The Halo Effect of CSR oriented Sport Sponsorship in Customers’ Attribution toward Service Failure

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A company is prone to experience negative publicity and customers’ turnover due to product or service failure resulting from mistakes (Smith & Bolton, 1998; Weun, Beatty, & Jones, 2004). Such failure is very frequent and inevitable in the service industry because services are difficult to standardize. Among other strategies for managing risks from service failure, corporate social responsibility (CSR) oriented sport sponsorship can provide insurance-like benefits by fostering favorable consumer attitudes toward a sponsor (Irwin, Lachowetz, Cornwell, & Clark, 2003; Choi & La, 2013).

Despite the significant influence service failure can generate and the importance of CSR oriented sport sponsorship in this context, scholars have overlooked specific mechanisms how consumers react to such strategic options. Accordingly, the purpose of the current study is to examine (1) the impact of CSR oriented sport sponsorship on customers’ attribution in the context of service failure, and (2) the impact of attribution on consumers’ repurchase intention.

The attribution theory may be an appropriate framework for examining the impact of CSR oriented sport sponsorship on customers’ reactions to service failure. Attribution theory is defined as a set of theories that are related to the assignment of causal inferences and how these inferences influence behavior (Swanson & Kelly, 2001). This theory explains customers’ cognitive information processing and judgement process (Weiner, 2000; Hess, Ganesan, & Klein, 2003). People tend to interpret incidents based on its causes, and this interpretation plays a pivotal role in determining their reaction to the incidents (Kelle & Michela, 1980). In our research context, customers are likely to infer where the cause of a service failure came from and then determine how to react to it.

CSR oriented sport sponsorship can be more effective in building a positive customer attitude toward the sponsor than promotion oriented sport sponsorship. Nan and Heo (2007) contended that a cause-related marketing message elicited more favorable customer attitudes toward the corporation compared to a marketing stimulus without a cause-related message. Therefore, association of CSR oriented sport sponsorship would be positively related to customers’ attitude toward a sponsor (H1). CSR can also mitigate customers’ negative judgements when negative events occur (Godfrey, Merrill, & Hansen, 2009). In this respect, a positive attitude toward a sponsor (developed by CSR association) might have an impact on customers’ cognitive process when encountering a service failure. Accordingly, it can be argued that the attitude toward a sponsor would be related to customers’ attributions in the context of service failure (H2).

According to Heider (1958), people tend to attribute the cause of an event to internal or external factors. In the context of service failure, customers may attribute the cause of service failure to internal factors (e.g., a service firm’s incompetence or mistakes) or external factors (e.g., factors uncontrollable by a service firm), thereby interpreting the service failure in order to react to it. Prior studies have shown that failure attributed to a seller is more likely to bring about complaints (Richins, 1983; Curren & Folkes, 1987), less satisfaction (Oliver & DeSarbo, 1988), and lower repurchase intentions (Folkes, Koletsy, & Graham, 1987). Thus, it is hypothesized that the attribution to the internal factors (responsibilities of the service firm) is negatively related to the repurchase intention (H3), while the attribution to the external factors (factors uncontrollable by the service firm) is positively related to repurchase intentions (H4).

A quasi-experiment was conducted to examine the effect of CSR oriented sport sponsorship on consumers’ response to a service failure. A convenience sampling method was employed and 250 prospective airline customers were assigned to three groups (i.e., CSR oriented sport sponsorship group vs. promotion oriented sport sponsorship
group vs. non-sponsorship group). Each participant was given a questionnaire, which contained manipulations, and was then asked to answer the questions. The manipulations contained a brief introduction about the imaginary airline, its sponsorship types, and a service failure situation. Finally, 211 participants were included in data analysis after excluding incomplete cases.

We modified and adapted multiple items to measure association of CSR oriented sport sponsorship (Brown & Dacin, 1997); attitude toward the airline (Biscaia, Correia, & Rosado, 2013; Gwinner & Bennett, 2008); attributions (Zeelenberg & Pieters, 1999; Folks, 1984); and repurchase intentions (Zeithaml, Berry, & Parasuraman, 1996). The normality of the data was examined using Kolmogorov-Smirnov test (D'Agostino, Belanger, & D’Agostino, 1990), Shapiro-Wilk’s test (Shapiro & Wilk, 1965) and Mardia’s (1985) multivariate kurtosis. We conducted Structural Equation Modeling (SEM) to test the hypotheses with Satorra-Bentler scaling method using Mplus7.

The results confirmed a good overall fit of the measurement model ($\chi^2 /df = 93.164/80 = 1.165$, RMSEA = .028, CFI = .996, and SRMR = .070), and all items indicated significant factor loadings on their theorized factor (from .803 to .979). Cronbach alpha coefficients (from .903 to .955) and AVE values (from .578 to .871) indicated good reliability and convergent validity (Hair, Anderson, Tatham, & Black, 2005). In addition, the AVE values for all constructs were greater than the corresponding squared inter-construct correlations except for the correlation between CSR association and customer attitude; the discriminant validity was thus marginally supported (Fornell & Larker, 1981).

The results of the manipulation check indicated that there were significant differences in CSR association among the three groups ($F(2, 208) = 20.539, p < .001$). The post hoc test revealed that CSR association was significantly greater in CSR oriented sponsorship group than promotion oriented sport sponsorship and control groups. These findings suggested that CSR association was successfully manipulated. The hypothesized model indicated a good overall fit ($\chi^2 /df = 118.707/85 = 1.397$, RMSEA = .043, CFI = .987, and SRMR = .119), and paths were significant except for the path from customer attitude to internal attribution at alpha level .05. Specifically, CSR association was positively associated with customer attitude ($\gamma = .84, p < .001$). Customer attitude was positively related to external attribution ($\gamma = .23, p < .01$), whereas there was no statistical evidence to support the relationship between customer attitude and internal attribution ($\gamma = .02, p = .79$). There was a significantly negative relationship between internal attribution and repurchase intentions ($\gamma = -.47, p < .001$). However, external attribution was found to be positively related to repurchase intentions ($\gamma = .36, p < .001$).

Based on the findings, it is concluded that CSR oriented sport sponsorship was found to have a halo effect in building a positive attitude toward a sponsor, which plays a pivotal role in customers’ attributions in the context of service failure. Since CSR oriented sport sponsorship can create positive effect, practitioners need to consider combining their sport sponsorship strategies with cause-related messages. In particular, service firms need to design manuals to manage risks from service failure by encouraging their customers to attribute the cause of service failure to external factors. The authors will further discuss theoretical and managerial implications in the presentation along with future research suggestions.