



## The impact of degenerative episodes on the sponsorship B2B relationship: Implications for brand management

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### ABSTRACT

Sponsorship B2B relationships generally are entered into by sponsors seeking brand-related benefits through association with a sport entity brand. Negative incidents involving athletes representing the sport entity may threaten the brands of both the sport and sponsor and can weaken or even dissolve the partnership. The management of these episodes is critical in protecting the sport entity's brand equity, as well as the sponsor's brand, and ultimately the relationship. This study explores multiple stakeholders' perspectives on these degenerative episodes and the potential relational outcomes using a series of depth interviews with major sponsors and sport entities. We identify key constructs such as attribution of blame, societal norms, zone of tolerance and perceived severity which influence whether this behavior acts as a degenerative episode in the relationship. Factors such as existing relationship quality and episode management can affect the impact on the relationship as well as the extent of relational change.

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### 1. Introduction

Sport sponsorship involves a strategic business-to-business (B2B) relationship between a sponsor and a sport entity for mutual benefit (Farrelly & Quester, 2005a). The brands of both sponsor and sport entity are central to the success of the relationship and large scale sponsorships have been referred to as co-branding partnerships (Kahuni, Rowley, & Binsardi, 2009; Stipp & Schiavone, 1996). From the sponsor's perspective, a key objective of sponsorship is the positive effect on corporate brand image (Javalgi, Traylor, Gross, & Lampman, 1994). The brand image of the sport organization or event is used to define or enhance the perceptions of the sponsor's brand in the mind of their customers and other important stakeholders (Farrelly, Quester, & Burton, 2006; Gwinner & Eaton, 1999).

In B2B marketing, strong brand equity can enhance corporate reputation, command a price premium and elicit recommendations (Bendixen, Bukasa, & Abratt, 2004; Michell, King, & Reast, 2001). For a sport organization, this means that a strong brand can attract potentially sizable sponsorship fees as well as increased brand exposure in the media and consequently greater exposure to potential sponsors (Farrelly et al., 2006; Urriolagoitia & Planellas, 2007). Therefore, active management of the sport entity brand is essential to develop successful relationships with sponsors.

Inappropriate or illegal behavior perpetrated by athletes contracted to various sport entities has the potential to impact negatively on the brand of that sport organization and as a consequence, affect the relationship with their sponsors. In one notable example, a prominent motor-vehicle accident insurance company in Australia ended their 16 year sponsorship relationship with an Australian football team, estimated to be worth A\$600,000 per year. The termination occurred after a series of player incidents, including driving while under the influence of alcohol and speeding, left the sponsor with what they described as “no alternative” (TAC, 2005).

It has been suggested that B2B relationships can be changed by different types of interactions labelled as “generative, neutral and degenerative episodes” (Schurr, 2007, p.161). A degenerative episode is defined as “an episode having a negative effect on a relationship's state by decreasing cooperation, trust, mutual understanding and joint benefits” (Schurr, 2007, p.165). This type of episode may weaken a relationship or even result in dissolution. In sponsorship, given the potential for meaning or image transfer (Gwinner & Eaton, 1999; McCracken, 1988a) and the emotional intensity that sport elicits (Bal et al., 2007), any action which could damage the brand of the sport entity or sponsor has the potential to act as a degenerative episode within the overall relationship.

This paper examines the effect of negative player behavior on the sponsorship B2B relationship. Research into degenerative episodes within the B2B context is required to develop an understanding of the relational outcome of the combined effect of the episode and the quality of the existing relationship (Ford, 1980; Turnbull, Ford, & Cunningham, 1996). Further, this paper also identifies the factors associated with the behavior that can impact on the attractiveness of the sport entity brand as a sponsorship property. Although brand management is a well developed

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concept in consumer marketing, it has received relatively less attention in B2B marketing (Bendixen et al., 2004; Mudambi, 2002).

The paper begins with a review of the literature pertaining to branding and the sponsorship B2B relationship. Next, the methodological approach, which involved depth interviews among senior managers from sport entities and sponsors, is outlined. Finally, the results are presented in the form of a conceptual model and discussed, including implications for theory, managers and future research.

