in the choice of term investments for members of this cluster. This role appears to be to act as a trade-off for an interest rate increment, especially if the cause supported is one which consumers view favourably.

6.1.3 Cluster 2

Respondents in Cluster 2 were also willing to trade off interest rates against sponsorship, although not to the same extent as Cluster 1 members. The most preferred account, for members of this cluster, was a National account at the highest interest rate, supporting Child Cancer research. Indeed, Child Cancer research was worth one increment in interest rate compared to supporting New Zealand's Endangered Species. In other words, an investment account supporting Child Cancer research and offering 5.25% had a similar utility to an account supporting Endangered Species but offering a return at 5.65%.

The Effect of Brand

Members of this cluster showed a strong preference for the National Bank. The difference between the National Bank and the least preferred Bank, Westpac Trust, was worth an increment in interest rate. The National Bank is the sponsor of Child Cancer research, in particular through its promotion of Daffodil Day, which may have affected the option with the highest utility. This utility value, 3.59, was the highest utility for all the clusters. When the National Bank offered this option, an investment account sponsoring Child Cancer research with a return of 5.65%, it gained a preference share of 42 percent. This was well ahead of the next preferred investment account, an ANZ account offering similar options, which could only gain a preference share of 21 percent.

While the National Bank offered the most preferred account, there was no statistically significant difference between accounts offered by ANZ, ASB and BNZ at any level when they supported the same sponsorship cause and offered the same interest rates. There was, however, a significant difference between these three Banks and Westpac Trust. While it is a truism that less favoured banks could become more competitive if they offered accounts more appealing than their competitors, the challenge for managers, in regards to sponsorship, is to be able to identify which cause is more appealing for customers. For example, when all banks offered investment accounts with similar sponsorship support and interest rates, Westpac Trust could only command a preference share of 8 percent. However, the effect of supporting the more favoured cause could allow Westpac to become competitive. If Westpac Trust were to offer an account supporting Child Cancer

Research, while the other banks had accounts supporting New Zealand's Endangered Species, it could then gain the leading preference share (36 percent), seven percentage points ahead of the National Bank.

The Effect of Sponsorship

Apart from an investment account offering no sponsorship for any cause at the lowest interest rate, there was a statistically significant difference between the National Bank and all other banks at all levels. The degree to which the National Bank lost preference share, however, depended upon the options it offered in comparison to the other banks. When all banks were offering similar choices, National had the dominant preference share of 42 percent. If the National Bank was the only bank supporting Child Cancer research and all the other banks supported Endangered Species and all accounts were offered with an interest rate of 5.65%, National could increase its preference share to 83 percent. Moreover, it could afford to lower this rate one increment and still have a preference share of 53 percent. This is the effect of the high Child Cancer research parameters.

This group also viewed poorly an option offering no sponsorship, although not to the same degree as the members from Cluster 1. An investment account which offered no sponsorship support, but with a return at the highest interest rate was only marginally more attractive than an account supporting Child Cancer research with the lowest interest rate.

The Effect of Interest Rate

If all banks offered accounts supporting Child Cancer research at 5.65%, but National offered an account supporting Endangered Species at the same interest rate, its preference share would drop to 10 percent. In contrast if all the other banks offered accounts supporting Child Cancer research with interest rates of 5.65%, but National only offered an account with an interest rate at 5.25%, it would lose preference share from 42 percent to 14 percent. In this situation, National would only be competitive with Westpac Trust, which could only maintain a preference share of 12 percent. Thus, for members of this cluster, even though interest rates were the most important consideration when making their choices, the effect of

supporting a particular cause had a greater impact on their choices than it did for members of Cluster 1. For this group, that cause was Child Cancer research.

Analysis of the results from Cluster 2 have indicated that while the majority of consumers based their choice of Term Investments upon favourable interest rates; they were also prepared to trade-off an interest rate increment for a particularly worthy sponsorship cause. The examples, involving Westpac Trust and National Bank, confirmed that the selection of the sponsorship cause by a bank could have a very large impact upon their preference share.

6.1.4 Cluster 3

The Effect of Brand

Members of Cluster 3 made their choice of investment account based upon the sponsorship cause, and had a particularly strong empathy for Child Cancer research. This choice decision was made, apparently, without too much concern for the interest rate offered or the Bank offering the account. Westpac and BNZ were the preferred banks, with the most favoured account being one offered by Westpac Trust which supported Child Cancer research with an interest rate of 5.25%. This account gained Westpac Trust a preference share of 29 percent, marginally greater than a similar account offered by BNZ, which gained 27 percent preference share. However, when all banks were offering investment accounts supporting the same cause, there was no statistically significant difference between accounts with different interest rates.

The Effect of Sponsorship

Analysis of the utilities and preference share did show that individual banks, again, could gain or lose share depending on which cause they supported in relation to those supported by their competitors. Members of this group were prepared to forego at least two interest rate increments if the cause was a favourable one, as was the case for Child Cancer research. For example, if all the banks were sponsoring Endangered Species accompanied by the highest interest rate, but Westpac Trust were to support Child Cancer research with an interest rate of 4.85%, it would be able to command a preference share of 70 percent. In contrast,

Westpac Trust would lose considerable preference share if it supported New Zealand's Endangered Species, while its competitors continued to support Child Cancer research, irrespective of the interest rates offered by all banks. Thus, if the sponsorship was one that consumers did not rate that highly, then its effect was negligible, much the same as an interest rate increment, an attribute option not rated very highly by members of this cluster. The poor rating of interest rates as an attribute could be seen when all Banks offered investment accounts supporting Child Cancer research at an interest rate of 4.85%. When Westpac Trust increased its Interest Rate to 5.65%, it gained only an extra two percent of preference share.

As with the previous clusters, members of this group also showed a dislike for investment accounts that offered no sponsorship support at all. For example, if all banks were supporting Child Cancer research by offering accounts at 5.25%, but Westpac Trust offered an alternative investment account with no sponsorship support at 5.25%, its preference share would fall from 29 percent to 2 percent. This loss in preference share occurred despite the fact that this interest rate level provided the highest utility for any investment account with no sponsorship support.

The Effect of Interest Rate

The preferred interest rates for members of this cluster are rather anomalous. The highest set of utilities was for an option supporting Child Cancer research with an interest rate return of 5.25%. The lowest set of utilities was for choices which involved the highest interest rate, 5.65%. However, when sponsorship supporting New Zealand's Endangered Species was offered as a choice, the highest set of utilities was for accounts offering the lowest interest rate, 4.85%. Thus, the interest rate parameters and utilities for this cluster showed a non-linear pattern, unlike the linear pattern shown for similar values in the other clusters.

These illogical results can be explained by the high part-worth contribution of the Child Cancer attribute level and the much lower, and only marginally different, part-worths of the interest rate and bank attribute levels. However, it should be noted that the influence of interest rates on this group was non-significant. Moreover, the standard errors of the parameters for interest rates were so high that random variation masked what could be a normal pattern, much the same as for the other clusters. An alternative explanation is that this group recognised the trade-off

between sponsorship and interest rates. That is, they recognised it might not be possible to have the highest interest rate and the cause they supported, so they opted for a lower interest rate to ensure they were able to support the sponsorship cause. While this is only speculative, the lowest utility for any option involving support for Child Cancer research was still higher than any utility for any option supporting New Zealand's Endangered Species. This was the only cluster in which this pattern was observed.

The effect of this situation was that no combination of attribute levels that involved supporting Endangered Species would be preferred before a choice of any combination of attribute levels involving support for Child Cancer research. For example, the least preferred option involving Child Cancer research was an investment account offered by the ANZ at 4.85%. This option gave ANZ a preference share of 30 percent. However, even when the other banks were offering the most preferred combination involving Endangered Species, ANZ's nearest competitor was an investment account offered by Westpac Trust, with a preference share of 23 percent.

While this cluster was only a small one, it did demonstrate that there were some consumers who were prepared to make their investment choices on the basis of a favoured cause. It appeared they were prepared to do this even if it meant foregoing an interest rate increment. The choices made by this group indicated that if banks carefully considered the sponsorship cause they supported, there was a group of potential new customers who could be attracted to invest with them, primarily as a consequence of the sponsorship they supported.

6.1.5 Cluster 4

The Effect of Brand

The choices made by members of Cluster 4 were so dominated by the brand effect of the ANZ bank that there was a statistically significant difference between any account offered by ANZ, irrespective of interest rate or sponsorship cause, and similar accounts offered by the other four banks. The most preferred ANZ account was one which offered an interest rate of 5.65% supporting New Zealand's Endangered Species. ANZ could command 61 percent of the preference share with

this combination. Although the utilities for accounts supporting Endangered Species were greater at each interest rate level, compared to accounts supporting Child Cancer research, the difference between the two causes was not significantly different. This difference held even when comparing the differences between the highest and lowest interest rates and suggests that there was only a marginal difference in support for the two causes, neither of which was particularly strong in comparison to bank loyalty. If ANZ Bank were to change its sponsorship support from Endangered Species to Child Cancer research, while the other banks continue their support of Endangered Species, it could still command the dominant preference share, only losing three percent. Sponsorship causes were highly substitutable at each of the interest rates, a situation not seen in any of the other clusters, where there had been a clear preference for one cause or the other.

Nevertheless, support for these two causes was still much stronger than having no sponsorship at all. If ANZ were to offer an account at 5.65% supporting no sponsorship, then its preference share would fall from 61 percent to 28 percent. However, the strength of the ANZ brand was shown by the fact that even when it offered such an account, with no sponsorship support, it could still have a higher preference share than other banks that offered accounts supporting either cause. For example, if ANZ were to offer an account at 5.65% but no sponsorship, while the other banks were to offer accounts at the same rate but sponsoring Endangered Species, ANZ would still have a preference share of 38 percent, 15 percent above the next preferred choice. Indeed, ANZ could afford to lower its interest rate one increment and still hold more than one-quarter of the preference share.

The choices made by members of this cluster illustrated that there were a small number of consumers who were so loyal to their banking institution that neither changes in interest rates nor support for a worthy cause significantly altered their choice of bank. This has some implications for managers. The choices made by members of the previous three clusters indicated that sponsorship could have some effect upon consumers' behaviour. However, the results from this cluster imply that there will still be a small group of customers for whom sponsorship (as well as other inducements such as interest rate) will have no effect, apart from perhaps reinforcing their present loyalties. The fact that this cluster was bank-loyal also suggests that there could be some brand effects worth noting, in this case the brand effect being measured as the main bank used by respondents. This prompted an

analysis of respondents choices grouped by their main bank used. However, the usage analysis did not really offer any new insights and as such the analysis and discussion of the usage results has been included in the Appendices (see Appendix J).

Summary

Overall, the results of the Term Investment experiment suggested that sponsorship affected consumers' choice behaviour, and that different types of sponsorship could affect this choice behaviour. First, when no sponsorship was offered as an option with the two causes, it was clearly viewed as the least favoured option. Members of all groups preferred an account sponsoring some cause rather than none at all. Even when investment accounts with a no sponsorship option, were offered to the bank loyal members of Cluster 4, the group for whom sponsorship had the least significant effect, ANZ suffered heavy preference share loss. The fact that a no sponsorship option was poorly viewed by all clusters indicated that there is some validity to the assumption made by managers that sponsorship does have an effect on consumer behaviour.

The results also suggested that a small proportion of consumers may have chosen an investment, which sponsored a cause of interest or value to them, even when this choice resulted in a lower interest rate on their investment, and thus a lower return. It appeared that approximately ten percent of the respondents were affected in this manner. The choices made by members of Cluster 3 indicated that if a sponsorship cause was found to be particularly appealing, then their Bank could afford to lower interest rates at least two increments and still maintain their initial preference share over competitors. This has managerial implications, because it appears that there is a group of consumers, albeit a small group, who may be influenced enough by an appealing sponsorship to be attracted to an alternative bank.

Another ten percent of the sample was primarily influenced by the institution offering the investment. This group was very loyal to their bank, regardless of the inducements offered elsewhere. For this group sponsorship, as well as other attributes such as interest rates, had little impact on their choice behaviour. Members of Cluster 4 typified this pattern. The bank loyalty of this group was such

that even if their favoured bank offered the lowest interest rate and no sponsorship support, it could still have the highest preference share. This occurred despite its competitors offering investment accounts at the highest interest rate and supporting the most favoured cause. The implications of the behaviour displayed by this group suggest that sponsorship can only serve to reinforce the loyalties already established by this group of consumers.

For the vast majority of the respondents analysed, about 80 percent, interest rates were the predominant influence on their choice of investment. However, sponsorship also accounted for a significant but minor proportion of this choice. The effect of sponsorship for this group seemed to be that if the cause was considered worthy enough then consumers were prepared to trade-off an increment in interest rate to support the cause. Thus, if a Bank chose Child Cancer research as its sponsored cause, it could afford to offer an interest rate one increment lower than its competitors sponsoring a less favourable cause with only a minimal loss in its preference share. However, the influence of sponsorship is heavily linked to the cause promoted. If a bank were to offer support for a cause not quite so appealing as that of its competitors, a similar drop in interest rate would result in a much greater loss of preference share. Again, this suggests that sponsorship acts in a behavioural manner, either conditioning consumers' behaviour or reinforcing their behaviour.

