

# The Effect of Sponsorship on Commitment and Consumers Purchase Intention toward Sponsors Company's Products

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## ABSTRACT

The purpose of the present study is to investigate the effect that sponsorship can have on commitment and consumers purchase intention of sponsor's products. It is a descriptive-survey study, and the sample populations to conduct research were all male football fans in Tehran province. 400-male football fans in Tehran province were selected and clustered randomly in two stages. The primary question which has been investigated in the present study is that what effects sponsorship activities can have on the commitment and consumer purchase intention regarding to sponsorship company products. Factor analysis and structural equation modeling were used to analyze the data. The most important variables include: the knowledge of the consumers about sponsor's company products, consumers perception of social image of sponsor's company, and their purchase intention toward company's products. The obtained results demonstrated that there was a direct and positive relationship among and the hypotheses were accepted.

**KEYWORDS:** sponsorship activities, product knowledge, social image, consumer, commitment, consumer purchase intention.

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## INTRODUCTION

Nowadays, promotional tools that companies use in order to access target markets and customers, remain ineffective due to markets fragmentation. Each group of customers prefers special communicative media based on demographic, behavioral, or geographic variables. This leads to the fact that, the company which intends to offer its products to the market, will not be able to use mass media such as television, or internet to access all target customers unless it uses these promotional programs through various television and channels internet networks to access target customers that could not be cost effective and economical for the company. On the other hand, the confidence of the people on mass media like television has considerably decreased in most countries like Iran, and using media are not welcomed by people. What is the proper course that companies should pursue in order to access target customers? Researchers would looking for find a solution and they found out that using sponsorship activities especially regarding sport events as hurling could a substitute for traditional tools.

Sponsorship activities as one of the various types of marketing communications tools are increasingly growing in order to access target customers. Nowadays, using promotional activities have been specified as a valuable tool to achieve companies marketing goals. The importance of this promotional tool to the achieve goals in sale, market share, target market awareness, the improvement of company overall image, creating commercial relationships, picturing social liability, and improvement of day to day competitive conditions are increasing (Shank, 2009). These days, growth rate of investment on sponsorship activities is much more than that of media commercials and traditional sale. Investments growth rate for sponsorship activities in 1998, was 15% while this growth rate has been 7% for media commercials and 4% for promotional activities. In Sport Economy book Gratton and Taylor (2000) claimed that in 1999 global sponsorship activities cover as much as 20 milliard dollars that this figure showed 300% growth compared to 1990. Global investment in promotional activities has reached to 37 billion dollars that illustrates 12% growth compared to 2006, and this amount has increased 72 times compared to 1982. The investment in sponsorship activity was mining and in sport approximately 54 to 65 percent of these investments were in sports (International Events Group, 2007). This is quite tangible in World Cup Competitions or in Olympic Games. People are interested in sport events and identifying the importance of popular athletes' influence as opinion leaders provided an opportunity to increase the range of audiences and increase the effect of its pioneering and activities through commercial exchange, financially and non-financially sponsorship sport events, signing contract with popular athletes and well-known trainers as service and commodity references. On the other hand, creating sponsorship opportunities and crediting sport led to an increase in financial resources in industry and sport market (Yousefi & Hassani, 1389).

The main purpose of the research is to study the effect of sponsorship activities, on the commitment and purchase intention of consumers. The main research question for which an appropriate answer is looking is that:

**RQ:** Do sponsorship activities of Iran cell company influence on commitment and purchase intentions of the consumers of the company products?

To investigate the effectiveness of sponsorship activities in the present study, two variables and the main factor in conducting sponsorship activities that should be taken in to account are consumers' knowledge of sponsor's company products, its popularity, and social image to consumers. These variables can essentially effect on the amount of commitment, and purchase intention of the customers' sponsor's company products.