## 2. Branding and the sponsorship B2B relationship

Sponsorship has been recognized as a powerful platform for building brands (Cliffe & Motion, 2005). Benefits to the sponsor's brand include increasing brand awareness, creating or strengthening image (Gwinner & Eaton, 1999) and achieving brand differentiation (Cornwell, Roy, & Steinard, 2001). These benefits accrue to sponsors through positive associations with the image or excitement of a sporting event (Cornwell, Weeks, & Roy, 2005; Meenaghan, 2001). Given the focus on brand-related objectives, it can be argued that a large-scale sponsorship is increasingly likely to be a longer term association of the firm's brand and the brand of the sport entity (Farrelly & Quester, 2003). Sport entities are increasingly acknowledging the role of their brand in influencing relationships with sponsors as well as other key stakeholders such as fans and the media (Ferrand & Pages, 1999). This realization has resulted in more active brand management within many professional sport teams (Kahuni et al., 2009).

The increasing importance and complexity of sponsorship as a strategy has led sponsors and sponsored organizations to regard this B2B relationship as a partnership (Urriolagoitia & Planellas, 2007) or a form of strategic alliance (Farrelly & Quester, 2005a). It has been suggested that successful sponsorship alliances require that a sponsor make a long term commitment to the partnership as well as an investment in leveraging the brand association, thus providing greater exposure to both brands (Cliffe & Motion, 2005; Cornwell et al., 2005). As such, the effective management of the sponsorship B2B relationship and the sport entity brand contributes to the value derived by both parties.

Urriolagoitia and Planellas (2007) explored the management of these relationships and concluded that sponsorship can assume a more strategic role through a willingness to nurture the relationship between sponsor and sport entity and by ensuring that expectations are clearly communicated. Conversely, a lack of commitment on the part of the sport entity has been found to limit the ability of the sponsorship relationship to develop into a form of alliance (Farrelly & Quester, 2005a). However, research examining the B2B context of sponsorship is relatively limited and it has been suggested that there is a need for further study (Cornwell, 2008; Farrelly & Quester, 2005b), particularly to understand how these relationships evolve (Olkkonen, 2001).

One challenge to an effective sponsor/sport entity relationship is the increasing incidence of negative player-related behavior. This behavior has the potential to threaten the brands of both the sponsor and sport entity, thereby acting as a degenerative episode within the relationship and potentially leading to a decrease in relationship stability and even dissolution. It has been found that brand alliances can affect how each of the partner brands is regarded (Simonen & Ruth, 1998). For example, a misdeed committed by one partner can have a negative spillover effect on the other partner, particularly if the innocent partner appears to condone these actions (Votolato & Unnava, 2006). Therefore, a sponsor that is closely aligned with a sport entity or event, either due to the tier of sponsorship or active leveraging of the association, may be vulnerable to any negative events associated with the sponsored entity. However, effective management by both partners can minimize the impact of the spillover effect (Kahuni et al., 2009). B2B relationships, such as sponsorship, often endure because of firmly established network, contractual and relationship bonds (Narayandas, 2005), therefore

immediate relationship change or retribution due to a degenerative episode may not be always apparent.

Sponsors justifiably should be concerned about the impact on their brand as a result of any negative behavior associated with a sponsored sport entity, and subsequently may instigate a change in the relationship. The terms 'critical event' or 'critical incident' have been used to describe an event that causes a radical change in a business environment (Halinen, Salmi, & Havila, 1999, p.786). Negative critical incidents have the ability to cause stakeholders to review long-term relationships and can cause destabilization (van Doorn & Verhoef, 2008). Negative player behavior could also be considered a form of crisis for the sport organization and possibly their sponsors (Wilson, Stavros, & Westberg, 2008). A crisis is defined as something that could disrupt organizational operations and also damage reputation (Coombs, 2002). Although most crisis types are negative for the organization, not all crises have a negative effect on stakeholder relationships. The term degenerative episode is preferred for this study as it precludes those instances where crises can turn out to be positive or neutral influences on the relationship. Further, this behavior may not become a critical incident in terms of prompting a radical change in the relationship.

