Examining Some Behavioural Effects of Sponsorship and Ambush Marketing

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Abstract

Ambush marketing is often regarded as an unethical marketing activity that decreases the effectiveness of legitimate sponsorship and degrades it as a promotion investment. However, there is little empirical research to support these claims and the research that does exist typically focuses on respondents’ attitudes and beliefs rather than their behaviour. Perceptions of sponsors are often shaped by respondents’ brand repertoires, or by the size and dominance of brands in the product category of interest. These well-documented confounding variables query reliance on cognitive measures of confusion and point to the need for more robust, behaviourally-based measures. This paper reports on a survey that will explore the relationship between sponsorship attribution and a range of influential variables. The effect of these variables and consumers’ awareness of sponsorship will also be used to predict purchase behaviour.

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Introduction

Investment in sponsorship has grown considerably over the last two decades and managers’ perception of it as altruistic patronage has changed. Today, managers view sponsorship as an investment expected to provide a material benefit (Meenaghan, 1983; Walliser, 2003). These changed expectations of sponsorship mean it has become more sophisticated, and managers now appraise sponsorship options carefully to ensure they select an opportunity that aligns with their own objectives. Increased use of sponsorship has also led to innovative alliances between sponsors and teams or events, as well as escalating the competition for sponsorship rights to high profile events, such as the Olympic Games. This competition has lead to at least two quite different results: it has enabled event owners to charge premium prices for sponsorship rights, while at the same time reducing the number of companies able to afford such rights (Hoek & Gendall, 2002).

High-level sponsorship represents a large investment, thus sponsors are naturally keen to maximise the benefits available and ensure other companies, particularly those who are not official sponsors, do not undermine these. However, sponsorship’s effectiveness has allegedly been affected by a growing problem colloquially referred to as ambush marketing. Ambush marketing occurs when a company attempts to associate itself indirectly with an event in an effort to reap the benefits only official sponsors should receive (Sandler & Shani, 1989). Ambushing attempts to create associations between non-sponsoring brands and events to confuse consumers to the extent that they may not be able to identify the legitimate event sponsor.

There are two contrasting views of ambush marketing. Initially it was viewed as a devious and unethical tactic that represented an unfair effort to gain advantage at the expense of others (Shani & Sandler, 1998). However, proponents of ambush marketing allege that inspired marketers use it to neutralise a competitive advantage enjoyed by a rival. In addition to gaining the benefits that may result from confused brand-event associations, ambushers avoid paying the substantial fees event organisers charge for official sponsorship rights. Welsh summed up the argument for ambushing: ‘There is a weak minded view that competitors have a moral obligation to step back and allow an official sponsor to reap all the benefits from a special event…(competitors have) not only a right but an obligation to shareholders to take advantage of such events’ (quoted in Brewer, 1993, p.68).

However, these arguments address moral issues and consider whether “ambushing” is an ethical business practice. Unfortunately, this debate offers no insights into the issues a court must consider if asked to rule upon instances of alleged ambushing. To the courts, “ambushing” is essentially a form of passing off, which occurs when one trader attempts to create or imply an association with another trader, when no such association actually exists. Despite the appeal of castigating rivals that engage in ambushing as unethical, the real concern of marketers should be whether they can amass evidence that would convince a judge to rule in their favour. For a case against ambush marketing to be successful in New Zealand, the ambusher must have visibly benefited from the activity, otherwise no infringement of the Fair Trading Act, the Trademarks Act, or the tort of passing off has occurred. This paper begins by reviewing sponsorship and the evolution of ambush marketing before exploring previous research into the effects of alleged confusion resulting from ambushing. Finally, a survey designed to estimate the effects of a number of variables on sponsorship attribution and behaviour will be discussed.
**Sponsorship**

Sponsorship has become increasingly important over the last three decades as a means of marketing communication. An indication of sponsorship’s growth is apparent from industry statistics. In 2001, an estimated US$24 billion was spent worldwide on sponsorship investment compared to US$4.1 billion in 1987 (IEG Sponsorship Report, 2002; ISL Marketing, 1988 in Meenaghan, 1994). The 2000 Sydney Olympic Games alone yielded approximately AU$700 million in sponsorship and over AU$1 billion in television rights (SOCOG, 2002). To become an official worldwide sponsor, companies had to invest between AU$20-$25 million (Curthoys & Kendall, 2001).