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### **Knowledge of the Product**

Advertising through sponsorship activities might contain a vast amount of information related to the products for consumers. It is an important fact that advertising which contains product knowledge is essential since it assists consumers to make an appropriate decision while purchasing. Product knowledge leads to better efficiency in market and the consumers are capable of adapting and meeting their demands and needs with offered products. Bauer and Greyser (1968) emphasized on the important role of advertising in providing product knowledge in their description of informative advertising. Pollay and Mittal (1994) found out that product knowledge operates as an important predicting factor which leads to an attitude toward advertising. Mittal concluded that informative advertising is the most important factor which leads to consumers' overall attitudes toward advertising. Information has also been considered as a positive factor in relation to internet-based and direct-marketing publicities. Consumers' knowledge of the product reveals cumulative information and related experience (Tsai, 2007). In sponsorship terms, knowledge, and product-related information is relevant to consumers' familiarity with the product, his product-related experience, skills, and consumers' usage of product. Therefore, by using sponsorship, the consumer might have received information concerning to sponsor's company products, and this sponsorship activity reminds the information, experience, and sensitivity that the consumer has obtained by using the product, and also improves and extends his knowledge about the product. Consumers' response to the marketing activities might depend on his obtained information and experience. In addition to experience of using product, knowledgeable consumers, extend their knowledge, information about the product through systematic and cognitive programming obtained from marketing information (Tsai, 2007).

### **Social image of sponsors**

Related to advertising through sport sponsorship, advertisers often use well-known sport athletes in order to suggest their products usage and reach their ideal image. Although these attractiveness are normally related to physical beauty, but there are also nonphysical dimensions including: personality, background and life style. Attractiveness operates based on identification process. It means that one makes use of Nike products because he wants to be like Michael Jordan, and with respect to it Michael Jordan is used as to expand cognition and identification of the company products (Shank, 1999).

Sponsors Social image can also be derived from its social responsibility. Researchers define company's social responsibility as activities related to the social benefits and commitments that are perceived by the consumers. A company has a moral commitment to benefit the societies in which it works (Minaghan, 1999). The companies increasingly demonstrate social roles via sponsorship activities. They might make use of sponsorship activities in order to display company values (Laacy, J. Close, & Finy, 2010).

### **Consumer Commitment toward Event sponsorship**

Commitment to an event sponsorship refers to emotional or sentimental dependence of a consumer to a sponsor company and its products among other product groups (Pillai & Goldsmith, 2008). Commitment refers to the preference of the consumer toward company products compared to other companies, and dislike to search for competitive brands. The applied marketing theory pictures a relationship between product knowledge and psychological commitment. In fact, the product knowledge plays a basic role in consumer commitment to an event sponsorship. In societies, sport event sponsorship activities provide an opportunity for consumers to improve and maintain their awareness and commitment toward companies' products and services.

### **Consumers Purchase Intention**

The purchase intention refers to an individual intention to purchase a brand. The purchase intention shows the motivation level that a person should feel in order to have a purchase behavior. Existence of a higher level of motivation results in a higher probability to purchase. In fact, consumer purchase intention is one of the response indices which can also be defined as: one's motivation and feeling for further attempt in order to conduct or show a behavior. Fishbein and Ajzen (1975) believed that purchase intention is a relationship between behaviors and attitudes. Before purchasing, consumers should have a purchase intention. Therefore, purchase intention is taken into account as an incentive for actual purchase behaviors. Although, the intention to purchase is not the same as actual purchase but intentions mainly affect future behaviors. Crompton (2004) claimed that perhaps purchase intention is sponsor companies' most effective index on future sells. In previous researches, it was revealed that high attitude level toward brands led to a higher level of Sponsor Company's product purchase intention by audiences in bowling game. These investigations revealed that the findings related to purchase intention provides an index to operate company's product and service activities in actual way. Various research findings have presented consumer intentions as one of the implications of sponsorship activities (Jank & Pastor, 2005).

