Goodwill Effect in Sponsorship: An Application of Appraisal Theory

Yuko Sawatari, The Florida State University
Jeffrey James (Advisor), The Florida State University

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The concept of goodwill is what differentiates sponsorship from other marketing communications (Meenaghan, 2001a; 2001b). While other marketing communications tend to be considered selfish, designed merely to pursue advantages for a company, sponsorship is recognized as a ‘good thing to do.’ People approve of and generate positive attitudes toward sponsorship, believing it to be one of the activities through which businesses contribute to society (Meenaghan, 2001a; 2001b). “Goodwill [is] believed to be driven by the appreciation of individuals who recognize the benefits of sponsorship to activities with which they are involved” (Meenaghan, 2001a, p. 102).

Goodwill is generated when consumers experience a sense of appreciation for benefits a sponsor provides to a sponsored property. Previous studies including tests of consumer goodwill (e.g., Alexandris, Tsaousi, & James, 2007; Dees, Bennett, & Villegas, 2008) have only focused, however, on cognitive components of goodwill generation such as consumers’ perceptions toward a sponsor’s investment and motives. One notable exception is the work of Kim, Smith, and James (2010). The researchers measured individuals’ appreciation toward a sponsor and found that feelings of appreciation (gratitude) mediated the influence of individuals’ perceptions toward a sponsorship on intention to purchase sponsor’s products in a participant sport context. As a further step, providing adequate theoretical support would advance our understanding of the goodwill effect. One possible theory supporting the goodwill effect is appraisal theory. Specifically, appraisal theory could explain how feelings of appreciation are elicited and how the appreciation affects individuals’ subsequent behavioral responses.

Appraisal theory has been used to explain the role of emotions in consumer behavior research (e.g., Bagozzi, Gopinath, & Nyer, 1999; Johnson & Stewart, 2005; Nyer, 1997; Soscia, 2007; Watson & Spence, 2007). A central theme of appraisal theory is that emotion is derived from individuals’ subjective evaluations/appraisals of a stimulus (Scherer, 1999) or implications of a situation (Smith & Kirby, 2009). According to Frijda (1986), when someone is confronted with a certain stimulus, he or she actively observes aspects of the stimulus. The observed aspects of a stimulus are coded in terms of his or her dispositional characteristics such as personal beliefs, needs, goals, resources, and abilities related to the stimulus (Smith & Kirby, 2009). The information which is obtained through observation with a filter of individual dispositional characteristics leads to an emotional response through the process of appraisal (Smith & Kirby, 2009; Smith & Lazarus, 1990). The appraisal process refers to “…a continuing evaluation of the significance of what is happening for one’s personal wellbeing” (Lazarus, 1991a, p. 144). The meaning of a certain stimulus will differ depending on the individual. Previous researchers (e.g., Smith & Lazarus, 1990; Smith & Kirby, 2009) argued that even if individuals view a particular stimulus similarly, they may have different emotions deriving from their views. The different emotions are caused by each individual’s appraisal, which is the evaluation of the stimulus in terms of their perceived importance of the stimulus (Scherer, 1999; Smith & Kirby, 2009; Smith & Lazarus, 1990). The emotions elicited through appraisal processes lead to behavioral responses (Frijda, 1986; Johnson & Stewart, 2005; Smith & Lazarus, 1990). Appraisal theory explains a behavioral response as a coping activity of emotion. While appraisal theory only explains a behavioral reaction, emotion is also considered as one of the factors shaping the affective attitude (Edwards, 1990). The affective attitude is also acquired with appraisal (Edwards, 1990). Thus, both attitudinal and behavioral responses may be considered outcomes of emotion.

Appreciation is the emotion experienced by consumers that pertains to goodwill in sponsorship. Research dealing with emotion characterizes appreciation as gratitude. Gratitude is generated when someone appreciates an altruistic gift which provides personal benefit (Lazarus, 2001). Gratitude consists of positive emotions (Fredrickson, 2004) and pleasant feelings (Emmons & McCullough, 2004). The three components of gratitude are: 1) “a warm sense of appreciation for somebody or something, 2) “a sense of goodwill toward that individual or thing, and 3) “a disposition to act which flows from appreciation and goodwill” (Fitzgerald, 1998, p. 120). Gratitude has been studied in a consumer behavior context (e.g, Kolyesnikova & Dodd, 2008; Morales, 2005; Soscia, 2007). Consumers generate gratitude when the provided benefits such as a company’s help and services are altruistic (Morales, 2005; Palmatier, Jarvis, Bechkooff, & Kardes, 2009; Tesser et al., 1968), voluntarily given, (Palmatier et al., 2009), valuable (Palmatier
et al., 2009; Tesser et al., 1968), positive (Soscia, 2007), and costly for providers (Tesser et al., 1968). These criteria are considered appraisal points of consumer gratitude. Gratitude, then, leads consumers to form a positive attitude toward a company (Morales, 2005) and positive behavioral intentions such as purchase intention (Palmatier et al., 2009; Soscia, 2007).

The goodwill effect in sponsorship may be explained based on appraisal theory and the emotion of gratitude. The stimulus situation is a company's sponsorship. Consumers may have knowledge about a sponsorship which is acquired from previous experience with sponsorship situations, and/or information from a newspaper, publicity, advertising, or online sources. Based on this knowledge, they may have developed their attitude toward a sponsorship. When consumers encounter a particular sponsorship situation, they may recognize a sponsor involved with the sponsored property, what the sponsor does for the property, how the sponsor uses the property in promotional activity, etc. Such observations may be coded in terms of their dispositional knowledge and attitude toward sponsorship. The coded information becomes a determinant of the emotion of gratitude through an appraisal process. As potential appraisal criteria, four types of appraisal toward a sponsorship or sponsor could be listed based on the previous goodwill research in sponsorship (e.g., Alexandris et al., 2007; Dees et al., 2008; Kim, 2010): perceived benefit of a sponsor's support, perceived necessity of a sponsor's support, perceived concern about a sponsored property, and perceived commercial intent of a sponsor. The elicited emotion of gratitude, if consumers appreciate a sponsor, may influence their attitudinal and/or behavior responses, such as attitudes toward a sponsor and intentions to purchase sponsors' products.

One issue which may need to be further considered is influences of consumers' involvement in a sponsored activity and construed importance of a sponsored activity in a society. These factors may moderate the influence of appraisals on gratitude. Appraisal is an evaluation which is conducted based on one's well-being. In a sponsorship situation, however, especially sponsorship of spectator sports, the main recipient of a sponsor’s investment is a property, not a consumer. Therefore, evaluation of a sponsorship is conducted based on a sponsored property's well-being, but not conducted based on consumer's well-being. Thus, consumers' appraisals may not always elicit emotions.