Several studies have attempted to examine the effectiveness of sponsorship by utilising awareness as an independent variable (Easton & Mackie, 1998; Grimes & Meenaghan, 1998; McDaniel & Mason, 1999). These include measuring the extent to which the public takes notice of sponsors, identifying factors influencing sponsor recall and/or association, and analysing the cognitive processes thought to follow recall of a sponsorship association.

Studies focusing on general awareness of sponsors have tended to yield inconsistent results. Recall or association scores often vary due to a large number of factors such as conditions of exposure, product, message and target characteristics, and sponsorship integration. Recall seems to increase due to the duration of exposure to sponsors, previous brand awareness of sponsors, message length and design, and the amount of spectator involvement or type of sponsorship (Walliser, 2003). Therefore, awareness as a stand-alone measure of the effectiveness of sponsorship does not fare well, but these results give insights into what factors may increase awareness.

Other studies have measured the effects of image and have shown that sponsorship has the ability to modify certain image dimensions (Grimes & Meenaghan, 1998; Meenaghan & Shipley, 1999). These studies found that while image effects appear to be only temporary, they can be positively influenced by the duration of the perceived pairing of the sponsor and activity, the attitude of the spectators toward the association of the sponsor and the event, and by a sponsor’s visibility during an event (Walliser, 2003).

Overall, the results from studies measuring the effects of sponsorship are inconsistent, but many studies show that sponsorship results in small or ambiguous effects. Part of the reason for these unclear findings may be methodological weaknesses such as small sample sizes or lack of control for extraneous variables. Field studies appear to yield very unreliable findings because they do not allow for control of extraneous variables (Cornwell & Maignan, 1998; Walliser, 2003). There is also a dominant focus on cognitive variables, pointing to a need for further research into the behavioural effects of sponsorship.

**Ambush Marketing**

Sponsorship is usually a huge investment for any company; consequently managers want to maximise the benefits that are available. Unfortunately several problems can undermine the effectiveness of sponsorship; the most widely publicised is ambush marketing. In describing the effects of ambush marketing, Meenaghan (1998) suggests it involves creating awareness at the expense of the legitimate sponsor and, ultimately, the event owner. He writes that ambush marketing occurs when “another company, often a competitor of the official sponsor, attempts to deflect the audience’s attention to itself and away from the sponsor. This practice simultaneously
reduces the effectiveness of the sponsor’s communications while undermining the quality and value of the sponsorship opportunity being sold by the event owner” (Meenaghan, 1998, p.306).

O’Sullivan & Murphy (1998) claim that the effects of ambushing represent a significant weakening of official sponsor impact, but supply little supporting evidence. Figure 1, pictured below, illustrates the objectives of an ambusher according to O’Sullivan & Murphy (1998). “A sponsor of an event makes a payment to achieve association rights either to the event, to a medium, or to both…giv(ing) access to the audience. When an ambush takes place, a spurious relationship with the event is communicated…the lines of the relationship in Figure 1 become unclear and confused, and the outcomes may include the weakening or eliminating of the association effects sought by the official sponsor” (O’Sullivan and Murphy, 1998, p.355). However, it must be noted that these associations are only valued and sought after because they are assumed to lead to actual behaviour.

Figure 1. Desired relationship with event, media, and audience that a sponsor seeks (O’Sullivan and Murphy, 1998, p.355).

**Evolution of Ambush Marketing**

Sandler & Shani (1989) assert that the first clear ambush marketing occurred at the Los Angeles Olympic Games in 1984. Although Fuji was the official Olympic sponsor, Kodak became the official broadcast sponsor and the ‘official film’ of the US track and field team; Kodak also obtained official Olympic rights for some of the company’s cameras. By the 1988 Winter Olympic Games in Calgary, Canada, Sandler & Shani (1989) claim that there was at least one ambush marketer for each official sponsor.

Meenaghan (1998) suggests that the growth of ambush marketing is due to the same factors that fuelled the growth of sponsorship: an environment of highly competitive brand owners, commercially minded event owners, and a proliferation of broadcast channels reaching narrower audiences, often beyond national territories. Another factor influencing the heightened number of cases of alleged ambush marketing is that sponsorship has become extremely expensive (the top
Olympic tier cost was AUS$20-25 million at the 2000 Olympic Games). Ambush marketing creates an opportunity to get similar results to that of sponsorship at a much lower cost (Meenaghan, 1998). As Brewer (1993) noted: “The reasons (for ambushing) are obvious. Sponsorships cost a fortune. And the field has become so cluttered that consumers often can’t sort out who supports what anyway. Ambushers figure they can identify themselves with an event without having to shell out the exorbitant fees” (p. 68).

