Breaking Up: Is It Hard To Do? Dissolution of the Sponsorship Relationship

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Marketing - Sponsorship (Professional Sport)  
20-minute oral presentation (including questions)  
Abstract 2017-268  
Saturday, June 3, 2017  
9:20 AM  
Room: Wilson

Introduction
2015 represented an important year in sponsorship relations and sport governance as corruption allegations and criminal proceedings cast shadows over FIFA, UEFA, the IAAF, and others. In response to the scandals, and the growing negative coverage and sentiment surrounding major sports federations, prominent sponsors such as Castrol, Johnson & Johnson, and Nestle terminated their contracts or declined to renew their partnerships, suggesting the start of a new era of sponsor influence and corporate social responsibility. By contrast, however, other major partners such as Visa and Coca-Cola remained and invested further, begging the question: where is the line drawn for sponsors and rights holders?

Theoretical Framework
Given the immense financial investments made by sponsors, the effective management of such business-to-business relationships is of critical importance. However, whilst much of the extant literature about inter-organizational relationships – of which sponsorship is a form – focuses on the formation of these arrangements, “very little research has been devoted to how inter-organizational relationships are managed” (Barringer & Harrison (2000; p. 396). Indeed scarce attention has been paid, in particular, to the decline or termination of such relationships in the extant marketing literature (Gronhaug et al, 1999), meaning that, as Farrelly (2010) suggests, very little attention has been paid to the reasons why and instances where B2B relationships – in this context, sponsorship relationships – fail.

The sponsorship relationship, based on the principle of reciprocity (Buhler & Nufer, 2010), facilitates both parties to seek benefit by capitalizing on the unique characteristics of the sport industry and depends on a strong working relationship between those two stakeholders (Aguillar-Manjarraz et al, 1997) grounded in the key constructs of commitment, satisfaction and trust. It is the contention here that an act of transgression (behaviors ranging from athletes taking performance enhancing substances (PEDs) to executives in some of sport’s most high profile governing bodies selling votes; from alcoholism and adultery to sexual assault and murder), and the subsequent management of that transgression, represents a violation of that trust, bringing into question the integrity of a partner (Morgan & Hunt, 1994) which, in turn, weakens trust and commitment in that relationship.

Methods
This study endeavors to explore the antecedents and outcomes of sponsorship partnership termination as a result of transgression or corruption, and to provide new insight into the management of B2B relationships within the context of relationship marketing and trust. In order to understand the extent to which sponsors would want to ‘break up’ with their sponsorship partner, a series of preliminary, exploratory interviews with sponsorship professionals were conducted. Flanagan’s (1954) Critical Incident Technique (CIT) provided a framework for data collection, in order to gather the initial views of sponsorship practitioners about the nature and potential impact of transgression in sport for the management of sponsorship agreements. The results of these interviews then informed a second phase of research, comprising in-depth semi-structured interviews with multiple stakeholders from the sport industry, including sponsors, legal professionals with expertise in sponsorship, and commercial managers in governing bodies of sport. The interviews, which lasted between 45-75 minutes each, were recorded, transcribed and then analyzed using grounded theory coding techniques, allowing for key themes to emerge and responses to transgression in sport discussed.

Findings & Conclusion
Findings suggest that sponsors face a serious dilemma as to the best course of action if they are associated with sporting entity guilty of transgression; indeed, it appears that corporate sponsors are increasingly subject to what
might be termed 'market-driven morality', whereby they have to reflect and respond to the concerns about matters such as corruption which their customers and the media are expressing. There are a myriad of variables that would impact upon any decision they make, ranging from the perceived severity of the transgression to the associated costs with relationship termination. Ultimately, however, key to sponsor decision-making is the risk tolerance and awareness of the sponsor, and the appreciation of risk and vulnerability embedded within the relationship (Schurr et al, 2008). As such, integrating within sponsorship relations the trust and commitment requisite to managing and addressing potential transgression is imperative to appropriately managing relations and sponsorship dissolution.

Importantly, the study's findings cast new light on the impact and implications of relationship fading (Olkkonen & Tuominen, 2006). Just as a trigger event can lead to the immediate termination of a sponsorship agreement (e.g., ING’s decision to end their agreement with Renault following Formula One’s Crashgate), evidence suggests that they can also cause fading, including temporary, or ultimately permanent, weakening. Three types of triggers – situational (e.g. a change in financial status), influential (e.g. actions of competitors), and reactional triggers (e.g. a change in service quality) – are examined, and evidence important managerial challenges and implications for sport sponsors. Importantly, these findings afford a new perspective into the impact of transgressive triggers on sponsorship management and relations, and offer new insight into the decision-making process behind sponsorship termination and relationship dissolution.