### Research Theoretical Model

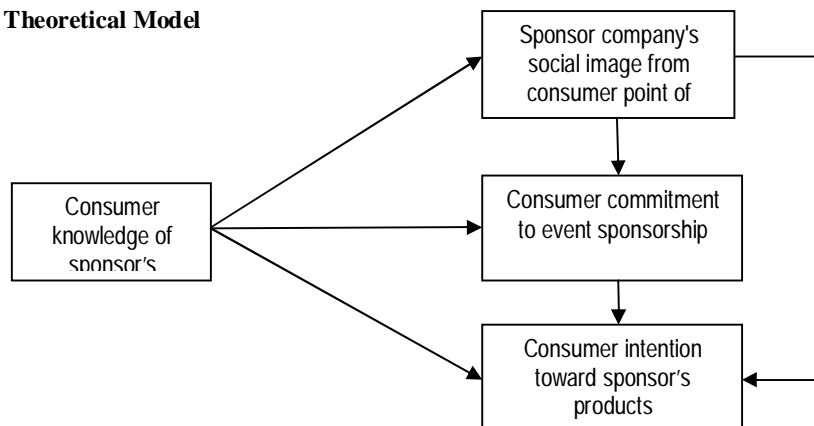


Figure 1: the effect of sponsorship activities on consumer's commitment and purchase intention (Laacy, J. Close, & Finy, 2010)

### Research Hypotheses

**RH1:** there is a significant relationship between consumer knowledge of a Company's products and its social image.

**RH2:** there is not a significant relationship between consumer knowledge of a Company's and his commitment.

**RH3:** there is a significant relationship between consumer knowledge of a company's products and his purchase intention.

**RH4:** there is a significant relationship between consumer perceptions of a Company's social image and his purchase intention.

**RH5:** there is not a significant relationship between consumer perceptions of a Company's social image and his purchase intention.

**RH6:** there is a significant relationship between consumer's commitments to Iran cell Sponsor Company and his purchase intention.

### METHODOLOGY

This is an inductive–survey descriptive research. The population under considerations includes all football match fans in Tehran province and Iran cell Company and their sponsorship activity was chosen. A two–stage clustering sampling method was used. It means that Tehran Azadi Stadium was first selected and questionnaires were distributed among football fans at the stadium. Distributed questionnaires were 420 from which 400 questionnaires were completed. Data were analyzed descriptively and also factor analysis and structural equation modeling were used to investigate hypotheses and models, and to do so SPSS and LISREL software were used. Alpha Cronbach coefficient was completed (Table 1) which was for total of factors.

### DATA ANALYSES

#### 1. Descriptive analysis

It should be concluded that among 400 respondents, 279 respondents were unmarried, 121 were married. 37 didn't have high school diploma, 125 people had diploma, 67 people had associated degree, 156 people had bachelor degree, and 15 respondents had master or higher education degrees. With respect to job status, 161 were unemployed, and 239 were employed. Among respondents being employed, 26 persons eventless than 300,000 tomans, 80 responders earned between 300,000 to 600,000 tomans monthly, 99 people had earnings between 600,000 to 900,000 tomans monthly and 34 more than 900,000 tomans monthly.

#### Assessing Research Conceptual Goodness of Fit

To assess goodness of fit, structural equation modeling and factor analysis through LISREL software were used. The most significant Goodness of Fit Index is chi-square test. In fact using this test demonstrates a set of hypotheses that in some cases there is a possibility that hypotheses are not accepted. On the other hand, chi-square is also affected by the rate of correlation coefficient presented in the model. The more the coefficient is, the weaker the fitness would be. Regarding to dissatisfaction of using chi-square, a set of Adjusted Fit Indices was created. The significant difference which rest between Goodness of Fit and Adjusted Fit Index is that chi-square test is in fact the unfitness Index of the model. It displays that the smallest its value, the better the Goodness of Fit. Compared to it Adjusted Fit Indices including normed Fit Index (NFI), Goodness of Fit Index (GFI), Adjusted Goodness of Fit Index (AGFI), and Root Mean of Square Error of Assessment (RMSEA). Though in these indices, the more their values, the model would have better fitness. The Goodness of Fit Indices entirely ranges between 0 and 1. Coefficient more upper than 9%, was considered acceptable.