Ambush marketing was initially used to describe companies that associated themselves with an event without paying the requisite fee to the event owner, but it now encompasses a large range of activities. At one end of the continuum, activities include uptake of legitimate sponsorship opportunities, such as broadcasting rights or event publications, or scheduling advertising programs to coincide with a competitor’s sponsorship programme (Meenaghan, 1994). However, the other end of the continuum includes mis-appropriation of trademarks and other licensed insignia. It is clear that considerable ambiguity surrounds the term ‘ambush marketing’, and that many of the activities classified as ambushing may not infringe relevant legislation or torts (Hock & Gendall, 2002).

Meenaghan (1994) identifies five different types of ambush marketing strategy, and these are outlined below, but it must be noted that it is possible to engage in more than one type of ambush marketing activity at the same time. Integration of these strategies could increase non-sponsors’ exposure, and increase the likelihood that consumers would identify them as official sponsors.

1. Sponsoring the broadcast of the event.
The ambusher is utilising a legitimate sponsorship opportunity that offers potential to compete with the sponsoring competitor for public attention during the event. Arguably the media audience is larger than the on-site audience and therefore the sponsor of the broadcast has a more extensive reach.

2. Sponsor subcategories within the event.
This common form of ambush marketing involves the endorsement of subsets of an event, for example, a particular team at the Olympic Games. It is thought to be the most cost-effective method for an association with an event of major public interest. The association can be exploited through major promotional efforts, even if the symbols of the event cannot be utilised.

3. Launch an advertising campaign that coincides with the sponsor’s event.
This involves extensive advertising by a rival brand and can prevent a competitor from gaining the full benefits from their event or broadcast sponsorship. This practice is less frequent now, as it is now common for broadcasters to give priority to event sponsors and to refuse advertising from direct competitors during the event. However, advertising is not controlled in other media such as newspapers and magazines.

4. Engage in major non-sponsorship promotions to coincide with an event.
This encompasses a wide range of activities where a company may use mainstream media advertising and/or below-the-line promotions to achieve its marketing communications objectives. This strategy is really just a competition of overall share-of-voice, but is regarded by some as ambush marketing.

5. Other ambushing strategies.
There are countless other strategies that could be classified as ambush marketing, or an attempt for a company to associate itself with an event without paying the event organiser a fee. Graham (1997) mentions several wide-ranging instances of ambush marketing by rivals of a sponsor,
these types of activities may be carried out as 'one-off' stunts or may be part of an orchestrated ambush marketing campaign. For example, in Barcelona in 1992, American Express purchased advertising space on Barcelona’s Hotel Princess Sophia’s room key tags; the hotel was the official International Olympic Committee (IOC) residence, and Visa, was the official credit card of the Olympic Games, not American Express.

Other more recent forms of ambush marketing do not necessarily involve inferring sponsorship association. Instead, the ambush marketer may ‘gatecrash’ the event in some way by using it as a stage for achieving maximum visibility for goods or services in one way or another. For example, an ambush marketer may fly a plane over a stadium with an advertising message, or may deliberately organise a group of supporters to place themselves at a strategic location at the event and display the advertising message prominently on their clothing or on a banner (Lekoto, 2002). Nike is well known for these kinds of tactics.

Meenaghan (1994) lists a number of strategic ways to protect a sponsor from ambush marketing.

1. Pressure event owners to protect their events. O'Sullivan & Murphy (1998) and Shani & Sandler (1998) suggest that event organisers need to put specific regulations in place to prevent ambush marketing so that they are able to protect their revenue base. Protecting sponsors’ rights would continue to make sponsorship attractive as a viable investment, and decrease the opportunities for ambushing to occur.

2. Link event and broadcast sponsorship. Sponsoring the broadcast of an event has the ability to reach a larger and more attentive audience than the sponsorship of the event. If a sponsor can gain the rights to additionally sponsor the broadcast of the event, they may find that the awareness levels and media opportunities are far greater. Also, advertising during the broadcast of an event is important, and major events generally secure and pre-sell advertising time to official sponsors.