## 3. Method

This study applied an interpretative, qualitative research design using depth interviews (Strauss & Corbin, 1998). A dual approach was undertaken to examine the issue from the perspective of both sport organizations and large-scale sponsors in the Australian marketplace. Considering more than a single view of an issue allows essential aspects to be more readily recognized and variations noted with greater ease (Polkinghorne, 2005). The nexus in this relationship was the issue of negative athlete behavior in sport and the potential relational impact on the sponsorship.

While some sport entities and their corresponding sponsors were interviewed for this study, this pairing was not specifically considered when selecting informants. Preference was given to interviewing sponsors who had considerable investment and experience in sponsorship and related activities as part of their integrated marketing communications strategy. This approach was appropriate as the key issue to be examined was the broader concept of negative player behavior and its potential impact, rather than specific instances of this behavior.

Five major professional sporting codes were purposefully selected and are outlined in Table 1. These entities represent a cross-section of the leading Australian team sports in terms of attendance, revenue and media coverage. The selection of these sports was based on the desire to examine negative player behavior across a variety of sport contexts, rather than across organizations within the same sport.

Consistent with theoretical sampling (Strauss & Corbin, 1998), the sport entity interviews were conducted prior to interviewing sponsors as the sport entities are the source of the potential degenerative episode. This approach provided important insights through open coding that could then be examined later and expanded on through axial and selective coding approaches when considering the sponsor responses to these episodes.

Ultimately, eight sponsors and one sponsorship management company were interviewed for this study. As "sampling tends to become more purposeful and focused as the research progresses" (Strauss & Corbin, 1998, p.215), their selection was discriminately based and considered the following factors: relevance in terms of magnitude of involvement in sport sponsorship, accessibility, location, cooperation, likely outcomes and possible uniqueness. Selection involved identifying organizations that were engaged in large-scale sport sponsorship and had long standing relationships with various sport properties. This information was gathered by asking sport entities about such sponsors during interviews and through secondary sources such as press reports. The sponsor organizations are described in Table 2.

**Table 1**  
Sport entity informants.

Sport	Informant title	Notes
Australian Football	Corporate Sponsorship Manager	Informant had recent exposure in the same position for two clubs based in different cities. Was able to reflect and discuss both experiences. Australian football is the major domestic sporting code in the country, attracting an average of nearly 40,000 spectators per match and is played across all mainland State capital cities. Informant's current club has a range of major sponsors, including multi-national and national brands.
Rugby League	Marketing Manager	Rugby League is a major sporting code, with a domestic competition that is played across major cities on the Eastern seaboard of the country. Sponsorship deals with several major multi-national and national brand sponsors exist and the club interviewed for this study is considered a particularly attractive sponsorship property because of its location.
Basketball	Chief Executive Officer	A national basketball competition has existed for several decades. Clubs feature an array of sponsors ranging from national brands to smaller regional suppliers. The team interviewed in this study has been a long-term member of the league and is considered to have been relatively successful.
Rugby Union	Commercial Manager	The elite level of this sport is known as "Super 14", which is a league played across three countries—New Zealand, South Africa and Australia. Two teams were interviewed for this study, both from Australia. Teams had a similarly titled executive in charge of sponsorships. These sponsorships usually feature prominent national or multi-national brands.
National Sport Governing Body	Commercial Operations Manager	This international sport is overseen by the body interviewed for this study. A range of relatively large sponsorship deals exist with multinational and major national brands. These exist across both prominent domestic and international competitions and events.

After initially contacting senior management in the organizations to ascertain the appropriate interviewee, a series of semi-structured depth interviews was conducted. Interviews continued until a level of information saturation had been reached and the research questions were addressed (Strauss & Corbin, 1998). Interviews with sport entity managers explored their relationship with sponsors in general and in the context of inappropriate player behavior. Examples were sought to identify actions undertaken, preparations to mitigate negative consequences, stipulations in contracts, contingency planning, the impact of various bodies such as the media and the nature of concerns, if any, that had been discussed or raised by sponsoring organizations. Sponsors were questioned on the same issues, with additional focus on the type of behavior that would be of most concern, and how the length of relationship and level of sponsorship might influence their response. Further, any actions previously undertaken in response to negative player behavior were examined. Finally, the overall sponsorship strategy was discussed.