**Table 2:** Goodness of Fit Indices

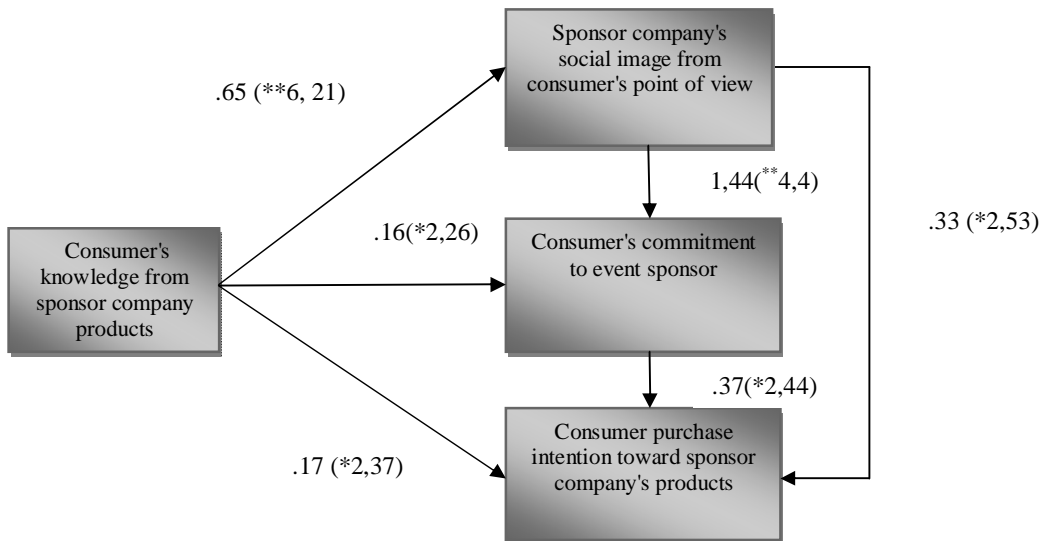
Index	Obtained Amount	Limits
$\chi^2$ ( $\chi^2$ on degree of freedom)	2.714	Less than 3
GFI (Goodness of Fit Index)	0.91	More than 0.9
RMSEA (Root Mean of Square Error of Assessment)	0.070	Less than 0.1
CFI	0.95	More than 0.9
AGFI (Adjusted Goodness of Fit Index)	0.87	More than 0.8
NFI (Normed Fit Index)	0.94	More than 0.9
NNFI ( Normed-Normed Fit Index )	0.94	More than 0.9

Therefore, regarding to the fact that obtained indices confided in limited ranges ( $\chi^2 < 3$ ,  $RMSEA < 0.1$ ,  $GFI > 0.9$ ,  $CFI > 0.9$ ,  $AGFI > 0.8$ ,  $NFI > 0.9$ , &  $NNFI > 0.9$ ), so it can be concluded that Goodness of Fit Indices shows appropriate fitness regarding to the obtained results.

**Table 3:** correlation matrix between hidden variables (sample population = 400)

Variable	APSE	ACES	PIETS	AEPK
1.sponsor's social image	1			
2.consumer's commitment	0.69	1		
3.consumer purchase intention	0.44	0.51	1	
4.consumer's knowledge	0.65	0.57	0.36	1

### Structural Equation



Final and approved model: in the parenthesis figures are t-test. \*\* demonstrates the confidence of 99 percent and \* represents it in range of 95%.