3. Anticipate potential competitive promotions. By the 1988 Winter Olympic Games in Calgary, Canada, there was at least one ambush marketer for each official sponsor (Shani and Sandler, 1989), therefore an official sponsor should expect competitive marketing strategies from other companies. It is important to explore all avenues available for promoting official sponsorship so as to gain the most from the sponsorship deal, and also to put controls into place in the likely event of an ambush.

4. Exploit the sponsorship rights secured. As stated in the previous strategy, sponsors must exploit their association with an event as much as possible. This should involve mainstream advertising, public relations, and sales promotion linkages. Taking these measures should reduce the effects of competitors’ activities.

5. Resort to legal action. As mentioned earlier, in New Zealand a case against ambush marketing can come against the Fair Trading Act 1986, the Trade Marks Act 2002, and the tort of passing off. However, not all ambush marketing is illegal, and although it may be irritating, many of the cases brought to court thus far have been dismissed. In reality, ambush marketing may be an expensive lesson on how best to exploit a sponsorship deal and counter an ambush from a competitor.

Townley, Harrington, & Couchman (1998) divide ambush marketing practices into two distinct groups:
1. Activities traditionally considered piracies – these will usually have a clear-cut remedy in law. They are activities that clearly constitute infringements of the property rights in an event, for example, the unauthorised use of a registered event logo on merchandise, or false claims to be official suppliers of a particular team (these are rare).

2. Other activities – more subtle practices for which the remedy is less clear-cut or may not even exist.

In New Zealand, there are three potential causes of action available to claimants; these are the Fair Trading Act 1986 (modelled on the Australian Trade Practices Act, 1978), the Trade Marks Act 2002, and the tort of passing off. For the 2000 Olympics in Sydney, Australia, a specific act was brought in to counter any foreseeable problems involving sponsorship and other media rights to the Olympic Games, this was the Sydney 2000 Games (Indicia and Images) Protection Act 1996. It was intended to build on and supplement existing intellectual property rights in the area of copyright, trade mark design, passing off, and trade practices law in general (Curthoys and Kendall, 2001). In particular, it was designed to provide specific remedies where complaints regarding sponsorship had previously been upheld, strengthening legitimate sponsors’ ability to take action and reduced their reliance on general laws and torts.

In 1997, the International Olympic Committee announced that any future bidding for the Olympic Games must secure all advertising space within city limits for the entire period that the Games are to be held. The organisers of the 2004 Summer Olympic Games in Athens have agreed to do this at a cost of AU$10 million; all billboards, posters, paintings on buildings and advertising on buses, will only be for official Olympic sponsors (Curthoys & Kendall, 2001). These regulations have the ability to reduce the occurrence of ambush marketing, but it seems that no matter how stringent the regulations, marketers who are not official sponsors will find a creative and legal way to promote their brand.

Analysis of current regulations suggests that recourse to the courts may not result in injunctions to prevent ingenious marketing strategies (Curthoys & Kendall, 2001). Reed sums this up well by stating ‘There is no ironclad guarantee to a sponsor that you won’t be ambushed and that, once ambushed you will have the support of the court’ (Ettorre, 1993). It is questionable whether estimates of mistaken associations would constitute sufficient proof, especially given that these are not reliable predictors of respondents’ subsequent behaviour.

These descriptions suggest the main consequence of ambushing is that official sponsors receive less attention than would otherwise have been the case. However, researchers have emphasised the confusion they believe results in a loss of awareness and recognition (Meenaghan, 1994; O'Sullivan & Murphy, 1998; Payne, 1998; Sandler & Shani, 1989). In an early study that followed the 1988 Winter Olympic Games in Calgary, Canada, Sandler & Shani (1989) evaluated the effectiveness of sponsorship and ambushing activities. They selected seven product categories (each with an official sponsor and an ambush) and tested the identification of the true sponsor. Their results suggest respondents were significantly more likely to recognise official sponsors and correctly associate these with the Winter Olympics than they were to link alleged ambushers with the Games (they reported an average of 2.57 identifications for official sponsors compared to 1.43 for alleged ambushers).

However, this work did not go beyond examining consumers’ attitudes, knowledge and beliefs, and researchers have not yet examined whether ambushing activities affect consumers’ behaviour. (Wicker, 1969) study concluded that attitudes were often poor predictors of behaviour. His review of forty-seven psychology studies attempting to predict behaviour from
attitude measures found that attitudes were generally unrelated or only slightly related to overt
behaviours. Researchers’ failure to explore the behavioural effects of ambush marketing means
little is known about the material effects of this activity.