In the initial stages of the research design, the two sponsorship attributes tested were selected from a number of cause-related marketing type sponsorships being offered by a number of banks. The sponsorship of Child Cancer Research was offered by National Bank, while the Bank of New Zealand offered accounts supporting New Zealand's Endangered Species. It has been interesting to note that the clusters that preferred these two institutions also favoured the sponsorship cause that each Bank is linked to. Cluster 1 had a preference for the BNZ (as well as Westpac Trust) as well as preferring to support Endangered Species. Similarly Cluster 2 had a strong preference for the National Bank as well as preferring accounts which supported Child Cancer Research. This suggests that sponsorship can have a reinforcing effect on the behaviour of a bank's current users, or at least they have been conditioned to prefer what their bank offers.

6.2 ANALYSIS OF RESPONDENTS GROUPED BY SIMILAR CHOICE PATTERNS: MILK

Analysis of this product category also began with a cluster analysis on participants' choices, to identify groups of people with similar choice patterns, and thus, similar choice behaviour strategies. Both average linkage and centroid linkage cluster analysis gave clear groups, placing most of the participants into four clusters. Unfortunately, the algorithms only agreed upon the membership of two of these clusters, Cluster 2 and Cluster 3. Eventually five clusters were determined. Clusters 2 and 3 both methods agreed upon, although these were rather small groups with 18 and 25 members, respectively. The core members of the sample made up two big groups, Clusters 1 and 4, each cluster containing 141 members. Cluster 5, made up of most of the group allocated differently by the two methods, had 77 members. Thus, apart from one individual, all respondents from this sample could be grouped into one of the five clusters. The following results and discussion is based upon the multinomial logit regression analysis carried out on each of these five groups.

6.2.1 General Overview of Milk

Percentage of Overall Model Chi-Square

Table 15, on the next page, details the results of the Chi-square analysis for Milk. As with Term Investments, the 'percentage of overall model chi-square' indicated that sponsorship played a different role for members of the different clusters. Members of the first three clusters were heavily influenced by the brand, almost to the exclusion of the other attributes. This was particularly noticeable with members of largest group, Cluster 1, where Brand accounted for nearly 96 percent of the fit of the model, while Sponsorship and Price had a very small, but significant influence. Only in the very small, second cluster did sponsorship have any degree of effect, accounting for 22 percent of the fit of the model. Members of Cluster 4, the other large group, were primarily influenced by price, which accounted for nearly 93 percent of the fit of the model.

Table 15 Chi-Square Analysis of Milk

Milk	Model Chi-Square	Improvement in in Chi-Square	DF	Sig	% Overall Model Chi-Square
	Cluster 1	(n=141)			
Brand	2844.135	2844.135	2	0.0000	95.7%
Sponsorship	2901.056	56.921	2	0.0000	1.9%
Price	2962.246	61.19	2	0.0000	2.1%
S*P[7]	2970.498	8.252	4	0.0828	0.3%
	Cluster 2	(n=18)			
Brand	199.95	199.95	2	0.0000	74.2%
Sponsorship	259.8	59.85	2	0.0000	22.2%
Price	260.4	0.6	2	0.7408	0.2%
S*P	269.34	8.94	4	0.0626	3.3%
	Cluster 3	(n=25)			
Brand	367.204	367.204	2	0.0000	91.0%
Sponsorship	369.608	2.404	2	0.3006	0.6%
Price	400.821	31.213	2	0.0000	7.7%
S*P	403.359	2.538	4	0.6378	0.6%
	Cluster 4	(n=141)			
Brand	73.792	73.792	2	0.0000	3.3%
Sponsorship	137.478	63.686	2	0.0000	2.8%
Price	2215.591	2078.113	2	0.0000	92.6%
S*P	2245.154	29.563	4	0.0000	1.3%
	Cluster 5	(n=77)			
Brand	179.417	179.417	2	0.0000	19.5%
Sponsorship	728.502	549.085	2	0.0000	59.6%
Price	904.492	175.99	2	0.0000	19.1%
S*P	921.171	16.679	4	0.0022	1.8%

Sponsorship (and brand) had a very small, but significant, effect on this model. However, for members of Cluster 5, sponsorship had a major influence on their choices, and accounted for 60 percent of the fit of the model, while price and brand effects had smaller, but significant, effects at 20 percent each. Of the five clusters, the sponsorship*price interaction had a significant effect only for Clusters 4 and 5, although this contributed only a very small proportion of the fit of the model.

The results of this chi-square analysis only partially supported the findings of the Term Investment analysis. These results confirmed that the majority of respondents were influenced by one attribute, although in this case that attribute was brand, rather than interest rate or its equivalent, price. The results also confirmed that there

[7] S*P = Sponsorship – Price Interaction

was a small group of consumers whose choices were predominantly influenced by sponsorship, and that the effect of sponsorship on choice behaviour did vary significantly from group to group.

Parameter Coefficients for Milk Attributes

Table 16 indicates that, while members of the first three clusters were particularly influenced by brand, each of these three clusters had a preference for a different brand. Members of Cluster 1 were extremely loyal to Tararua. This loyalty to Tararua had a much stronger influence on members of this cluster than any other attribute level. Members of the second cluster had a strong preference for Store-brands, which accounted for 74 percent of the fit of the model. However, price was non-significant, which was something of a discrepancy, given that the members of this group appeared to be Store-brand loyal. Store milk brands, such as Pams or First Choice, are primarily promoted as a generic price-discounted product offering no sponsorship at all. Unfortunately, because the Brand*Price interaction could not be incorporated into the design, it could not be confirmed that the members of this group were Store-brand loyal, irrespective of the price, as was suggested by this model.

Table 16 Parameter Coefficients for Milk Attributes

	Cluster 1 (n=141)		**Cluster 2** (n=18)		**Cluster 3** (n=25)		**Cluster 4** (n=141)		**Cluster 5** (n=77)	
Brand	Parameter	SE	Parameter	SE	Parameter	SE	Parameter	SE	Parameter	SE
Store	-4.73	0.268	3.87	0.7	-0.9	0.39	0.34	0.1	-2.54	0.22
Anchor	-3.84	0.219	1.21	0.6	2.66	0.27	-0.28	0.1	-0.71	0.13
Tararua	0		0		0		0		0	
Sponsorship										
None	-0.75	0.437	-1.08	0.82	-1.1	0.64	-3.78	1	0.48	0.42
Child Health	0.66	0.391	2.44	0.83	-0.37	0.47	-1.34	0.4	2.94	0.29
Outdoor Pursuits	0		0		0		0		0	
Price										
$1.42	1.61	0.403	1.07	0.6	1.6	0.68	4.15	0.3	2.72	0.36
$1.48	0.53	0.412	-0.05	0.64	1.13	0.66	1.54	0.3	1.4	0.33
$1.58	0		0		0		0		0	
S*R										
None * 1.42	0.2	0.711	-1.46	1.27	0.97	0.81	3.06	1	-1.97	0.6
None * 1.48	-0.14	0.687	0.12	0.97	0.77	0.77	3.01	1	-2.29	0.63
None * 1.58	0		0		0		0		0	
Child Health * 1.42	-1.13	0.606	-2.59	1.2	0.71	0.75	1.93	0.4	-0.78	0.36
Child Health * 1.48	0.04	0.551	0.33	0.85	0.07	0.76	1.94	0.5	-0.41	0.35
Child Health * 1.58	0		0		0		0		0	
OPC * 1.42	0		0		0		0		0	
OPC * 1.48	0		0		0		0		0	
OPC * 1.58	0		0		0		0		0	

While members of Cluster 4 were very price sensitive, members of Cluster 5 had a strong preference for the sponsorship attribute, Child Health. They also had a significant preference for branded milk over Store-brand milk, with Tararua slightly more popular than Anchor. As with the other clusters, there was a strong preference for lower priced milk. One anomaly, which did show up within the sponsorship parameters for Cluster 5, was a preference for no sponsorship ahead of supporting the Outdoor Pursuits Centre (OPC), although both levels lagged significantly behind Child Health as the preferred cause. Again, caution again needs to be taken in drawing too much from this difference between preference for OPC or for no sponsorship. There was only a marginal difference between the two parameters, and the No Sponsorship attribute level had a high standard error in comparison to its parameter coefficient.

As with Term Investments, choices which offered no sponsorship support fared poorly in all groups, while preference for the two sponsorship causes tested varied from cluster to cluster. Members of Clusters 2 and 5 showed a strong preference for a product supporting Child Health, while members of Cluster 1 showed only a marginal preference for this cause. In contrast, members of Clusters 3 and 4 preferred to support the OPC. Overall, respondents seemed to favour supporting Child Health. However, many of the sponsorship attribute levels had a relatively high standard error, in comparison to their parameter value. Thus, some caution needs to be considered when interpreting the effects of these attributes, particularly those in the smaller clusters and where the attribute levels were weaker.

The Utilities for Milk

Table 17, on the following page, displays the utilities for Milk. The highest utility for each cluster has been highlighted. Once again, when the relative part-worths of each level have been combined into one overall figure, the set of utilities with the highest values for each cluster often includes the weaker attribute levels. For example, in all clusters, except Cluster 2, the optimal set of combinations included the lowest price, $1.42. The illogical price preference for this cluster can be explained by price having a non-significant effect on the fit of this overall model, as well as the price parameters having very high standard errors. This was a reflection of the small size of this cluster. More often, though, the 'weaker' attribute level, which was found in the more preferred combinations of attributes, had only a

marginally lower part-worth. Thus, in Cluster 1, where support for Child Health had a marginally higher part-worth parameter, combinations, which include support for OPC, had higher utility values.

Table 17 The Utilities for Milk[8]

	Store	Anchor	Tararua
Cluster 1			
None * 1.42	-3.674	-2.791	1.0515
None * 1.48	-5.0815	-4.199	-0.3559
None * 1.58	-5.479	-4.596	-0.7534
Child Health * 1.42	-3.5968	-2.714	1.1288
Child Health * 1.48	-3.4983	-2.615	1.2273
Child Health * 1.58	-4.0681	-3.185	0.6575
OPC * 1.42	-3.1177	-2.235	**1.6078**
OPC * 1.48	-4.1916	-3.309	0.534
OPC * 1.58	-4.7256	-3.843	0

	Store	Anchor	Tararua
Cluster 2			
None * 1.42	2.3932	-0.273	-1.4813
None * 1.48	2.8716	0.2056	-1.0029
None * 1.58	2.7925	0.1265	-1.082
Child Health * 1.42	4.7837	2.1177	0.9092
Child Health * 1.48	**6.5932**	3.9273	2.7187
Child Health * 1.58	6.313	3.6471	2.4385
OPC * 1.42	4.9399	2.274	1.0654
OPC * 1.48	3.8294	1.1635	-0.0451
OPC * 1.58	3.8745	1.2086	0

	Store	Anchor	Tararua
Cluster 3			
None * 1.42	0.5738	4.1318	1.4715
None * 1.48	-0.0995	3.4585	0.7982
None * 1.58	-1.998	1.56	-1.1004
Child Health * 1.42	1.0459	**4.6039**	1.9435
Child Health * 1.48	-0.0648	3.4932	0.8328
Child Health * 1.58	-1.266	2.292	-0.3683
OPC * 1.42	0.7071	4.2651	1.6047
OPC * 1.48	0.2292	3.7872	1.1268
OPC * 1.58	-0.8977	2.6603	0

	Store	Anchor	Tararua
Cluster 4			
None * 1.42	3.7646	3.1466	3.429
None * 1.48	1.1004	0.4824	0.7649
None * 1.58	-3.4491	-4.067	-3.7847
Child Health * 1.42	**5.08**	4.462	4.7444
Child Health * 1.48	2.4702	1.8522	2.1347
Child Health * 1.58	-1.007	-1.625	-1.3426
OPC * 1.42	4.4896	3.8716	4.154
OPC * 1.48	1.8777	1.2597	1.5421
OPC * 1.58	0.3356	-0.282	0

	Store	Anchor	Tararua
Cluster 5			
None * 1.42	-1.3132	0.519	1.2315
None * 1.48	-2.9613	-1.129	-0.4166
None * 1.58	-2.0687	-0.236	0.4761
Child Health * 1.42	2.3386	4.1709	**4.8833**
Child Health * 1.48	1.3907	3.223	3.9355
Child Health * 1.58	0.4001	2.2324	2.9448
OPC * 1.42	0.1772	2.0095	2.7219
OPC * 1.48	-1.1459	0.6863	1.3988
OPC * 1.58	-2.5447	-0.712	0

Analysis of the utilities confirms that members of the first three clusters are predominantly influenced by brand. Cluster 1 showed a weak linear pattern, but

[8] The Standard Errors and ½ LSDs are displayed in Appendix K.

Tararua has the nine highest utilities. This reveals that the weakest combination of sponsorship and price that Tararua offered is more preferable to members of this cluster than any combination that the other two brands can offer. While Store-brands and Anchor did not dominate Clusters 2 and 3 to the same extent, they still provided the majority of the highest ten utilities in their respective clusters. These utilities also confirmed that sponsorship had a small, but significant, influence on Cluster 2 members but less impact on the choices of Cluster 3 members. For members of Cluster 3, price was more influential than sponsorship, with the three highest utilities being associated with each of the three sponsorship options when milk was priced at $1.42.