### The effect of consumer knowledge about sponsor's company products on consumer's perception of sponsor's social image

**Table 3:** direction ratio, t-test and defined ratio (dependent variable: consumer perception of social image)

Predictive variable	df	t-test	coefficient
Consumer knowledge	0.65	6.21*	0.60
** p<.01 *<.05			

The first equation tested the effect of consumer's knowledge about sponsor's products on consumer perception of sponsor's social image. Based on t-test, there is a significant and direct effect of consumer knowledge having confidence level of 99 percent on consumer perception toward sponsor company social image.

The amount of coefficient of determination ( $R^2$ ) has been equal to 0.60. This ratio investigates the predictive ability of dependent variable by independent variable or variables. Therefore, consumer knowledge about sponsor's products could predict 60 percent of variations related to consumer perception of sponsor's social image. Ultimately the regression equation of the consumer's knowledge about sponsor's company effect on consumer perception of sponsor's company social image would be as follows: in which Y is, dependent variable (consumer knowledge about social image), X is independent variable (consumer knowledge about sponsor's products).

$$\hat{Y} = 0.65X + \varepsilon, R^2 = 0.60$$

### The effect of consumer knowledge about sponsor's products and consumer perception of sponsor's company social image on consumer commitment to event sponsors

Table 4: direction ratio, t-test and defined ratio (dependent variable: consumer commitment to event sponsor)

Predictive variable	df	t-test	Sum of Coefficient
Consumer knowledge about event sponsor	0.16	2.26*	0.81
Consumer perception about sponsor company social image	1.44	4.40**	

\*\*p&lt;.01 \*p&lt;.05

Second equation in this study examined the effect of consumer's knowledge about sponsor products and consumer perception about sponsor's company social image on consumer commitment to event sponsor. With respect to t-tests, both consumer knowledge about sponsor products and consumer perception about sponsor company social image had direct and significant relationship with event sponsor, among which consumer knowledge about sponsor products had significant effect with confidence level of 95 percents and consumer perception of sponsor company social image had confidence level of 99 percents.

The amount of coefficient of determination ( $R^2$ ) has been equal to 0.81. Regarding to, consumer knowledge about sponsor products and consumer perception about sponsor company social image altogether could predict 81 percents of consumer commitment variations to event sponsorship. Finally, the regression equation of the consumer knowledge effect of sponsor company's on consumer perception about sponsor company social image would be as follow: in which Y is, dependent variable (consumer commitment to event sponsorship), X1 is first independent variable (consumer knowledge of sponsor's products), and X2, is second independent variable (consumer perception about sponsor company social image).

$$\hat{Y} = 0.16X_1 + 1.14X_2 + \varepsilon, R^2 = 0.81$$

### The effect of consumer knowledge of sponsor products and consumer perception of Sponsor Company's social image and consumer commitment to event sponsorship on consumer purchase intention of sponsor's company products

Table 5: direction ratios, t-test, and defined ratio (dependent variable: consumer purchase intention)

Predictive variable	df	t-test	Sum of coefficient
Consumer knowledge of sponsor's products	0.17	2.37*	0.75
Consumer perception of sponsor's social image	0.37	2.44*	
Consumer purchase intention toward sponsor's product	0.33	2.53*	

\*\*p&lt;.01 \*p&lt;.05

Third equation in the study, investigated the effect of consumer knowledge of sponsor's products and consumer perception of sponsor's company social image and consumer commitment to event sponsor's products. Regarding to t-test, there is a significant and direct effect of either three variables including sponsor's products, consumer perception of sponsor's social image and consumer knowledge about event sponsor on consumer purchase intention toward sponsor's products with confidence level of 95 percents.

