Impact of Relationship Quality on Donor Loyalty: A Case of Professional Sport-Related Charitable Nonprofit Organizations

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Today, almost all of major professional sport leagues and their teams in the U.S. are participating in some forms of philanthropic activities. Many professional athletes are engaged in such activities by making good use of their high social profile status. As professional sport entities (i.e., leagues, teams, and athletes) are active in various causes that are highly visible, expectedly their involvement and commitment could promote additional fundraising efforts through a host of public and private charitable organizations. Indeed, the number of charitable nonprofit organizations in professional sport has been almost tripled within the past five years, from approximately 400 organizations in 2007 to more than 1,100 organizations (Johnson, 2007; Lee, Heinze, Babiak, & Juravich, 2011). Meanwhile, actual total amount of charity donations in the U.S. have decreased from $314 billion in 2007 to $308 billion in 2008 and $290.98 billion in 2010 (Giving USA Foundation, 2011). Also, it is noticeable that, when compared to non-sport counterparts, only a few of the organizations are successful in terms of revenue generation and outreach (Kim & Zhang, 2013). These tight situations indicate that managers of charitable organizations in professional sport need to understand factors that encourage donor commitment and to develop effective fundraising strategies in order to effectively achieve their financial objectives and consequently execute their charity intentions.

One logical way to raise more funds and increase donor commitment would be to strengthen the relationship quality of an organization with its donors. In the marketing literature, the importance of personal interactions has been drawing considerable attention in terms of customer relationship that ultimately influences a corporate's performance outcomes such as sales, market share, and profits (Crosby, Evans, & Cowles, 1990; Morgan & Hunt, 1984) and customer satisfaction (Crosby & Stephens, 1987; Parasuraman, Zeithaml, & Berry, 1985). Researchers and practitioners have long regarded ‘friendraising’ as an essential component of any fundraising effort (Weinstein, 2009). Fundraisers try to nurture relationships with donors because such relationships make people more involved, which in turn lead them to be more committed. Findings of previous studies confirm that relationship quality of a nonprofit organization led to positive donor behavioral outcomes (Bennett & Barkensjo, 2005; Brennan & Brady, 1999; Sargeant, 2001). For example, Shabbir, Palihawadana, and Thwaites (2007) found that donor-perceived relationship quality positively influenced donor-related outcomes such as donor loyalty and positive word-of-mouth communications. Some nonprofit sector organizations have adopted relationship marketing perspective for fundraising activities and strategies by using a term “relationship fundraising” (Burnett, 2002; Sargeant, 2001; Sargeant & Jay, 2004). These previous studies have highlighted the importance of donor-perceived relationship quality, which ultimately influences donor loyalty and behavioral outcomes. Based on previous findings, it can be logically speculated that there is a strong connection between relationship quality and donor loyalty of nonprofit organizations in professional sports, in terms of both attitudinal loyalty (e.g., positive attitude toward the organization and positive word-of-mouth) and behavioral loyalty (e.g., years as a donor and donation amount).

Nevertheless, only a limited number of studies have been conducted to examine the influence of relationship quality of nonprofit (i.e. charitable) organizations in professional sport setting. As nonprofit organizations that are related to professional sports provide unique opportunities to their donors (e.g., meeting with athletes and coaches through fundraising activities and events), it is possible that these unique features, such as the relationship quality of athletes and coaches with donors, might influence donor behavior. By conducting a comprehensive review of literature as the primary methodology of research inquiry, therefore, the purpose of this study was to develop a theoretical framework to better conceptualize and understand how the relationship quality of professional sport nonprofit organizations affect their donor patronage behaviors.

It is generally regarded that relationship quality is a multidimensional concept and “a higher-order construct consisting of several distinct, although related dimensions” (Dorsch, Swanson, & Kelly, 1998, p. 130). In the
relationship quality literature, a majority of researchers included multiple factors to capture different perspectives of the relationship quality construct, which typically include such sub-concepts as trust, commitment, and satisfaction (Bejou, Wray, & Ingram, 1996; Crosby et al., 1990; Garbarino, & Johnson, 1999), and trust, benevolence, and commitment (Bennett, & Barkensjo, 2005). In a sport context, numerous researchers have tried to understand sport consumers and spectators behaviors by adopting relationship marketing and relationship quality perspectives (Bee & Kahle, 2006; Kim, Trail, Woo, & Zhang, 2011; McDonald & Milne, 1997; Wang, Ho, & Zhang, 2012). Most studies, however, examined how perceived relationship quality of a university sport team or a professional team influences their consumers’ satisfaction toward the relationship (Kim et al., 2011), sport consumption behavior that include attendance intention, media consumption intention, and licensed merchandise purchase intention (Kim, Trail, & Ko, 2011), and actual game attendance and customer referral (i.e., positive word-of-mouth; Wang et al., 2012). In terms of nonprofit organizations in sport, Tower, Jago, and Deery (2006) examined the relationship marketing and partnerships in not-for-profit sports in Australia. They attempted to identify factors that would influence the relationship between not-for-profit sport clubs or associations and sport venues. By interviewing 15 personnel from different service agencies, they found that appropriate partnerships, commitment, communication, cultural/management style, funding and resource allocation, and satisfaction positively affected the relationship quality between those two sport organizations.

However, these findings as well as previous findings regarding relationship quality of a team on sport consumer/spectator behavior could not fully explain how members of charitable nonprofit sport organizations’ relationship quality influence their donors’ behavioral and attitudinal loyalty. As aforementioned, because various members of a sport organization (i.e., professional athletes, coaches, and staffs) are involved with the nonprofit sport organization, it is possible that donors of such organization might have different motives and reasons to contribute their money to that organization. Indeed, Kim and Walker (2013) and Kim and Zhang (2013) have found the importance and relatedness of donors’ identification with an athlete or a team when sport figures are connected to a nonprofit sport organization. Donors of that organization make contributions because they are highly identified with an athlete or a team and by doing so, they could have chances to meet athletes or coaches of the team through participating in fundraising activities or events. That is, donors might expect having interactions and relationships with not only staff member of a sport nonprofit organization but also athletes and/or coaches of a professional team when they make donations. It is evident that the trustworthiness of staff members of the organization, its athletes and coaches, how deeply they are committed to the cause they are supporting, and the relational satisfaction of donors with the organizational members would have significantly impact on donor loyalty toward the nonprofit sport organization. Therefore, when professional sport teams and athletes are involved with nonprofit organizations, their relationship quality would have profound influence on donor behaviors.

As a result of synthesizing and analyzing relationship quality themes derived from a comprehensive review of literature, a theoretical model was conceptualized in this study to assess various dimensions of relationship quality of charitable sport nonprofit organization. These factors include trust, commitment, and relationship satisfaction. A structural model is further depicted to examine the impact of these relationship quality factors on donor loyalty variables in professional sport settings. Given the limited understanding of how relationship quality of professional nonprofit organizations influence donor patronage behaviors, this developed conceptual framework would help academician further verify the relevance and importance of the relationship quality of nonprofit organizations in sports, and help practitioners to develop campaigns that effectively appeal to current and potential professional sport donors.