Measurement-Based Leverage of Cause Oriented Sport Sponsorship

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Corporate sponsorship of social causes is an increasingly popular promotional vehicle (Cornwell & Coote, 2005; Lichtenstein, Drumwright, & Braig, 2004; Simmons & Becker-Olsen, 2006). It is currently the fastest-growing sponsorship category. The increase in corporate social sponsorship with nonprofit organizations (NPOs) is facilitated by expected win-win outcomes to both corporations and NPOs (Lichtenstein et al., 2004). For example, corporations partnering with NPOs might enhance their reputation (Drumwright, 1996; Sen & Bhattacharya, 2001) as well as strategically avoid or reduce perceptions of commercialization (Cornwell, 2008). NPOs can gain financial support as well as expand their volunteer and contributor bases via collaboration (Berger, Cunningham, & Drumwright, 2004; Samu & Wymer, 2001; Selsky & Parker, 2005). To date, however, only a few researchers have empirically examined these win-win relationships from the perspective of corporate social responsibility (CSR) (e.g., Lichtenstein et al., 2004) or corporate social sponsorship (e.g., Simmons & Becker-Olsen, 2006).

Lichtenstein, Drumwright, and Braig (2004) investigated effects of CSR initiatives on both nonprofits and for profit corporations. They found that perceived corporate social responsibility affects donations to nonprofits through customer-corporate identification as well as purchase behavior for a corporation’s products. This finding suggests that information enhancing perceptions of CSR may in turn enhance contributions to CSR initiatives. Thus, articulated measurement of CSR contributions (e.g., telling the number of people being helped) should encourage desired outcomes to both corporations and NPOs if it enhances perceptions of CSR.

In the context of sponsorship, leverage is defined as “the act of using collateral marketing communications to exploit the potential of the association between a sponsee and sponsor” (Weeks, Cornwell, & Drennan, 2008, p.4). There, however, has been little research examining how collateral marketing communications can be utilized to enhance benefits to both nonprofits and corporations in social sponsorship or CSR. Nonprofit organizations typically have been the less powerful partners in social alliances (Andreasen, 2003; Berger et al., 2004; Lichtenstein et al., 2004) and from this position may not pursue long-term goals. In examining sponsorship alliances most, researchers have focused on examining the benefits to corporate sponsors, while there has been less research examining the benefits to nonprofits. Thus, this research considers the nature of communication about these social alliances for the direct betterment of NPO outcomes but also the related value that may accrue to the corporate sponsor. The specific objective of this research is to investigate how communication regarding specific measurable outcomes of sponsorship engagement might influence returns to both NPOs (e.g., increased willingness to donate) and corporations (e.g., enhanced fit, corporate social performance) in the context of sport based - corporate social sponsorship or CSR practices.

In a theoretical framework of the returns stemming from social responsibility activities, Lankoski (2007) argues that CSR activities can influence the economic performance of the corporation via observable and valid claims of reputation based on CSR outcomes. One could also argue that CSR outcomes are important to the non-profit. NPOs may be viewed as organizations with performance goals that include improved funding. Thus, we adapt Lankoski’s (2007) theoretical framework to explain the increases in valid reputation of both NPO and corporation via observable measurement communication. Observable social responsibility outcomes can directly affect stakeholder action (e.g., the general public as potential donors to NPOs; consumers, employees and investors to corporations), while unobservable social responsibility outcomes can result in stakeholder action only through valid reputation because “reputation is the only way for stakeholders to receive information” (Lankoski, 2007, p. 540).

H1: NPOs that communicate the measured societal value of their social sponsorship or CSR initiatives in mass-media (via press releases) will receive higher donations than NPOs that do not communicate this information.
H2: Corporations that communicate the measured societal value of their corporate social sponsorship or CSR initiatives in mass-media (via press releases) will have higher CSP than corporations that do not communicate this information.

H3: Corporations that communicate the measured societal value of their social sponsorship or CSR in mass-media (via press releases) will enhance the perceived fit, especially functional fit with NPOs than corporations who do not communicate this information.

Using an experimental design, Study 1 provides evidence that NPOs communicating the measured societal value of the sponsorship via a credible source receive higher donations than those not communicating this information. Study 2 replicates the findings of the Study 1 with added complexity and realism and extends Study 1 by providing evidence that measurement communication also enhances corporate social performance and functional fit with the NPO. Study 3 demonstrates these increases are primarily due to measurement outcome communication by separating the effect due to message source. Findings are discussed in terms of the role that measurement can play in improved willingness to donate to nonprofits, as well as the strategic values afforded the sponsoring firm.

Corporate sponsorship of social causes has been popularly discussed in terms of the various expected benefits (e.g., purchase, recruiting, donation, image, risk reduction) for multiple stakeholders groups (Hoeffler et al., 2010). However, owing to the unique characteristics of often invisible or intangible outcomes to the social beneficiary, stakeholders including consumers and donors may have limited awareness and may even hold skeptical views toward a corporations’ social commitment. If social values are not translated into an organization’s valid reputation, then success for both parties may be limited. Potential values from social initiatives to sponsors, partners or investors may be undervalued and underleveraged.

Therefore, this study suggests measurement-based leverage as one collateral marketing communication to maximize the multiple benefits to various stakeholders groups including NPOs and corporations. In particular, this study used the measured societal value endorsed by credible source as specific additive information to efficiently communicate social sponsorship to multiple stakeholders. The results shows that communicating the measured societal value in the press releases significantly increased WTD to NPOs, enhanced CSP of the corporation, and further enhanced the perception of corporation’s functional fit with NPO. These findings have significant implications to both academicians and practitioners and provide a deeper understanding of how to strategically leverage sport-based social initiatives to maximize the simultaneous returns for NPOs and corporations.