The amount of coefficient of determination ( $R^2$ ) has been equal to 0.75. Based on this, consumer knowledge variable of sponsor products and consumer perception about sponsor company social image and consumer commitment to event sponsorship could altogether predict 75 percents of consumer purchase intention variations toward sponsor's products. Last but not least, regression equation showed the effect of consumer knowledge of sponsor's products and consumer perception of sponsor company social image on consumer purchase intention of sponsor products in which Y determines dependent variable (consumer purchase intention toward sponsor products), X1 determines first independent variable (consumer knowledge of sponsor products), X2 shows second independent variable (consumer perception about sponsor company is social image), and X3 is third independent variable (consumer commitment toward event sponsorship).

$$\hat{Y} = 0.17X_1 + 0.37X_2 + 0.33X_3 + \varepsilon, R^2 = 0.75$$

Table 6: summary of findings obtained from hypotheses testing

Hypotheses' results	t-test	Direction ratio	Hypotheses
Is not rejected	6.21**	0.65	Hypothesis 1
Is not rejected	2.26*	0.16	Hypothesis 2
Is not rejected	2.37*	0.17	Hypothesis 3
Is not rejected	4.40**	1.44	Hypothesis 4
Is not rejected	2.44*	0.37	Hypothesis 5
Is not rejected	2.53*	0.33	Hypothesis 6

### Conclusion

It can be concluded from analysis of hypotheses that research model has a goodness of fit with implemented reforms. All loaded factors were significant with confidence level of 99 percents (t-test ranged between -2 to +2). The hypotheses were accepted and results were summarized in the table 6.

Being familiar, using and having skills to operate company products, to forms an attitude in consumer toward the products of the company. Regarding to sponsorship activities and sponsor companies, this knowledge and awareness can affect consumer perception toward Sponsor Company and its products from different perspectives. Consumers need knowledge about sponsor company products in order to create social relationship with company and also form an attitude toward sponsor company products. Having proved the significant and direct relationship between consumers or fans knowledge of sponsor company products (Iran cell) with their perceptions of Iran cell company social image, it demonstrated that football fans and those who use Iran cell company products and those who are familiar with this company, know the company as the one which has socially positive publicity among football fans.

Therefore, facing with a sponsorship activity, consumers might have prior acquired information about the company. This sponsorship activity reminds and re-boosts information and experiences of the consumer toward the company and its products and also expands consumer's products knowledge. Consumer response and commitment toward event sponsor might depend upon his prior knowledge and experience about the company. In addition to using product experience, knowledgeable consumers expand their knowledge and experiences about products via cognitive interactions with sponsor company marketing information, and it this would lead to consumers or fans commitment toward event sponsor Company.

Marketing theories revealed a direct relationship between product knowledge and consumer's psychic commitment. In reality, product knowledge plays a basic role for consumer commitment toward event sponsor Company. Sport event's sponsorship activities in communities; pave the way for consumers to be able to improve their commitment and awareness toward company products and their services. Familiarity of fans with Iran cell company products for instance, their regular use of main products, Iran cell company particular design, and also having skills in using this company products has a great effects on their commitment toward this company and its products.

One of the essential causes of marketing is converting social needs to profitable opportunities. Social marketing concept, calls marketers to consider social and ethical considerations in marketing procedures, and they are liable to either moderately or with dexterity which provide criteria sometimes in conflict with each other such as: profitability, satisfaction, consumer demands and expectations and public profit.

To create and admit social image and advertising among football fans or consumers in event sponsors is reckoned as one of the most important goals which sponsor are looking for attaining it. Having positive attitude toward sponsor terms compared to other commercial terms in the mind of consumers in return creates a positive attitude toward Sponsor Company. Thus, when it is claimed that a business entity such as Iran Cell Company is known as event sponsor for top football leagues among event fans or consumers, the first thing comes into the mind of most consumers or fans are that they think about this relation and cooperation as a one-way communication, or as a behavior which is favorably considered by to the community. In this way that business entity in converse of event financial sponsorship, does not expect investment and benefits.

### Limitations of the study

1. Regarding to the fact that the subject of sponsorship activities is considered as a new field in marketing, it can be studied from different perspectives and therefore other variables could be considered.
2. With respect to having problem with accessibility of females to in stadiums, do research in the present study the sample population was all male football fans. Since females cannot attend top league football games.

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