The utilities for Cluster 4 showed a strong linear pattern, although the values showed a regular decrease. The highest utilities were for combinations involving Child Health and $1.42, OPC and $1.42, then None and $1.42, while Store-brands were regularly the preferred brand ahead of Tararua and Anchor. This linear pattern held true down to the lowest utility, milk offered by Anchor priced at $1.58 with no sponsorship support.

Child Health sponsorship combinations dominated the higher Cluster 5 utilities. These utilities also showed a linear pattern, but only when they involved Child Health and OPC sponsorship support. In addition, the five highest utilities were not only for options which offered to support Child Cancer research, but were all offered by Tararua or Anchor. Thus members of Cluster 5 were not only primarily influenced by Child Cancer research, but they were also significantly influenced by branded milk as well.

As with Term Investments preference share analysis will shed further light on the implications of the patterns observed in the Milk utilities.

Preference Share Analysis

Table 18 displays the results of a preference share analysis performed on the highest set of utility combinations for each of the Milk clusters. These provide a useful reference when the preference share analyses, performed on each cluster, are referred to in the following sections.

Table 18 Preference Share Analysis of Highest Utility Combinations for Each Cluster – Milk

		Store	Anchor	Tararua
Cluster 1 OPC*$1.42	e^x	0.044	0.107	5.355
	%	1%	2%	97%
Cluster 2 Child Health*$1.48	e^x	730.11	50.77	15.16
	%	92%	6%	2%
Cluster 3 Child Health*$1.42	e^x	2.846	99.873	6.983
	%	3%	91%	6%
Cluster 4 Child Health*$1.42	e^x	160.774	86.661	114.939
	%	44%	24%	32%
Cluster 5 Child Health*$1.42	e^x	10.367	64.774	132.066
	%	5%	31%	64%

Analysis of these results indicated the strong preference for Child Health as a sponsorship cause for the majority of the clusters, as well as the extremely high preference share gained by each of the three brands in the first three clusters, almost to the exclusion of the other attributes.

6.2.2 Cluster 1

The Effect of Brand

The members of this cluster were very brand loyal to Tararua. Even the least attractive Tararua option was preferable to members of this cluster than the best possible option the other brands could offer. That is, the most attractive option

Tararua offered was a product priced at $1.42 and sponsoring the Outdoor Pursuits Centre (OPC). This would have gained Tararua a preference share of 97 percent (see Table 19). However, Tararua's least attractive option, a product priced at $1.58 supporting no sponsorship, could still gain a preference share of 76 percent. This was considerably more than the preference share that Store and Anchor brands achieved when offering their most attractive option, a product priced at $1.42 supporting OPC.

The Effect of Sponsorship and Price

Members of Cluster 1 showed very little sensitivity to price or sponsorship cause. When members of this group were offered a product, which sponsored Child Health instead of OPC, Tararua's preference share did not change. This was not surprising, considering that the difference between the part-worths of these two attributes was very small. Moreover, some caution needs to be taken when interpreting the effects that sponsorship (and price) had on the choices made by members of this cluster. The standard errors for these attributes were particularly high, thus clouding the effects of these weaker attributes. When offered a product priced at $1.58 Tararua's preference share was only reduced to 93 percent. However, members of this cluster did show some sensitivity to no sponsorship, especially when it was accompanied by the highest price, $1.58. When Tararua offered milk with these combinations, and the other brands offered the most attractive combinations, then its preference share fell to 75 percent. Thus, while there was only a minimal effect when the sponsorship cause was changed, members of this cluster viewed disparagingly an option with no sponsorship.

6.2.3 Cluster 2

Members of Cluster 2 were very Store-brand loyal, but unlike the other two brand loyal clusters, this group was influenced to a small degree by sponsorship. Supporting Child Health was the most popular cause for members of this cluster, followed by the Outdoor Pursuits Centre (OPC). No sponsorship was the least attractive option, but the differences were not large enough to be significant on their own. In general this group tended to be price insensitive, as well. Price showed little significance and this effect manifested itself with some illogical variations in the Price attribute levels as well as in the utilities. As an attribute, this group seemed to

favour a price of $1.58 over $1.48; yet the utilities indicated that the most preferred option was for a Store-brand product, supporting Child Health priced at $1.48. The utility of higher priced milk supporting Child Health was higher than the low priced milk supporting the same cause, although the difference was not significant. However, this could have been just the effect of random noise.

Sponsorship appeared to have some influence upon this group, especially options that supported Child Health. If Store-brands were to switch their sponsorship support to OPC, while the name brands continued to support Child Health, with all products priced at $1.48, the preference share of Store-brands fell from 92 percent to 81 percent. Moreover, if Store-brands were to offer a product accompanied by no sponsorship support at all, their preference share fell to 21 percent.

However, in light of the high standard errors that accompanied some of the attribute levels in this cluster, some caution must be exercised when interpreting their results. If it were not for the fact that two clustering methods identified the members of this group as a distinct cluster, then these results could possibly be ignored. This group, though, did confirm some of the patterns identified from the choices made by members of other clusters. That is, sponsorship does have some effect on the choices made by consumers, although there is a caveat. The magnitude of this effect depends upon the type of sponsorship cause favoured by the group.

6.2.4 Cluster 3

The Effect of Brand

This group was Anchor loyal. When all brands offered milk at the same price, with the same sponsorship support, Anchor had a commanding preference share of 91 percent. The predominance of Anchor was shown when it offered milk at $1.42, with either sponsorship support or no sponsorship, it was still significantly preferable to any option offered by the other brands. Anchor could also have raised the price of milk to $1.48 and still be significantly preferred to Store-brands, as well as Tararua. If Anchor were to offer milk priced at $1.48, along with sponsorship support for Child Health or OPC, it could expect a preference share of at least 67 percent.

The Effect of Price

This group did show some sensitivity to price. Anchor could only hold its prominent position when it offered a product at the two lowest prices. When Anchor offered a product at the highest price, Tararua became very competitive if it kept its price at the lowest level, thus gaining the leading preference share (48 percent compared to Anchor's 33 percent).

The Effect of sponsorship

For each brand, a choice that involved the highest price and no sponsorship was significantly inferior to the other options, which could be offered by that brand. The only effect that sponsorship had was when Anchor offered a product at $1.58 with no sponsorship support, while Tararua and Store-brands offered their milk at $1.42 sponsoring Child Health. In this scenario, the preference share for Anchor fell to 41 percent.

However again, as with Cluster 2, there was a caveat to the findings for this group. Apart from the brand parameters and the utilities for Anchor, the standard errors were high enough to cause concern, and to raise questions about whether the true patterns were being masked by random variations. For example, the sponsorship attribute level, Child Health, had a parameter of -0.37 with a standard error of 0.466. As with Cluster 2, the importance of the results from this cluster was in confirming earlier observations that some sponsorship is usually preferred to no sponsorship at all.

6.2.5 Cluster 4

The Effect of Price

The members of this cluster were primarily influenced by price, particularly the lowest price. The differences in sponsorship support and brand were not enough to outweigh a higher price. An examination of the utilities showed that the most preferred combination was Store–brand Milk priced at $1.42, supporting Child Health. This could gain a preference share of 44 percent (see Table 19). At this price level there was no significant difference between the three brands and the

sponsorship cause. For example, irrespective of what sponsorship choice was offered, if any one of the brands offered milk at $1.42, while their competitors offered the same product at a higher price, it could gain the dominant preference share.

Both sponsorship causes and no sponsorship had similar attractiveness low and medium prices. Thus, if Store-brands were to shift their sponsorship support to OPC, while Tararua and Anchor continued to support Child Health, Store-brands would lose some preference share, falling to 32 percent. Conversely if the sponsorships were exchanged so that Store-brands were supporting Child Health and the other brands were supporting OPC, Store-brands could increase their preference share to just under 60 percent. However, these preference share adjustments, based upon different sponsorship support, pale in comparison to the loss of preference share if the product was increased even one price increment. For example, if all brands continued to support Child Health but Store-brands increased their milk to $1.48 while the other two brands kept their price at $1.42, preference share for Store-brands would fall to a mere six percent. At the highest price, a product supporting either of the two causes was more attractive than one which did not support anything.

The results from Cluster 4 suggested that there were a large number of consumers in this product category who made their purchase decisions based upon the price of the product and that any sponsorship support for that product would only have minimal effect. Certainly any gains a brand may have made by sponsoring a particular cause would be very quickly eroded by a competitor making a price adjustment. This has managerial implications for those considering attempting to attract new customers using sponsorship as a promotional vehicle. Any promotional campaign must take cognisance of the fact that there are a large number of consumers who are very price sensitive, and as such price must be incorporated into such a promotion. Failure to recognise this price sensitivity would mean the loss of this group of consumers to competing brands who do recognise the importance of price to these potential customers.

6.2.6 Cluster 5

The Effect of Sponsorship

Although members of this group were significantly influenced by sponsorship, it was important which type of sponsorship was being offered. Both Tararua and Anchor could offer milk at the highest price accompanied by sponsorship of Child Health and have a stronger preference than for a Store-brand product supporting the same cause at the lowest price. However, if the sponsorship cause was changed to a product supporting the OPC, only a product offered at the lowest price was more attractive than a product supporting Child Health at the highest price.

A preference share analysis showed the strength of this sponsorship effect. Child Health was the most preferred sponsorship cause, and with all attributes being equal, Tararua commanded a preference share of 64 percent. When Tararua switched its support to OPC, while the other brands still offered a product sponsoring Child Health, Tararua's preference share eroded to 17 percent. This preference share for Tararua fell even further, to 4 percent, when it offered no sponsorship support. However, there was a brand effect, which needed to be considered. As the preference share of Tararua plummeted, most of the gains were made by Anchor. Store-brands rated poorly with members of this cluster. This was, perhaps, recognition of Store-brands not being perceived as suppliers of a product that also offered sponsorship support.

The Effect of Price

The difference between causes was similar in size to the difference between price levels. Support for Child Health was worth two price increments, while support for OPC compared to no sponsorship was worth one price increment. Thus, milk priced at $1.58, supporting Child Health, was similarly preferred to a low priced product supporting OPC. If Tararua supported Child Health by offering milk at $1.58, and Store-brands and Anchor offered milk at $1.42, but supported OPC, Tararua gained a preference share of just over 60 percent. Anchor gained a preference share just over 30 percent. Likewise, any milk priced at $1.48, supporting OPC was similar in preference to any milk priced at $1.42 supporting no sponsorship cause, and generated a similar preference share pattern.

Thus, while sponsorship was important to the choices of this cluster, the effects of sponsorship were not to the exclusion of brand and, more particularly, price effects. Again this has implications for managers of this product category. Even though there are some consumers whose choice behaviour seems to be influenced by a particularly worthy sponsorship cause, the effects of price, and to a lesser extent brand, cannot be ignored if sponsorship is going to be used as a promotional tool to attract new customers.

Following the analysis of Term Investment respondents being grouped by main bank, a similar analysis was carried out with Milk respondents. Again, the findings from these analyses did not offer any new insights so the results and accompanying discussion have been placed in the Appendices (see Appendix L).

Summary

Overall, the Milk experiment results confirmed the findings of the Term Investment results. When no sponsorship was offered as an option, it was clearly viewed as the least preferred option. In the group where sponsorship was particularly influential, the difference between sponsoring the favoured cause and sponsoring no cause, meant a preference share falling from just on two-thirds to virtually no share at all. Even when there was a strong brand or price preference and the type of cause being supported had very little effect on choices, an option offering no sponsorship support still had an adverse effect. For example, changing the cause or price had only a minimal impact on a product's preference share in Cluster 1, but offering no sponsorship support saw its preference share drop considerably.

The results did offer some evidence that a small proportion of consumers were influenced in selecting a milk brand based upon whether the brand sponsored a cause that was attractive to them. Just over ten percent of respondents were influenced by the cause sponsored. However, unlike the results for Term Investments, this was not to the exclusion of other attribute effects. Of the sponsorships tested, the Child Heath cause proved more influential than support for the Outdoor Pursuits Centre, although the support levels and priorities varied across the clusters. In the cluster that was primarily influenced by sponsorship, Child Health was by far the most preferred sponsorship option. For this group, it meant a preference share difference of 50 percent. Thus, while sponsorship could be used

to influence the choices of a small minority of consumers, this influence was heavily linked to the cause being promoted.

Over one-third of the respondents from the Milk survey were primarily influenced by price. For this group, sponsorship and brand attributes had only a minimal impact. Certainly any small increases a brand gained in preference share through sponsorship could be quickly eroded by other brands lowering price. However, as with the Term Investments group which was particularly loyal to a bank, sponsorship does have a role to play in reinforcing current behaviour.

While the main influence on choice decisions for the vast majority of Term Investments was interest rates, the Milk results revealed that the primary influence on respondents' choices was Brand. Over 40 percent of respondents were influenced by this attribute. Given that milk is basically a generic product, hence its inclusion in this experiment, it was expected that price would be the predominant attribute. While this level of brand loyalty was surprising, it was possible that attributes specific to some brands, such as calcium enriched milk, may have accounted for these strong brand preferences. These attributes were not explicitly tested in the research and could be explored in future work.