An interview guide was prepared, allowing for uninterrupted detailed discussions. This guide contained a mixture of nondirective and floating prompt questions in the "grand tour" style suggested by McCracken (1988b). Interviews were audio-taped and where this was not possible, notes were taken. Each interview lasted approximately 40–60 min. To complement the interviews, secondary data was collected from sources such as media reports regarding past incidents and events involving athletes or sponsor reactions to these incidents. This information was useful when preparing for interviews and allowed specific episodes to be discussed in a projective manner, even when the informant was not directly involved.

**Table 2**  
Sponsor informants.

Description	Main sports sponsored	Informant title
Global automotive manufacturer 1	Australian Football	Franchise Development Manager
Global automotive manufacturer 2	Cricket, Australian Football	Sponsorship Manager
International alcohol company	Cricket, Australian Football and Rugby League	Senior Brand Manager
Major financial institution	Australian Football and Soccer	Sponsorship Manager
Insurance organization	Wide range of sport sponsorships, including Australian Football and Basketball at various age levels	Corporate Partnership Coordinator
Major telecommunications company	Australian Football, Rugby League	Group Manager—Sponsorship Content and Sport
Major sporting apparel company	Broad variety of major sports	Sports Marketing Manager
Major apparel company specialising in eyewear	Cricket and numerous individual sports	Consumer Marketing Manager
Marketing and sponsorship strategy company	Numerous sports	Sponsorship Manager

The resulting data was grouped by statements and ideas according to common themes that emerged. This approach reflected a mix of the open, axial and selective coding approaches outlined by Strauss and Corbin (1998). Concepts and themes in categories were initially identified (open coding), then sub-categories were related to these (axial coding) and finally the process of integrating and refining the theory to substantiate a conceptual model was facilitated through selective coding. Examples of these themes, sub-categories and model components are supported by quotes provided in Section 4.

To ensure the robustness of the results, processes were undertaken throughout the data collection and analysis stages as recommended by previous interpretive researchers (e.g., Beverland, Napoli, & Lindgreen, 2007; Flint, Woodruff, & Gardial, 2002) to reflect credibility, transferability, dependability, confirmability, integrity, fit, understanding, generality and control. Approaches in the current study towards this trustworthiness included non-threatening professional interviews that protected anonymity, triangulation through multiple sources of data and multiple interviewers, coders and analyses, the careful selection of cases using theoretical sampling, multiple researchers providing independent interpretations of the findings and emergent models that were altered and expanded. Further to this last measure, following the interviews with the sport entities, a conceptual model was developed to illustrate internal and external variables influencing sponsor reaction.

#### 4. Findings

The findings are presented in Fig. 1. In general, it was found that negative player behavior can become a degenerative episode in the sponsorship relationship, resulting in relational change such as premature termination, disguised exit or relational modification. Whether this behavior acts as a degenerative episode is determined by a number of aspects related to the incident such as the sponsor's attribution of blame, the sponsor's perceived severity of the incident and the extent of media attention. In addition, the existing quality of the relationship between sport entity and sponsor may have a role to play. The degree to which the episode changes the relationship is influenced by the sport entity's management of the incident as well as the relationship quality. These findings are now discussed.