The research to date has focussed on awareness and image of official sponsors and ambushers
rather than the behavioural impact ambushing has on sales or related outcome variables. The
implication of this is that while ambush marketing may annoy official sponsors, its tangible
effects remain unknown. A methodology that provided robust behavioural estimates of ambush
marketing’s effects would provide the courts with important guidance when judges consider these
disputes.

Objectives

The objectives of this study are twofold:

1. To explore and quantify the relationship between sponsorship attribution and a range of
   variables that contribute to this. Variables to be examined include respondents’ use of
   the brands in the product category, brand size, advertising expenditure, selected
demographics, Olympic viewing behaviour, and involvement in sporting activities.
2. To examine the effect of these variables and consumers’ awareness of the correct sponsor
   on their purchase probabilities.

Method

The fieldwork for this research project has been designed and will be conducted in September
when the advertising associated with the Olympic Games will have ceased. The fieldwork will
involve 500 mall intercept interviews with systematically selected respondents; loose age and
gender quotas will be imposed to ensure the sample corresponds to the wider population likely to
purchase from the product categories of interest.

Respondents will first be questioned as to their knowledge of official Olympic sponsors and
suppliers. Other important variables thought to be influential in sponsorship attribution are the
viewing time of the 2004 Olympic Games, current purchase behaviour, an individual’s
involvement and interest in sporting activities, and basic demographic variables such as age,
income, and gender. Advertising expenditure will also be used as a proxy measure for the degree
of ambush marketing. Additionally respondents will be asked to give purchase probabilities by
utilising the Juster Scale for two product categories: sports clothing and electronic goods. This
will give some idea as to the behavioural outcomes of sponsorship, ambush marketing, and the
other listed variables.

In New Zealand, Orca is the Official Apparel Supplier to the New Zealand Olympic Team and
will supply both team wear and competition wear for the New Zealand athletes. Orca is a
relatively new brand and has only been in the sports apparel market since 1991. The obvious
competitors in this category are Adidas and Nike, and therefore these will be the other two
brands depicted on the showcards. Nike has attracted worldwide attention for its creative
ambushing campaigns, making this category highly salient.

Worldwide, Samsung is the official sponsor in the Wireless Communications Equipment while
Panasonic is the official sponsor under the category of Audio/TV/Video Equipment. Although
these brands’ sponsorships relate to different markets, these companies actually produce many
similar goods, such as televisions. In the electronic goods market, Sony is a strong competitor, and therefore will be the other brand used for the choice modelling experiment.

Based on other research projects conducted under similar circumstances, a response rate of approximately 50% is expected.

Results and Discussion

The information from this questionnaire will be used to estimate the most influential variables in sponsorship attribution. A logistic regression, shown in the equation below, will model the probability (odds ratio) of whether a respondent correctly identified the official Olympic sponsors, \( \ln\left(\frac{p}{1-p}\right) \), and the most important variables in determining this, \( x_p \). The odds ratio is the probability of the event divided by the probability of the non-event. The individual beta values are the log of the effect of the independent variable on the odds ratio, whereby the probability of an event is determined by changes in the value of \( x_p \). For example, for the binary variable of sponsorship identification \( x_p \), a coefficient \( \beta_p = 0.67 \) shows that a one unit change in \( x_p \) would make the outcome of purchase twice as likely (0.67/0.33) to occur.

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\ln\left(\frac{p}{1-p}\right) = \beta_0 + \beta_1 x_1 + \beta_2 x_2 + ... + \beta_p x_p + \epsilon
\]

Further analysis will provide insight into the behavioural effects of ambush marketing by developing additional regression models where Juster purchase probabilities for individual brands and products are the dependent variables. This will enable estimation of the variation in consumers’ likely behaviour due to certain variables, including the role played by ‘awareness’ of official Olympic sponsors.

Limitations

The choice modelling experiment will be limited to a random sample of shoppers in Palmerston North, New Zealand, and therefore is not strictly representative of the New Zealand population. However, this location is often used as a test market and, as such, provides a reasonable proxy of the wider population. This paper is intended to provide a basis for further research into ambush marketing and the results found will offer insights into the effect ambush marketing has on choice behaviour.

References