For the clusters that were primarily influenced by brand, sponsorship had a variable effect. For some, the type of sponsorship was not significant in their choice, as typified by members of Cluster 3. Other respondents showed only marginal sensitivity to the sponsorship cause, as exemplified by members of Cluster 1. Members of Cluster 2 indicated that some brand-loyal consumers could allow their brand choices to be influenced to some degree by sponsorship, although, again this was primarily linked to the sponsorship cause being promoted. The variable nature of this sponsorship effect was possibly due to the lack of long term sponsorship experience within this product category. Neither of the two major brands is engaged in a long-term sponsorship association. Overall, the Milk results suggested that sponsorship's influence was small, but non-trivial, and was heavily dependent upon the cause promoted.

6.3 CONCLUSIONS

6.3.1 The Effect of Sponsorship on Consumers' Choice Behaviour

The results from this research suggest that the choice behaviour of consumers can be influenced by sponsorship. However, this variable influenced groups of consumers in different ways. The proportion of consumers whose choice decisions could be influenced primarily by the sponsored cause was small, although the majority were influenced by sponsorship when making their choice. Another small group of consumers was also identified as not being influenced at all by sponsorship. The vast majority of consumers were predominantly influenced by other attributes but sponsorship still had a small, though significant, influence on their choice.

The most noticeable effect of sponsorship on consumers' choice behaviour was seen when no sponsorship was offered as an option with other causes. In both experiments, across all clusters, a no sponsorship option was clearly viewed as the least favoured option. Members of all groups preferred an account sponsoring some cause rather than none at all. For example, even when an investment account with no sponsorship option was offered to members of the bank-loyal cluster, a group for whom sponsorship had the least significant effect, the bank suffered heavy preference share loss.

Given that consumers' choice behaviour has been used as a surrogate for purchase behaviour, this effect of no sponsorship on consumers' choice behaviour confirms that sponsorship does have some effect on the behaviour of consumers. This is an assumption that managers and researchers have largely made either based upon anecdotal evidence or by associating indirect measurements of sponsorship effect, awareness or attitude changes, with behaviour. However, this finding does not in itself clarify how sponsorship works (see Marshall and Cook, 1992; Meenaghan, 1991b).

A major finding in the review of the research literature was that most managers and researchers believed that sponsorship could be used to initiate a behavioural change in consumers' purchase habits. Speed and Thomson (1997) (see also Lee *et al*, 1997) proposed in their Sponsorship Impact Model that sponsorship could be

used to lead consumers down a sequential pathway beginning with awareness of the sponsor and culminating with a desired action towards the sponsor. The only evidence found in this research that could be used to validate this proposal was the choices made by a small group of respondents, from both experiments, which were primarily influenced by sponsorship. Respondents from the Term Investments experiment indicated that they were prepared to support a cause even if it meant accepting a lower interest rate, and thus a lower return on their investment. It appeared that an appealing sponsorship cause **might** influence these respondents enough to attract them to an alternative bank. That is, they may be influenced enough by the sponsorship (show Favourability and Preference for a Sponsor, *vis a vis* Step 3 in Speed and Thomson's Sponsorship Impact Model) to be attracted to an alternative bank (Action towards a Sponsor, *vis a vis* Step 4 in the model). Similarly, a small group of respondents from the Milk experiment were influenced primarily by sponsorship when selecting a milk brand. However, unlike the results for Term Investments, this was not to the exclusion of other attribute effects.

The methodology used in this research could not firmly establish whether the effect of sponsorship on this group was to initiate a change of bank or brand. That is, the impact of the sponsored cause led these consumers along a pathway to a favourable action towards the sponsor. It could well be that many of these respondents were current users of the bank or brand offering the sponsorship and as such, sponsorship only served to reinforce this usage. However, these results do suggest that it is possible for the two paradigms to operate alongside each other without being mutually exclusive as posited in Chapter 3.

The fact that different groups of consumers reacted in different ways to the same sponsorship cause adds weight to the proposition that the two paradigms can act alongside each other in a complementary manner, rather than being polarised at either end of a continuum explaining consumer behaviour. For example, there were also a small number of consumers who are so loyal to their banking institution or brand that neither changes in interest rate, price or even support for a worthy cause would significantly alter their choice. If sponsorship was going to have even a minimal impact upon these consumers, it was probably going to be reinforcing habits already acquired. These consumers were already brand loyal and, as McDonald (1991) suggested, all that sponsorship was doing was reinforcing attitudes they already held. Assuming that the group of consumers, whose choices

were primarily influenced by sponsorship, was affected in a cognitive manner, then it is possible for the same sponsorship to operate from two different paradigms with two different groups of consumers at the same time. The paradigms that sponsorship operates within need not be mutually exclusive, and polarised at the end of a consumer behaviour continuum, as proposed by some authors (see Vaughn, 1980).

The vast majority of respondents, in both samples, were predominantly influenced by an attribute other than sponsorship, either favourable interest rates or brand. Sponsorship did have a significant, but smaller, influence on the choice behaviour of this group, but not enough to initiate a favourable action towards the sponsor. Interest Rate was the attribute that most influenced the choices of this group of Term Investment respondents. Interest Rate was not explicitly tested to ascertain whether it was acting in a 'strong' or a 'weak' role. Thus it could not be determined whether this group were already users of the bank offering the interest rate or whether they were attracted to the bank by the interest rate on offer. This could be an area for future research; could the predominant attribute, for example interest rate, be operating in a 'strong' manner while a less influential attribute, such as sponsorship, operated in a 'weak' manner?

The behaviour displayed by the majority of respondents suggested that sponsorship served to reinforce the behaviour already established by this group of consumers. That is, sponsorship, operating in a 'weak' role as proposed by Ehrenberg (1974), was being used to reinforce the predominant attribute by acting as a trade-off for one increment gain in interest rate or price. The extent of this trade-off varied across the product categories, but was particularly effective as a substitute for an interest rate increment. Thus it seemed that, for the majority of consumers, sponsorship could act in a behavioural manner, either reinforcing consumers' behaviour or conditioning their behaviour.

The literature review indicated that most management objectives and measurements of sponsorship's effectiveness assumed that sponsorship operated in a cognitive manner. Sponsorship clearly creates awareness and image changes (see Cornwell and Maignan, 1998, for a review of this literature) but sponsorship is also now widely recognised as an economic based transaction rather than a philanthropic gesture (Meenaghan, 1998). A vague desire to improve a brand's

image or increase corporate awareness is not sufficiently robust if managers require a rigorous evaluation of sponsorship investment. While consumers' choices were used as a surrogate for these 'economic transactions', the effect of sponsorship on the choices of most respondents was secondary to other influences. As such the influence of sponsorship was more likely to reinforce the behaviour of consumers that had been initiated by more influential attributes, such as interest rate or price. That is, for the majority of consumers, sponsorship acts in a defensive manner rather than initiating some behavioural change. In light of this research, perhaps managers and researchers should consider that sponsorship could operate in the behavioural paradigm and, as a consequence, anticipate behavioural outcomes. Sponsorship objectives could, thus, be re-oriented to focus upon specific outcomes such as prompting trial, increasing repeat purchase, encouraging donations or reinforcing current behavioural patterns.

It could be useful to begin by establishing whether the sponsorship vehicle about to be used as a communication tool is an example of respondent or operant conditioning. If respondent conditioning is the goal, then managers must offer a distinct call to act in the desired manner by putting in place the appropriate response mechanisms. These could include detailed cause-related marketing activities, such as outlined in this research, or the provision of 0-800 lines to respond to sponsorship actions encouraging donations. Operant conditioning requires managers to initiate actions that would maintain the status quo, much the same way as present sponsorship communication seems to operate. A good example of this is the use of logos on signage at an event to draw attention to the brand. However, such strategies do pose problems for managers. While aggregate market data would enable an overall assessment of market share, the contribution made by sponsorship would be difficult to isolate.

6.3.2 The Effect of Different Types of Sponsorship on Consumers' Choice Behaviour.

While sponsorship does have an effect on consumers' choice behaviour, a caveat needs to be placed on this generalisation, not all types of sponsorship act in the manner described above. The causes tested in these experiments had quite different utilities, which suggested that the cause being sponsored had a critical influence on consumers' choice. For example, while there was a small group of

consumers who were prepared to make their investment choices on the basis of sponsorship, they were only prepared to forego an increment in interest rate if they found the cause particularly appealing.

Term Investment respondents found supporting Child Cancer research particularly appealing, but respondents were not prepared to offer similar support for New Zealand's Endangered Species. A bank risked losing substantial preference share if it supported the less favoured cause while its competitors continued to support the preferred cause. Similarly, a small group of Milk respondents were also prepared to make their choice decisions based primarily upon supporting a favoured cause. However, this group were more influenced by other attributes than their Term Investment counterparts. For example, they were only prepared to trade-off a price increment to support a favoured cause at the lower price levels. When the price became too high, it became the dominating attribute in the choice. This does present some problems for managers, who need to carefully consider what causes they will offer consumers. There was enough variation in the preference of the few sponsorship causes tested to suggest that this would not be an easy task.

This variability in the effect of different sponsorship causes has not been explicitly considered in previous research. Most research has investigated the effectiveness of one sponsorship cause at an event. While some research has investigated the effect of sponsorship *per se* at premier events such as the Olympic Games or World Cup Soccer (see Shani and Sandler, 1993 or Stotlar, 1993) very few studies have carried out a comparison between different sponsorship causes.

Gardner and Schuman (1987) did find evidence of some corporations sponsoring particular activities to reach target constituencies (see also Witcher *et al*, 1991; Armstrong, 1988), their findings suggest that different sponsorships were probably going to have different effects on constituencies. However, their study did not highlight which sponsorship causes were more effective in reaching various, diversified audiences. Other authors have found that certain sponsors and events can generate higher levels of awareness than others (Parker, 1991; Mescon and Tilson, 1987) or that their was some variability in the effect of sponsorship on image (Javalgi et al, 1994; Turco, 1994). This research direction has concentrated on relating the higher awareness or image change to the variation in other activities leveraging the sponsorship (Meir *et al*, 1997) or the variable experience that

consumers have with the sponsored product or event (Turco, 1994). None have investigated the effects of different types of sponsorship on consumers' behaviour. This suggests that there needs to be a shift in emphasis from measuring awareness and image *per se* to investigating the subsequent effect of that awareness and image. With increased numbers seeking corporate sponsorship (see Meenaghan, 1998) managers need to know what the effect of the different sponsorship causes will be, whether their objectives are couched in the more readily available cognitive measures or behavioural outcomes. This issue of different sponsorship causes having a variable effect upon consumers is one that needs to be explored further.

6.3.3 The Effect of Sponsorship on Consumers' Choice Behaviour in Different Product Categories.

Sponsorship was also seen to have a different effect upon consumers' choice behaviours in different product categories. Results from the two samples indicated that there was a different attitude to sponsorship between the consumers of the two product categories. Sponsorship had more influence, overall, on the choices made by the respondents of the Term Investment survey than those from the Milk survey. While a higher proportion of Milk respondents were primarily influenced by the cause promoted, their choices did not exclude the influence of other attributes to the same extent, as was found to be the case with Term Investment respondents. In addition, sponsorship had less influence on the choices of Milk respondents who were predominantly influenced by other attributes, while there was a greater proportion of Milk respondents whose choices were not influenced at all by sponsorship, compared to the Term Investment respondents.

A possible explanation for the different effect of sponsorship across product categories is the experience the product category has had with sponsorship as a promotional tool. Banks are much more experienced users of sponsorship as a promotional tool compared to Milk producers, especially in the use of cause-related marketing activities. In addition, the tenure of banks' sponsorship campaigns can usually be measured in years, compared to months for Milk. For example, National Bank has gained wide publicity over the last few years with its promotion and support of Daffodil Day, the official fundraiser for Child Cancer research. In comparison, Anchor Milk's sponsorship of OPC lasted for only two months. This explanation is consistent with the findings of the few authors who have found that

sponsorship which has a long term association with an event or product is going to be more effective than a short term association (see Sutton and Irwin, 1994 or Rajaretnam, 1994). Other authors investigated specific aspects of the effect of sponsorship experience. Pope and Voges (1994) observed a relationship between companies who evaluated their managerial objectives and the longevity of their sponsorship associations. Farrelly *et al* (1997) also noted that the greater integration of sponsorship into the marketing mix in North American market, compared to the Australian market, was due to experiential differences with sponsorship as a communication medium. These findings have implications for managers who need to carefully consider the cause they want to support, because the length of the association should be measured in years, not months, if they wish to maximise the sponsorship's effect on brand profitability. Again, while this is only conjecture, it is an issue that could be explored in future work.

Another explanation for sponsorship being more influential on the choices of Term Investment respondents is that Banks have a 'higher consumer involvement' than fmcgs, such as milk. Batra and Ray (1983) suggested that 'high involvement' purchasing involved different processes to 'low involvement' buying, and that the "strong theory of advertising" (see Jones, 1991) was more appropriate for 'high involvement' behaviour. This could provide a possible explanation for the finding that the number of respondents, who may be attracted to a brand because of the sponsorship cause being supported, were significantly greater among the Term Investment respondents than among the 'less involved' Milk respondents.

In summary, the preceding analyses have shown that consumers' choice behaviour can be influenced by sponsorship, although the proportion of consumers who were primarily influenced by sponsorship was small. However, for the vast majority of consumers the overall influence of sponsorship was minor compared to the other attributes examined. The majority of these consumers, when considering sponsorship while making their choices were often prepared to trade-off an increment in these other attributes for a sponsorship they particularly favoured. Thus, the effect of sponsorship was heavily influenced by the cause being promoted. While their was some evidence found that suggested the sponsorship could act in a cognitive manner, the findings were more consistent with a

behavioural explanation, the implications of which are outlined in more detail in the following chapter.

CHAPTER SEVEN

CONCLUSIONS

7.1 CONCLUSION

This research examined a number of objectives to provide an insight into the behavioural aspects of sponsorship and how these could be measured. The problem in attempting to evaluate sponsorship lies in the difficulty of isolating the behavioural outcomes of sponsorship from those of other marketing variables (Thwaites, 1995). To overcome this problem, consumer choice was used as a surrogate measure for consumers' purchase behaviour.

The first objective was to investigate the effect of sponsorship on consumers' choice behaviour, the results suggested that sponsorship does have some effect on consumers' choices. When 'no sponsorship' was offered as an option alongside supporting other causes, it was universally disregarded. Moreover, of all the attribute levels that were tested, 'no sponsorship' invariably produced the lowest parameters. This implies that consumers view some sponsorship more favourably than no sponsorship at all, irrespective of the cause being supported.

In addition, there was a group of consumers whose choice of product was predominantly influenced by the cause sponsored. While this was a very small group, about 10 percent of the respondents, the results showed that they might be attracted to a product because of the sponsorship cause being offered. In contrast, there was also another similar sized group, largely unaffected by sponsorship, who were particularly brand loyal, regardless of the inducements being offered elsewhere. The vast majority of respondents, though, were primarily affected by some other attribute, such as interest rate or price, and sponsorship made only a small, but non-trivial, contribution to their choice.

The second objective was to assess whether different types of sponsorship affected this choice behaviour. The sponsorship causes tested in the two experiments had quite divergent utilities, confirming that the cause sponsored played a crucial role in

consumers' choices. Thus, while some respondents were influenced in their choices by sponsorship, they were only prepared to forego an interest rate or price increment if they considered the cause a worthy one.

Finally, there was some evidence that the effect of sponsorship varied with the product category. Results from the two experiments indicated that respondents' choices of Term Investment were influenced more strongly by sponsorships than were their choice of Milk brands. However, further research is needed to explore two competing explanations for this finding. For example, this could explore whether these differences resulted from Term Investments being put under more intensive scrutiny because it is a 'high involvement' product category, or from consumers' decisions having been conditioned by trading banks having more experience with sponsorship?

7.2 IMPLICATIONS

There are a number of implications that arise from the findings of this research.

Practical issues related to sponsorship

The main implication of these findings is that sponsorship has a strong influence on the behaviour of only a small group of consumers, and that this occurs only if they feel the cause is a worthwhile one. While sponsorship seems to have a smaller effect on the behaviour of other consumers, it is even more important that managers consider very carefully which sponsorship cause they are going to support. The effect of a sponsorship, which is not particularly favoured by consumers, can be easily overwhelmed by the effect of other, more influential attributes, such as price or interest rate.

Within a large group of consumers, there were several reactions to sponsorship as a product attribute. Most of the respondents showed behaviour which suggested that sponsorship operated predominantly in a behavioural context. There was also some evidence to suggest that sponsorship could operate, concurrently, in a cognitive manner, being used to initiate a behavioural change for a small group of consumers. Thus, managers could continue to use sponsorship exclusively as a cognitively driven communication vehicle, by which a very small number of

consumers **may** have their attitudes and, as a consequence, their behaviour changed. However, they should also be aware that sponsorship will probably only reinforce or condition beliefs most consumers already hold about a brand, as the result of more influential attributes.

For the majority of consumers, sponsorship plays a smaller, but non-trivial role, in comparison to other attributes. As a consequence, managers need to carefully consider not only which cause they are going to support, but also determine which strategies will best serve the required behaviour. Sponsorship objectives could be reoriented to focus upon specific outcomes, and from these objectives managers can choose whether to use operant or respondent conditioning techniques. The strategic activities can then be leveraged around the sponsorship to achieve the desired behaviour.

Setting Managerial Goals

Some authors have expressed the need to articulate precise objectives in order to create efficient sponsorship management (see Meenaghan, 1998). While most of these objectives have been set in cognitive terms, it has been argued in this study that measuring sponsorship effectiveness should also take some cognisance of the behavioural paradigm. Sponsorship campaigns are unlikely to achieve behavioural outcomes if these goals are not explicitly set from the beginning. If behavioural outcomes are the objective of a sponsorship campaign then a vague desire to improve a brand's image or increase corporate awareness will not be sufficiently robust to provide these. Such sponsorship objectives need to focus upon specific outcomes such as prompting trial, increasing repeat purchase, encouraging donations or reinforcing current behavioural patterns. An advantage offered by identifying and quantifying clear behavioural objectives is that managers will be able to rigorously evaluate the effects of their sponsorship campaigns (Hoek, 1999).

The Use of Behavioural Measures

When behavioural measures are used in consumer promotions, explicit inducements for the consumer to carry out specific actions are more readily evaluated. For example, sponsors could tie the purchase of a product or service to a donation made to a clearly identified cause, whereby the behaviour must precede

the sponsorship support. This enables managers to have a tighter control over the sponsorship donation, and offers distinct advantages over more traditional sponsorship arrangements, where the initial investment is made in the hope that desired consumer behaviour will follow. Such arrangements can then be used to find out how many customers have been persuaded to convert to the new product or service, if this is a desired outcome. Sponsorship expressed in these terms also promotes a closer working partnership between the sponsor and the sponsee, where the success of the promotion is in the direct interests of both parties (see Meenaghan, 1998).

As sponsorship continues to grow as a communication medium, managers need to move away from arrangements where they have only limited control over aspects of the event they are sponsoring, and are offered no guarantee of a return on their investment. Behavioural measures offer managers the means to be more assertive in their arrangements and provide the ability to pick and choose between competing events (see Meenaghan, 1998).

7.3 LIMITATIONS

The main limitation associated with this study is its lack of generalisability. Only two product categories were selected, each testing two sponsorship causes (as well as a no sponsorship option). Each of these sponsorship causes tested represented only one type of sponsorship arrangement, cause-related marketing. However, this was the first time that the behavioural effects of sponsorship had been investigated using the technique of discrete choice modelling. Thus, while the study does lack generalisability, it sets a benchmark for any future research.

The limitation of selecting a narrow range of sponsorship causes to be tested also needs to be acknowledged, although future research should resolve this problem. First, none of the causes was linked to sport. This could be cause for some concern, in light of the fact that sport sponsorship accounts for over 80 percent of sponsorship investment (see Chapter One). This limitation could provide the impetus for future research in which a comparison of the effects of sport sponsorship with other more humanitarian sponsorships, such as Child Health, could be made.

Another concern was that the samples used in this study were taken from a provincial New Zealand city. As such, the results generated by these respondents might not be indicative of the behaviour of consumers in general. It could be argued that there should be no *a priori* reason to expect consumer behaviour within New Zealand to differ greatly from other markets. However, some of the studies reviewed indicated that some markets did show cultural differences, when the effects of sponsorship in some markets were compared the U.S. market (see Ishikawa *et al*, 1996 and Farrelly *et al*, 1997).

An unfortunate coincidence that needs to be acknowledged was that the data collection for this research was carried out at the same time as 'Daffodil Day', a specific day on which the National Bank publicises their sponsorship of and invites donations for Child Cancer research. This may explain why the highest Term Investment utility was for the investment account option in which National offered to support Child Cancer research, with a return of 5.65%.

7.4 DIRECTIONS FOR FUTURE RESEARCH

Several important directions for future research have emerged from the findings, implications and limitations of this study.

This research did not examine whether the costs incurred in supporting and providing a sponsorship exceed the revenue generated by any extra business attracted through the sponsorship, yet this question is central to sponsorship investment decisions. This is a sponsorship issue where there is a real lack of knowledge and, assuming that the relevant data can be accessed, there is a pressing need to address this issue. As Corbett (1998) highlighted, sponsorship is one of the first of the media vehicles in the communications mix to be cut back or withdrawn in times of economic difficulty. Such decisions seem to be made on the basis of anecdotal evidence, and could be better informed if cost-benefit analyses were routinely undertaken.

Another logical consequence of this research would be to examine various aspects of sponsorship and its effectiveness across other product categories, its relationship with other product category attributes, and perhaps the most elusive question of all, the effect of sponsorship on brand profitability (Thorpe *et al*, 1999). The issue of

whether sponsorship operates more effectively in a 'high involvement' or 'low involvement' situation warrants further investigation. There is also a need to investigate the relationship of various attributes within a product category. For example, the dominant attribute, such as price, could be operating in a 'strong' manner, while less influential attributes, such as sponsorship, operate in a weak manner.

This study only looked at the effect of cause-related marketing activities. This type of sponsorship has the advantage of allowing a sponsor to directly gauge how effective the sponsorship campaign has been by assessing the extra revenue generated by the promotion. Not all sponsorship arrangements allow such a close scrutiny of the return on investment. Further studies are required to investigate the impact of different types of sponsorship categories, or how different types of events, such as sport, arts or festivals affect sponsorship campaigns. Indeed, there is a need to identify how effective sponsorship is as a promotional tool compared to other mass media communication vehicles, such as advertising or price promotions, especially over the long term.

Future studies on the effectiveness of sponsorship need to move away from just investigating cognitively-oriented variables, such as awareness and attitude change, which give no real understanding of the relationship between these variables and consumers' behaviour. Instead more studies are needed to provide a behavioural perspective, in which behavioural outcomes can be directly measured. For example, the effect of trialing a product at a sponsored event could be measured. At present, very little sponsorship research makes explicit provision for trial prompting activities or routinely collects details of respondents' brand usage behaviour. Such details would facilitate an assessment of the direction in that awareness works, and afford clearer insights into the behavioural consequences of sponsorship, which, ultimately are what generate profitability.

The 'bottom line' is that as long as investment in sponsorship continues to repay corporate investment its continued growth will be assured. While the adoption of behavioural measures cannot guarantee sponsorship success, it could reduce the possibility that this investment is more than just a generous, philanthropic gesture.

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APPENDICES

APPENDIX A - Factorial Design for TERM INVESTMENTS

SET	RATE	SPONSOR	BANK
1	3	3	1
	3	2	4
	2	2	2
2	2	3	5
	2	2	1
	1	3	3
3	3	2	5
	3	1	1
	2	3	2
4	3	3	2
	1	3	4
	1	1	3
5	2	3	3
	2	1	2
	1	1	5
6	3	3	3
	2	3	1
	1	2	2
7	2	1	1
	1	3	2
	1	2	4
8	2	2	5
	2	1	4
	1	2	1
9	3	2	1
	3	1	4
	2	1	5
10	3	3	4
	3	1	3
	1	3	1
11	3	1	5
	2	2	3
	1	1	2

12	3	2	2
	1	2	5
	1	1	4

KEY

RATE:
1 - 4.85%
2 - 5.25%
3 - 5.65%

SPONSOR:
1 - 5 cent donation for every dollar invested to support Child Cancer Research
2 - 5 cent donation for every dollar invested to support NZ's endangered species
3 - No Sponsorship

BANK: 1 - ANZ/ Postbank
2 - ASB
3 - BNZ
4 - National / Countrywide
5 - Westpac

APPENDIX B - Factorial Design for MILK

SET	PRICE	SPONSOR	BRAND
1	3	3	3
	2	1	2
	1	3	1
2	3	1	1
	1	3	2
	1	2	3
3	3	3	2
	3	2	3
	1	2	1
4	2	2	2
	1	3	1
	1	1	3
5	3	1	3
	2	1	1
	1	1	2
6	3	3	2
	2	2	3
	1	2	1
7	3	2	1
	2	3	2
	1	3	3
8	2	3	3
	1	2	2
	1	1	1
9	3	2	2
	3	1	1
	2	1	3
10	3	3	1
	3	1	2
	2	3	3
11	2	3	1
	2	2	2
	2	1	3
12	3	2	3
	2	2	1
	1	1	2

KEY

PRICE:
1 - $1.42
2 - $1.48
3 - $1.58

SPONSOR:
1 - 5 cent donation to Child Health Research
2 - 5 cent donation to Outdoor Pursuit Centre
3 - No Sponsorship

BRAND:
1 - Anchor
2 - Tararua
3 - Store Brand

Appendix C - Showcards for Term Investments

SHOWCARD A		
Option 1	**Option 2**	**Option 3**
ANZ/ Postbank	National/Countrywide	ASB
No Sponsorship	5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support NZ's endangered species
5.65% interest	5.65% interest	5.25% interest

SHOWCARD B		
Option 1	**Option 2**	**Option 3**
Westpac Trust	ANZ/ Postbank	BNZ
No Sponsorship	5 cent donation for every dollar invested to support NZ's endangered species	No Sponsorship
5.25% interest	5.25% interest	4.85% interest

SHOWCARD C		
Option 1	**Option 2**	**Option 3**
Westpac Trust	ANZ/ Postbank	ASB
5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support Child Cancer Research	No Sponsorship
5.65% interest	5.65% interest	5.25% interest

SHOWCARD D		
Option 1	**Option 2**	**Option 3**
ASB	National/Countrywide	BNZ
No Sponsorship	No Sponsorship	5 cent donation for every dollar invested to support Child Cancer Research
5.65% interest	4.85% interest	4.85% interest

SHOWCARD E

Option 1	Option 2	Option 3
BNZ	ASB	Westpac Trust
No Sponsorship	5 cent donation for every dollar invested to support Child Cancer Research	5 cent donation for every dollar invested to support Child Cancer Research
5.25% interest	5.25% interest	4.85% interest

SHOWCARD F

Option 1	Option 2	Option 3
BNZ	ANZ/ Postbank	ASB
No Sponsorship	No Sponsorship	5 cent donation for every dollar invested to support NZ's endangered species
5.65% interest	5.25% interest	4.85% interest

SHOWCARD G

Option 1	Option 2	Option 3
ANZ/ Postbank	ASB	National/Countrywide
5 cent donation for every dollar invested to support Child Cancer Research	No Sponsorship	5 cent donation for every dollar invested to support NZ's endangered species
5.25% interest	4.85% interest	4.85% interest

SHOWCARD H

Option 1	Option 2	Option 3
Westpac Trust	National/Countrywide	ANZ/ Postbank
5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support Child Cancer Research	5 cent donation for every dollar invested to support NZ's endangered species
5.25% interest	5.25% interest	4.85% interest

SHOWCARD I

Option 1	Option 2	Option 3
ANZ/ Postbank	National/Countrywide	Westpac Trust
5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support Child Cancer Research	5 cent donation for every dollar invested to support Child Cancer Research
5.65% interest	5.65% interest	5.25% interest

SHOWCARD J

Option 1	Option 2	Option 3
National/Countrywide	BNZ	ANZ/ Postbank
No Sponsorship	5 cent donation for every dollar invested to support Child Cancer Research	No Sponsorship
5.65% interest	5.65% interest	4.85% interest

SHOWCARD K

Option 1	Option 2	Option 3
Westpac Trust	BNZ	ASB
5 cent donation for every dollar invested to support Child Cancer Research	5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support Child Cancer Research
5.65% interest	5.25% interest	4.85% interest

SHOWCARD L

Option 1	Option 2	Option 3
ASB	Westpac Trust	National/Countrywide
5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support NZ's endangered species	5 cent donation for every dollar invested to support Child Cancer Research
5.65% interest	4.85% interest	4.85% interest

Appendix D - Showcards for Milk

SHOWCARD A		
Option 1	**Option 2**	**Option 3**
Store Brand (e.g. Pam's Foodtown, First Choice)	Tararua	Anchor
No Sponsorship	5 cent donation to Child Health Research	No Sponsorship
$1.58	$1.48	$1.42

SHOWCARD B		
Option 1	**Option 2**	**Option 3**
Anchor	Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)
5 cent donation to Child Health Research	No Sponsorship	5 cent donation to Outdoor Pursuits Centre
$1.58	$1.42	$1.42

SHOWCARD C		
Option 1	**Option 2**	**Option 3**
Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)	Anchor
No Sponsorship	5 cent donation to Outdoor Pursuits Centre	5 cent donation to Outdoor Pursuits Centre
$1.58	$1.58	$1.42

SHOWCARD D		
Option 1	**Option 2**	**Option 3**
Tararua	Anchor	Store Brand (e.g. Pam's Foodtown, First Choice)
5 cent donation to Outdoor Pursuits Centre	No Sponsorship	5 cent donation to Child Health Research
$1.48	$1.42	$1.42

SHOWCARD E

Option 1	Option 2	Option 3
Store Brand (e.g. Pam's Foodtown, First Choice)	Anchor	Tararua
5 cent donation to Child Health Research	5 cent donation to Child Health Research	5 cent donation to Child Health Research
$1.58	$1.48	$1.42

SHOWCARD F

Option 1	Option 2	Option 3
Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)	Anchor
No Sponsorship	5 cent donation to Outdoor Pursuits Centre	5 cent donation to Outdoor Pursuits Centre
$1.58	$1.48	$1.42

SHOWCARD G

Option 1	Option 2	Option 3
Anchor	Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)
5 cent donation to Outdoor Pursuits Centre	No Sponsorship	No Sponsorship
$1.58	$1.48	$1.42

SHOWCARD H

Option 1	Option 2	Option 3
Store Brand (e.g. Pam's Foodtown, First Choice)	Tararua	Anchor
No Sponsorship	5 cent donation to Outdoor Pursuits Centre	5 cent donation to Child Health Research
$1.48	$1.42	$1.42

SHOWCARD I

Option 1	Option 2	Option 3
Tararua	Anchor	Store Brand (e.g. Pam's Foodtown, First Choice)
5 cent donation to Outdoor Pursuits Centre	5 cent donation to Child Health Research	5 cent donation to Child Health Research
$1.58	$1.58	$1.48

SHOWCARD J

Option 1	Option 2	Option 3
Anchor	Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)
No Sponsorship	5 cent donation to Child Health Research	No Sponsorship
$1.58	$1.58	$1.48

SHOWCARD K

Option 1	Option 2	Option 3
Anchor	Tararua	Store Brand (e.g. Pam's Foodtown, First Choice)
No Sponsorship	5 cent donation to Outdoor Pursuits Centre	5 cent donation to Child Health Research
$1.48	$1.48	$1.48

SHOWCARD L

Option 1	Option 2	Option 3
Store Brand (e.g. Pam's Foodtown, First Choice)	Anchor	Tararua
5 cent donation to Outdoor Pursuits Centre	5 cent donation to Outdoor Pursuits Centre	5 cent donation to Child Health Research
$1.58	$1.48	$1.42

APPENDIX E - Term Investments Survey

CONFIDENTIAL.
ID:_____
Interviewer Initial:_____

MASSEY UNIVERSITY

DEPARTMENT OF MARKETING

Survey on Banking Investments

AUGUST 1999

Hello, my name is _____. I am a researcher from Massey University and I am conducting a short survey as part of an important project. Could you help me please by answering a few questions. It will only take about ten minutes of your time.

IF NO, RECORD ON CONTACT RECORD SHEET AS REFUSAL (R)
IF YES, BEGIN

STATEMENT OF CONFIDENTIALITY MUST BE READ

Before we start, I want to assure you that this interview is confidential and completely voluntary. If I should come to a question you don't want to answer please let me know and I will go on to the next question.

1. I am going to read you the names of some banks located in Palmerston North. Please tell me if you have accounts at any of these banks. **CODE ALL MENTIONED. START AT HIGHLIGHTED BANK.**

	Used	Main Bank
ANZ Bank	1	1
ASB Bank	1	2
Bank of New Zealand	1	3
National Bank/Countrywide	1	4
Westpac Trust	1	5

2. Now I'd like you to tell me which **one** of these banks you consider to be your main bank?

CODE ONE ONLY IN MAIN BANK COLUMN

3. To begin, I'd like to show you a series of cards with a range of different banking investments. I want you to assume that you have just won $5000 and you must invest this money for 12 months. The only options available are the ones on the cards I am about to give you.

USE CHOICE MODELING SET OF CARDS. START AT HIGHLIGHTED SHOWCARD. YOU *MUST* PRESENT ALL SHOWCARDS. PRESENT SHOWCARD AND SAY...

If you had to choose one of these investments, which would you choose?

CODE ONLY ONE FOR EACH SHOWCARD

A	Bank 1 1	Bank 2 2	Bank 3 3
B	Bank 1 1	Bank 2 2	Bank 3 3
C	Bank 1 1	Bank 2 2	Bank 3 3
D	Bank 1 1	Bank 2 2	Bank 3 3
E	Bank 1 1	Bank 2 2	Bank 3 3
F	Bank 1 1	Bank 2 2	Bank 3 3
G	Bank 1 1	Bank 2 2	Bank 3 3
H	Bank 1 1	Bank 2 2	Bank 3 3
I	Bank 1 1	Bank 2 2	Bank 3 3
J	Bank 1 1	Bank 2 2	Bank 3 3
K	Bank 1 1	Bank 2 2	Bank 3 3
L	Bank 1 1	Bank 2 2	Bank 3 3

Now to make sure I have a good cross section of the public, could you please answer the following questions about you. Please remember that all your responses are completely confidential.

4. **PRESENT SMALL SET OF SHOWCARDS AND TURN TO SHOWCARD A**. Which number best describes the highest level of formal education you have had?

	CIRCLE ONLY ONE
No formal schooling	1
Primary school (including intermediate)	2
Secondary school for up to 3 years	3
Secondary school for 4 years or more	4
Some university, polytechnic or other tertiary	5
Completed university or polytechnic degree	6

5. **PRESENT SHOWCARD B**. Which of number best describes your highest formal qualification?

	CIRCLE ONLY ONE
No formal schooling	1
School qualifications only (Proficiency, School C, UE, Bursary	2
Trade Certificate	3
Professional Certificate	4
Diploma below Bachelor's level	5
Bachelor's degree	6
Post-graduate or higher qualification	7

6. In what year were you born? Year born: 19_____

7. **PRESENT SHOWCARD C**. Which number best describes your household's total yearly Income before tax?
CIRCLE ONLY ONE

less than $10,000	1
$10,000-$20,000	2
$20,001-$30,000	3
$30,001-$40,000	4
$40,001-$60,000	5
$60,001-$80,000	6
above $80,000	7
Don't know	8
Refused	9

8. Record respondent's gender
Male 1
Female.....2

Thank you very much for your help

APPENDIX F - Milk Survey

CONFIDENTIAL.
ID:_____
Interviewer Initial:_____

MASSEY UNIVERSITY

DEPARTMENT OF MARKETING

Survey on Milk

AUGUST 1999

Hello, my name is _____. I am a researcher from Massey University and I am conducting a short survey as part of an important project. Could you help me please by answering a few questions. It will only take about ten minutes of your time.

IF NO, RECORD ON CONTACT RECORD SHEET AS REFUSAL (R)
IF YES, BEGIN

STATEMENT OF CONFIDENTIALITY MUST BE READ

Before we start, I want to assure you that this interview is confidential and completely voluntary. If I should come to a question you don't want to answer, please let me know and I will go on to the next question.

1. **PRESENT SHOWCARD A**. Please look at this card and tell me which of these categories best describes your involvement in your household's grocery shopping.

I do all of my household's grocery shopping	1
I do most of my household's grocery shopping	2
I am equally responsible for my household's grocery shopping	3
Another member of my household is mainly responsible for the grocery shopping	4

IF RESPONDENTS GIVE A REPONSE OF 4, THANK THEM AND TERMINATE THE INTERVIEW

2. I would like you to tell me which brands of milk your household has ever bought. Have you ever bought...

	Ever Bought	**Main Brand**
Anchor	1	1
Tararua	1	2
Primo	1	3
Foodtown	1	4
Pams	1	5
First Choice	1	6

3. Which one of these brands do you buy most often?

CODE ONE ONLY IN MAIN BRAND COLUMN

4. To begin, I'd like to show you a series of cards. I want you to assume that you have just entered a store to buy some milk and the only options available are the ones on these showcards. The products are all sold in one litre cartons.

USE CHOICE MODELING SET OF CARDS. START AT HIGHLIGHTED SHOWCARD. YOU *MUST* PRESENT ALL SHOWCARDS. PRESENT SHOWCARD AND SAY...

If you had to choose one of these, which would you choose?

CODE ONLY ONE FOR EACH SHOWCARD

A	Brand 1 1	Brand 2 2	Brand 3 3
B	Brand 1 1	Brand 2 2	Brand 3 3
C	Brand 1 1	Brand 2 2	Brand 3 3
D	Brand 1 1	Brand 2 2	Brand 3 3
E	Brand 1 1	Brand 2 2	Brand 3 3
F	Brand 1 1	Brand 2 2	Brand 3 3
G	Brand 1 1	Brand 2 2	Brand 3 3
H	Brand 1 1	Brand 2 2	Brand 3 3
I	Brand 1 1	Brand 2 2	Brand 3 3
J	Brand 1 1	Brand 2 2	Brand 3 3
K	Brand 1 1	Brand 2 2	Brand 3 3
L	Brand 1 1	Brand 2 2	Brand 3 3

Now to make sure I have a good cross section of the public, could you please answer the following questions about you. Please remember that all your responses are completely confidential.

5. **PRESENT SHOWCARD B**. Which of these categories best describes the highest level of formal education you have had?

	CIRCLE ONLY ONE
No formal schooling	1
Primary school (including intermediate)	2
Secondary school for up to 3 years	3
Secondary school for 4 years or more	4
Some university, polytechnic or other tertiary	5
Completed university or polytechnic degree	6

6. **PRESENT SHOWCARD C**. Which of these categories best describes your highest formal qualification?

	CIRCLE ONLY ONE
No formal schooling	1
School qualifications only (Proficiency, School C, UE, Bursary	2
Trade Certificate	3
Professional Certificate	4
Diploma below Bachelor's level	5
Bachelor's degree	6
Post-graduate or higher qualification	7

7. In what year were you born? Year born: 19_____

8. How many children are there in your household aged under 16?

_____children

9. Record respondent's gender
Male 1
Female.....2

Thank you very much for your help

APPENDIX G - Letters of Intent

August, 1999

Dear Respondent

The bearer of this letter is an interviewer working for the Department of Marketing at this University, and is conducting an important research project under my supervision.

I would be grateful for your assistance in the study, which is being carried out as part of a graduate student's research project within the Department of Marketing. Like all research carried out in this Department, the project is subject to the Code of Practice of the Market Research Society of New Zealand, which requires all the answers you give to be treated in absolute confidence.

I hope that this assurance will aid your participation in our research. If you have any further questions about the research, please do not hesitate to telephone me at the University (350 5582).

Thank you for your help.

Professor Philip Gendall
Head of the Department of Marketing

RESEARCH PROJECT INFORMATION

I am an interviewer for the Department of Marketing and I'm conducting research into consumers' views on product features as part of a Masterate student's research project. The supervisors of this project are Dr Janet Hoek and Professor Philip Gendall, who are both staff in the Department of Marketing at Massey University. If you have any questions about this study, please contact Dr Hoek (phone 350 5583).

I would like to ask you a series of questions; this should take about five minutes of your time and I would be very grateful if you were able to help me. Your participation in my study is completely voluntary and you are under no obligation to participate. Any information you provide will be treated confidentially and will be kept under secure conditions. None of the information will be reported in a way that could identify you personally as a respondent.

I am conducting my study in the Plaza mall in order to include a wide cross section of people in my sample; you were selected at random from the people who have gone past this point.

My study is being supported by the Department of Marketing and is not being conducted for commercial purposes. The sole purpose of this study is to provide data which the MBS student can use to write his thesis.

You have the following rights in the interview:

- to decline to participate;
- to refuse to answer any particular questions;
- to withdraw from the study at any time;
- to ask questions about the study at any time during participation;
- to provide information on the understanding that your name will not be used;
- to be given access to a summary of the findings of the study when it is concluded.

If you have any questions about my study that I have not addressed; please feel free to ask me or to telephone my supervisor.

Thank you for your time.

APPENDIX H - The Utilities' Standard Errors and ½ LSDs for TERM INVESTMENTS

	SE					1/2 LSD				
	ANZ	ASB	BNZ	National	Westpac	ANZ	ASB	BNZ	National	Westpac
Cluster 1										
None * 4.85	1708.6	1708.6	1708.6	1708.6	1708.6	2416.3	2416.3	2416.3	2416.3	2416.3
None * 5.25	0.517	0.626	0.476	0.555	0.427	0.732	0.886	0.673	0.785	0.603
None * 5.65	0.494	0.615	0.490	0.498	0.401	0.699	0.869	0.693	0.704	0.567
Cancer * 4.85	0.634	0.831	0.614	0.665	0.546	0.896	1.175	0.868	0.940	0.772
Cancer * 5.25	0.383	0.409	0.363	0.407	0.314	0.541	0.578	0.513	0.576	0.443
Cancer * 5.65	0.290	0.441	0.403	0.269	0.220	0.410	0.624	0.569	0.380	0.312
E. S. * 4.85	0.472	0.481	0.503	0.426	0.402	0.667	0.680	0.711	0.602	0.569
E. S. * 5.25	0.419	0.404	0.307	0.491	0.339	0.592	0.571	0.434	0.695	0.479
E. S. * 5.65	0.206	0.402	0.301	0.266	0.000	0.291	0.568	0.426	0.377	0.000
Cluster 2										
None * 4.85	0.406	0.430	0.413	0.394	0.390	0.574	0.609	0.584	0.556	0.551
None * 5.25	0.277	0.310	0.333	0.290	0.233	0.392	0.438	0.471	0.410	0.330
None * 5.65	0.206	0.228	0.247	0.201	0.138	0.291	0.323	0.350	0.285	0.195
Cancer * 4.85	0.210	0.286	0.227	0.198	0.171	0.296	0.405	0.322	0.279	0.241
Cancer * 5.25	0.240	0.245	0.278	0.248	0.206	0.339	0.346	0.393	0.351	0.291
Cancer * 5.65	0.201	0.236	0.222	0.198	0.152	0.284	0.334	0.313	0.281	0.216
E. S. * 4.85	0.295	0.268	0.331	0.283	0.230	0.418	0.378	0.468	0.400	0.326
E. S. * 5.25	0.227	0.269	0.275	0.254	0.239	0.320	0.380	0.389	0.359	0.337
E. S. * 5.65	0.167	0.171	0.181	0.158	0.000	0.235	0.242	0.256	0.223	0.000
Cluster 3										
None * 4.85	0.575	0.512	0.521	0.594	0.522	0.813	0.725	0.736	0.840	0.738
None * 5.25	0.505	0.462	0.547	0.528	0.419	0.715	0.653	0.774	0.747	0.593
None * 5.65	0.455	0.492	0.495	0.507	0.430	0.643	0.695	0.700	0.717	0.608
Cancer * 4.85	0.379	0.382	0.459	0.398	0.342	0.536	0.540	0.649	0.563	0.483
Cancer * 5.25	0.403	0.361	0.473	0.458	0.362	0.570	0.510	0.669	0.647	0.512
Cancer * 5.65	0.332	0.386	0.436	0.365	0.317	0.469	0.546	0.616	0.516	0.448
E. S. * 4.85	0.449	0.395	0.518	0.487	0.374	0.635	0.559	0.732	0.689	0.529
E. S. * 5.25	0.403	0.355	0.452	0.478	0.356	0.569	0.502	0.639	0.676	0.503
E. S. * 5.65	0.239	0.235	0.323	0.232	0.000	0.337	0.332	0.457	0.329	0.000
Cluster 4										
None * 4.85	0.472	0.512	0.544	0.502	0.416	0.667	0.724	0.769	0.711	0.589
None * 5.25	0.449	0.504	0.493	0.491	0.406	0.636	0.713	0.697	0.695	0.574
None * 5.65	0.418	0.446	0.459	0.455	0.336	0.591	0.631	0.649	0.644	0.475
Cancer * 4.85	0.424	0.456	0.449	0.445	0.328	0.600	0.645	0.635	0.629	0.464
Cancer * 5.25	0.433	0.450	0.488	0.466	0.388	0.612	0.636	0.690	0.659	0.549
Cancer * 5.65	0.451	0.467	0.452	0.469	0.339	0.637	0.660	0.639	0.663	0.479
E. S. * 4.85	0.438	0.444	0.465	0.468	0.356	0.619	0.628	0.657	0.662	0.503
E. S. * 5.25	0.461	0.454	0.436	0.484	0.350	0.651	0.641	0.616	0.684	0.495
E. S. * 5.65	0.273	0.263	0.284	0.319	0.000	0.386	0.372	0.401	0.452	0.000

Appendix I – An Example of how Preference Share was calculated. (figures were derived from Term Investments data, Cluster 1)

The utilities for the option 'Endangered Species*5.65' produces the following percentage preference share;

	ANZ	ASB	BNZ	National	Westpac
Utility	-1.11	-0.98	0.04	-1.09	0.00
e^x	0.33	0.38	1.04	0.34	1.00
% Preference Share	11	12	34	11	32

where each banks individual percentage preference share is calculated by dividing the exponential of its utility by the sum of all banks' exponential and dividing by 100.

To calculate a change in preference share the figures are reworked by substituting the utility for the new option. Thus if all banks continue to offer an option of 'Endangered Species*5.65' but BNZ offers an account 'Cancer*5.65' the following percentage preference share is derived;

	ANZ	ASB	BNZ	National	Westpac
Utility	-1.11	-0.98	-0.55	-1.09	0.00
e^x	0.33	0.38	0.58	0.34	1.00
% Preference Share	12	14	22	13	38

Thus, it can be seen that by making this change in sponsorship support, BNZ has lost the leading preference share to Westpac Trust. Its preference share has fallen from 34% to 22%, while Westpac has increased its share from 32% to 38%. The other three banks have also had marginal gains in preference share.

APPENDIX J Analysis of Term Investment Respondents Grouped by Brand Usage

This section presents and discusses an analysis made of the results based on grouping the respondents according to their main Bank and then performing a multinomial logit regression analysis on each of these groups.

Multinomial Logit Regression Coefficients for Respondents grouped by Main Bank Used.

Bank Investment

		Cluster				
		ANZ	ASB	BNZ	National	Westpac
Bank		n=96	n=22	n=57	n=59	n=93
	ANZ	1.00	0.40	0.29	0.01	-0.57
	ASB	0.30	1.72	0.25	0.37	-0.57
	BNZ	0.34	0.43	1.08	0.09	-0.41
	National	0.47	0.81	0.67	1.85	-0.34
	Westpac	0.00	0.00	0.00	0.00	0.00
Sponsorship						
	None	-1.13	-0.68	-0.99	-1.53	-0.85
	Child Cancer	0.77	1.03	0.90	0.72	0.84
	Endangered	0.00	0.00	0.00	0.00	0.00
Interest Rate						
	4.85%	-1.60	-2.37	-2.28	-3.37	-2.21
	5.25%	-0.99	-0.87	-1.13	-1.55	-1.04
	5.65%	0.00	0.00	0.00	0.00	0.00

Percentage of Overall Model Chi-Square

Attributes						
	Bank	12.9***	15.7***	10.6***	16.1***	1.6**
	Sponsorship	44.4***	27.2***	36.0***	25.9***	32.7***
	Interest	42.1***	56.2***	53.0***	57.5***	64.5***
	*S*I*	0.6	0.9	0.4	0.6	1.1*

***	p<.0001
**	p<.005
*	p<.05

The Main Bank Effect

When respondents were classified by their main bank, all groups showed a significant, but small preference for their main bank. The Table above contains the details of these models, and showed that the main bank effect only accounted for 10 to 15 percent of the fit of the model. While it would be expected that these groups would prefer their main bank used, it was also noted that the National Bank was the second preferred bank in all other clusters.

The majority of the variations in preference came predominantly from the interest rates on offer, although the sponsorship effect had some influence. For the ANZ Bank the influence of sponsorship was 44 percent, accounting marginally more for the fit of this model than the Interest Rate effect. An investment account that offered to support Child Cancer research at 5.65% was the most preferred option for ANZ users. However, sponsorship had a strong influence on their choices; support for Child Cancer research was worth an increment in interest rate over supporting New Zealand's Endangered Species. The choice of an investment account supporting Child Cancer research at 5.25% was only marginally preferable to choosing an account supporting Endangered Species at 5.65%, both gaining a similar preference share.

This group of respondents, who identified ANZ as their main Bank, was strongly influenced by sponsorship. These results did not quite match the choices made by members of Cluster 4. While members of this group had been identified as being ANZ Bank loyal, sponsorship was insignificant in their choice. However, membership of this ANZ group was much larger than that of Cluster 4, accounting for 30 percent of the sample, compared to Cluster 4's 8 percent. Thus, this ANZ group, presumably not only contained the members of Cluster 4, who were not influenced by sponsorship, but also a much greater number of respondents for whom sponsorship did have some effect.

The Effect of Interest Rates

Interest rates had more influence than sponsorship on the fit of the models for the ASB, BNZ, National and Westpac Trust banks. This effect, for these four banks, varied from 50 to 60 percent, while the sponsorship effect varied from only 25 to 35 percent. All of these banks showed a significant preference for supporting Child Cancer research, while investment accounts supporting New Zealand's Endangered Species were significantly preferred to supporting no cause at all.

The Effect of Sponsorship

ASB Bank users were the only other group, apart from ANZ, who showed some evidence of trading off an interest rate increment for a worthy sponsorship cause, although this effect was only marginal. ASB Bank could expect to gain a preference

share of 47 percent if members of this group were offered investment accounts supporting Child Cancer research at 5.65%. If this interest rate was lowered one increment, ASB Bank's preference share would fall to 22 percent. By changing sponsorship cause to supporting Endangered Species, an investment account offered at 5.65% would decrease preference share to a similar level, 24 percent.

National, BNZ and Westpac Bank users were not prepared to trade off an interest rate increment for a sponsorship cause. The interest rate was important to all of these group members. There was a significant difference in the utilities between 5.65% and the other interest rates, which sponsorship and brand effects could not make up. For example, when National Bank offered its main users an account sponsoring Child Cancer research at 5.65% it could gain a preference share of 60 percent. If National changed its support to Endangered Species, its preference share fell to 43 percent. However, if National lowered its interest rate to 5.25%, while still supporting Child Cancer research, its preference share fell to 26 percent.

APPENDIX K – Utility Standard Errors and ½ LSDs for MILK

	STORE		ANCHOR		TARARUA	
	SE	1/2LSD	SE	1/2LSD	SE	1/2LSD
Cluster 1						
None * 1.42	0.427	0.603869	0.4084	0.577565	0.3866	0.546735
None * 1.48	0.5202	0.735674	0.4764	0.673731	0.3903	0.551968
None * 1.58	0.564	0.797616	0.5608	0.793091	0.4374	0.618577
Child Health * 1.42	0.4967	0.70244	0.5331	0.753917	0.4828	0.682782
Child Health * 1.48	0.3837	0.542634	0.447	0.632153	0.4149	0.586757
Child Health * 1.58	0.4351	0.615324	0.3656	0.517036	0.3916	0.553806
OPC * 1.42	0.4956	0.700884	0.4425	0.62579	0.4029	0.569787
OPC * 1.48	0.494	0.698621	0.508	0.71842	0.4121	0.582797
OPC * 1.58	0.2685	0.379716	0.2191	0.309854	0.00	0.00
Cluster 2						
None * 1.42	0.7384	1.044255	0.7483	1.058256	0.5713	0.80794
None * 1.48	0.8272	1.169837	0.7294	1.031527	0.6636	0.938472
None * 1.58	1.0208	1.443629	0.9028	1.276752	0.8162	1.154281
Child Health * 1.42	1.0741	1.519007	0.8997	1.272368	0.8385	1.185818
Child Health * 1.48	1.4942	2.113118	1.3307	1.881894	0.9688	1.37009
Child Health * 1.58	1.3764	1.946524	1.2031	1.70144	0.8264	1.168706
OPC * 1.42	1.1598	1.640205	1.0036	1.419305	0.598	0.8457
OPC * 1.48	1.0703	1.513633	0.9756	1.379707	0.6402	0.90538
OPC * 1.58	0.6986	0.98797	0.5962	0.843154	0.00	0.00
Cluster 3						
None * 1.42	0.5854	0.827881	0.6316	0.893217	0.5023	0.710359
None * 1.48	0.5548	0.784606	0.6098	0.862387	0.5069	0.716865
None * 1.58	0.7886	1.115249	0.6241	0.882611	0.6373	0.901278
Child Health * 1.42	0.7333	1.037043	0.8927	1.262468	0.7595	1.074095
Child Health * 1.48	0.6283	0.88855	0.7662	1.08357	0.6782	0.95912
Child Health * 1.58	0.6093	0.86168	0.509	0.719835	0.4663	0.659448
OPC * 1.42	0.6858	0.969868	0.8285	1.171676	0.6833	0.966332
OPC * 1.48	0.6846	0.968171	0.788	1.1144	0.657	0.929138
OPC * 1.58	0.3902	0.551826	0.2681	0.379151	0.00	0.00
Cluster 4						
None * 1.42	0.2848	0.402768	0.2564	0.362604	0.2635	0.372645
None * 1.48	0.3407	0.481823	0.3148	0.445194	0.3198	0.452265
None * 1.58	1.0584	1.496804	1.0422	1.473893	1.0473	1.481106
Child Health * 1.42	0.2796	0.395414	0.276	0.390323	0.2785	0.393858
Child Health * 1.48	0.2464	0.348462	0.2669	0.377454	0.2457	0.347472
Child Health * 1.58	0.4502	0.636679	0.4135	0.584777	0.4123	0.58308
OPC * 1.42	0.2657	0.375757	0.2669	0.377454	0.2501	0.353695
OPC * 1.48	0.2896	0.409556	0.2962	0.41889	0.2687	0.379999
OPC * 1.58	0.111	0.156978	0.1131	0.159948	0.00	0.00

Cluster 5						
None * 1.42	0.2983	0.42186	0.3268	0.462165	0.2863	0.404889
None * 1.48	0.3696	0.522693	0.3289	0.465135	0.2584	0.365433
None * 1.58	0.4389	0.620698	0.4843	0.684904	0.42	0.59397
Child Health * 1.42	0.3308	0.467822	0.4209	0.595242	0.3933	0.55621
Child Health * 1.48	0.3053	0.431759	0.406	0.574171	0.3894	0.550695
Child Health * 1.58	0.3156	0.446326	0.3026	0.427941	0.2925	0.413657
OPC * 1.42	0.3602	0.5094	0.4116	0.58209	0.3635	0.514067
OPC * 1.48	0.3643	0.515198	0.376	0.531744	0.3275	0.463155
OPC * 1.58	0.2193	0.310137	0.1287	0.182009	0.00	0.00

APPENDIX L Analysis of Milk Respondents Grouped by Brand Usage

Multinomial Logit Regression Coefficients for Respondents grouped by Main Milk Brand Used.

Milk Purchase

	Cluster		
	Anchor	**Tararua**	**Store**
Brand	n=60	n=249	n=93
Store	-0.83	-2.09	1.20
Anchor	0.65	-1.70	-0.11
Tararua	0.00	0.00	0.00
Sponsorship			
None	-0.21	0.12	-1.11
Child Health	0.89	0.66	0.24
Outdoor Pursuits	0.00	0.00	0.00
Price/litre			
$1.42	1.89	1.95	2.54
$1.48	0.96	0.88	0.34
$1.58	0.00	0.00	0.00
Brand	40.2***	68.0***	14.9***
Sponsorship	14.7***	8.4***	6.1***
Price	44.7***	22.5***	77.4***
*S*P*	0.3	1.0***	1.5**

*** p<.0001
** p<.005
* p<.05

Each group showed a marked preference for their own brand. With Anchor buyers this preference was about as strong as the effect of price, 40 percent of the fit due to Brand, while 44 percent of the fit was due to Price. Tararua buyers showed much stronger loyalty to their Brand. This effect made up 68 percent of the overall fit of this model. The influence of Price on the fit of the model was only 22 percent. This Tararua brand effect was such that other brands had a similar utility at the lowest price to Tararua's utility at the highest price. The brand effect (15 percent) for a Store buyer was minor compared to the influence of Price at 77 percent. This effect was largely due to the lowest price category having a considerably higher part-worth than the other prices.

The response of these groups to sponsorship was slightly different as well. Sponsorship was not a major factor in the choices of any of the groups. These values ranged from six percent (Store-brands) to 15 percent (Anchor) of the fit of the models. Anchor and Tararua buyers showed a preference for Child Health sponsorship, while support for the Outdoor Pursuits Centre (OPC) and for no sponsorship cause at all gained similar part-worths. For Anchor buyers, sponsorship of Child Health was the equivalent of at least one price increment over sponsorship of OPC. For example, Anchor buyers found Milk sold at $1.48 and supporting Child Health sponsorship was as attractive as Milk sold at $1.42 supporting OPC.

Tararua buyers, however, were much more brand-loyal. Tararua could offer a product for $1.42 with no sponsorship support at all and this product still remained more attractive to Tararua buyers than any combinations that Anchor or Store-brands offered.

Store-brands rated the two causes similarly; both of which rated higher than no cause at all. Indeed, support for either cause was enough to attract them into buying a branded milk product, rather than a Store-brand. Store-brand milk sold at $1.48 with Child Health sponsorship was just as attractive as milk from Anchor or Tararua sold at $1.42 but supporting OPC. However, this sponsorship effect was not enough to overcome the attraction of purchasing milk at the lowest price of $1.42. At this price, Store-brand users found a product with no sponsorship more attractive than any product the other brands offered regardless of the option levels they offered.

APPENDIX M - Demographic Data for TERM INVESTMENTS

GENDER	M	F
Cluster 1	34	31
Cluster 2	50	157
Cluster 3	10	18
Cluster 4	9	18

EDUCATION	No School	Prim. Educ	<3yrs sec ed	sec ed 4yrs+	some tert.ed	degree, dip,etc
Cluster 1	0	2	9	10	27	17
Cluster 2	1	4	24	35	84	59
Cluster 3	2	2	7	7	5	5
Cluster 4	0	2	2	8	9	6

MAIN BANK	ANZ	ASB	BNZ	National	Westpac
Cluster 1	10	4	13	8	30
Cluster 2	59	14	38	48	48
Cluster 3	6	1	4	3	14
Cluster 4	21	3	2	0	1

Because there was such a wide difference in the results between the clusters, a breakdown of the demographic and attitudinal (brand usage) variables was made to ascertain whether there were any major biases within these variables, which may have impacted upon the multinomial logit regression coefficients. The breakdown of these variables into the four clusters showed mixed results. There was no significant difference between the groups in terms of highest qualifications attained or in income level, although there was a very marginal difference in terms of education. In Clusters 1 and 2 about 70 percent of the members had had some tertiary education, while for Clusters 3 and 4 this proportion dropped to 40 percent, somewhat closer to the national average of 34 percent (1996 Census).

There was, however, a significant difference in terms of gender. This sample was somewhat biased in terms of 69 percent of the respondents was female. While only 48 percent of Cluster 1 were female, this proportion climbed to 76 percent for Cluster 2. The other two clusters were approximately the same as the total sample. While there was a gender bias in the sample, and also from group to group, it is debatable as to whether or not this had any major impact upon the choices made by the respondents. There did not seem to be any evidence that the sponsorship causes used in the survey would be more attractive to one gender rather than the another.

Where the cluster members did most of their main banking also showed significant differences. It seems that where the majority of the cluster members do most of their banking does not necessarily match the most preferred banking institution for that cluster. While 50 percent of Cluster 1 indicated that Westpac Trust was the Bank they mainly used, members of this group marginally preferred the BNZ to this institution as a Bank. In Cluster 2 there was a strong preference for the National Bank, but this did not translate into being the main bank used by these cluster members. ANZ Bank, Westpac Trust and National Bank all had a similar usage rate for this group. However, with the other two smaller clusters, the bank that members indicated was their main bank used; also showed up as the most preferred Bank by each group. While these differences may not mean too much, respondents possibly used other banks aside from their main bank, these differences prompted another analysis. An analysis was made of where cluster members did most of their banking the data by grouping the respondents into main Bank used and then performing a multinomial logit regression analysis on each of these groups.

APPENDIX N Demographic Data for MILK

Gender	M	F
Cluster 1	38	103
Cluster 2	15	15
Cluster 3	14	11
Cluster 4	41	100
Cluster 5	20	57

EDUCATION	No School	Prim. Educ	<3yrs sec ed	Sec Ed 4yrs+	some Tert.Ed	Degree, Dip, etc
Cluster 1	0	5	40	35	37	24
Cluster 2	0	0	5	2	6	5
Cluster 3	0	0	1	6	9	9
Cluster 4	0	1	17	26	67	30
Cluster 5	0	2	7	15	32	21

Children- at home, < 16 yrs	No Children	Children
Cluster 1	114	27
Cluster 2	11	7
Cluster 3	21	4
Cluster 4	92	49
Cluster 5	52	25

Brand bought most often	Anchor	Tararua	Primo	Foodtown	Pams	First Choice
Cluster 1	4	134	0	2	1	0
Cluster 2	1	2	0	6	9	0
Cluster 3	19	4	0	0	2	0
Cluster 4	16	56	1	7	58	3
Cluster 5	20	52	0	0	4	1

Age-average	Mean	SD	n
Cluster 1	44.90	16.33	141
Cluster 2	39.06	10.58	18
Cluster 3	41.16	16.79	25
Cluster 4	36.50	13.44	141
Cluster 5	34.09	13.16	77

As with the Term Investment results, there was quite a wide difference found in the choices made by the members of the different clusters derived from the Milk data. Again a breakdown of the demographic and attitudinal variables was made. An analysis of the members of these groups showed mixed results. There was no significant difference between the clusters in terms of the participant's role in grocery shopping, or in their educational qualifications, but there was a very marginal difference in the level of education attained by each cluster. For most of the clusters, about 60 percent of their members had some type of tertiary education.

However, for Cluster 1 this percentage fell to just over 40 percent. This, nevertheless, was still somewhat above the national average of 34 percent.

There was a significant difference in terms of gender. As with the Term Investments sample, this sample was biased, with 71 percent of the respondents being female. Only Cluster 3 was made up of more males than females. However, as with the Term Investments, it is debatable as to whether this gender bias had any impact upon the choices made by the respondents. Again, the sponsorship causes were not ones that would attract one gender at the expense of the other. Indeed, the screening question for this survey, which terminated any interviews of respondents who were not the main member of the household responsible for grocery shopping, probably contributed quite considerably to this gender bias. Unlike the Term Investment respondents, one would expect there to be a degree of gender bias within this product category.

The question determining how many households contained children, aged under 16, also showed some marginal differences between the clusters. For all clusters at least two-thirds of the respondents indicated that their households contained no children with an age less than 16. For Clusters 1 and 3 this proportion rose to above 80 percent. While this again seems to be somewhat biased, the national average is 58 percent (1996 Census), it does not appear that this has had a marked effect on respondent's choices. Most of the groups seem to favour support for Child Health over OPC, and where they do not, there is no distinguishing children or no children trend.

There was a marginal difference in the average ages of the clusters. Members of Clusters 1, 2 and 3 were marginally older than members of the other two groups. This seemed to manifest itself in these groups being more brand-loyal. Does longevity correlate with higher brand loyalty? While the members of the sponsorship influenced cluster seem to be of a younger age, this also seems to apply to Cluster 4, where price was the important consideration.

The most significant differences appear when the brand of milk bought most often is linked to cluster membership. However, these only confirm the patterns noted during the individual cluster analysis. Most of the cluster members bought the brands of milk they indicated they preferred. Cluster 1 was identified as being Tararua loyal.

This was the brand 95 percent of this cluster mainly brought. Similarly, 83 percent of Cluster 2 bought Store-brands and 76 percent of Cluster 3 bought Anchor. Cluster 5 was the group who was predominantly influenced by Sponsorship. 94 percent of this group bought mainly Tararua or Anchor brands. It seems that sponsorship is associated with a branded product.

The brand of milk bought most often by members of Cluster 4 is somewhat problematical. Price primarily influenced this group. Thus, it is not too inconsistent for 48 percent of this group to buy a Store-brand, predominantly Pams. However, what is inconsistent is that 40 percent bought Tararua and 11 percent bought Anchor. If Price is so important to this group, why are just over half of them buying branded milk, which is normally sold at a higher price than Store-branded milk?

While the differences in which brands cluster members bought the most were not as great as those were for Term Investments, an analysis was made of the data by grouping the respondents into brand mainly bought. Once these were derived a multinomial logit regression analysis was performed on each of these groups.