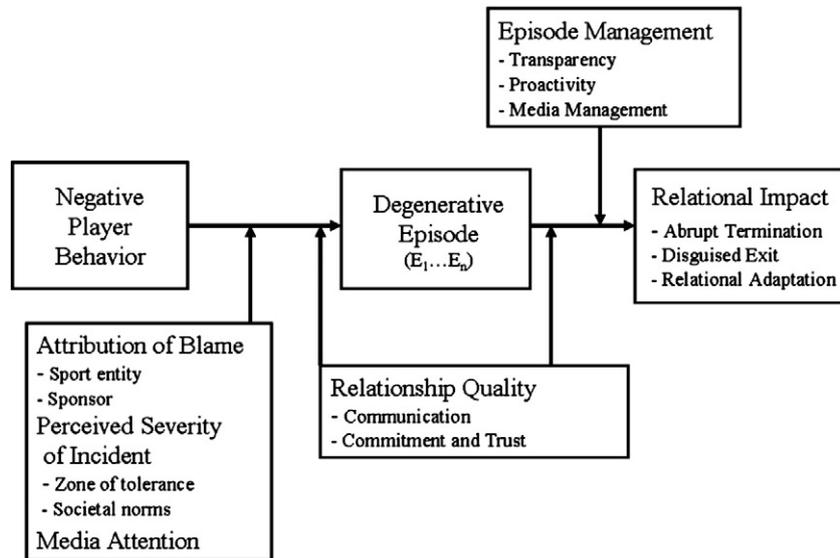


Fig. 1. Relational impact of degenerative episodes.

#### 4.1. Relational change

The findings of this study confirm that companies enter into sponsorship relationships for primarily brand-related reasons and strategically select and manage sponsorship and leveraging activities with the goal of fulfilling those objectives. As one sponsorship manager emphatically stated:

“We needed a property that we could link in to that passion that exists and hopefully by having our name associated with it, we start to get that passion coming through for our brand, creating a totally different brand image for our company than what perhaps existed before.” (SP1)

This statement encapsulates a common view held by sponsors. It clearly highlights the expected benefit of associating a firm's brand with the positive emotion generated by the sport entity brand and the desired effect of positive image transfer. Sponsors also took a strategic approach to their sponsorship decisions, speaking in terms of ‘return on investment’ while at the same time confessing that sponsorship impact was difficult to measure. Further, sponsors considered this activity to be part of their overall corporate social responsibility. This view suggests that the brand image and the reputation of the sponsorship partner is a key consideration. Conversely, there was no evidence to indicate that sport entities adopted a similar strategic approach in considering sponsors.

The issue of negative player behavior was of concern to all sponsor informants; specifically the potential for negative impact on their brand was paramount. The following comments by sponsors summarize the nature of their fears:

“We're concerned with how our customers and shareholders perceive our brand; so if they have cause for concern, we obviously have cause for concern as well.” (SP7) “If there is anything that is going to negatively impact on the community, it will negatively impact on the brand. The community at large is the big issue, there is always going to be that question raised with the sporting body.” (SP5)

These statements indicate not only the concern regarding how the brand is viewed by customers, but also the image of the brand in the broader investor and public domain. The majority of sponsors felt that incidents which could threaten their brand or devalue the brand of the sport entity were likely to result in a change to the sponsorship relationship.

Halinen et al. (1999) identify change within a business dyad as either incremental, in which case the nature of the relationship is changed, or radical, in which termination occurs. In a sponsorship alliance, termination can either be ‘premature or preplanned’ (Lunnan & Haugland, 2008, p.552). Premature termination would occur prior to the contract expiration, whereas preplanned may occur at the end of the contract, even though the sport entity may have an expectation of renewal. In this study, sponsors indicated a range of potential relational changes depending on the circumstances surrounding the incident and their relationship with the sport entity. These changes included the addition of behavioral clauses into contracts, nonrenewal of sponsorship agreements or even abrupt termination of the sponsorship. The following sections will elaborate on the factors which were deemed to influence whether negative player behavior would act as a degenerative episode and the subsequent extent of change in the sponsorship relationship.

#### 4.2. Negative player behavior as a degenerative episode

Factors found to moderate whether negative player behavior acted as a degenerative episode related to the sponsor's attribution of blame, the perceived severity of the behavior and media attention.

##### 4.2.1. Attribution of blame

Attribution theory explains how people interpret behavior (Kelley & Michela, 1980). In the context of this study, attribution of blame relates to whether the sponsor believes that the sport entity is accountable for preventing or better managing negative player behavior. In addition, sponsor informants expressed concern as to whether their customers or the community would perceive their firm to be condoning or supporting this type of behavior due to their continued association.

However, both sponsors and sport entities agreed that maintaining complete control over the actions of every athlete is unrealistic and beyond the sport organization's locus of control. One sponsor articulated this sentiment with the following comment:

“If you can isolate it and say, well that was one person who did something wrong, we can deal with that. With a string of minor incidents there is possibly something more seriously wrong with the club culture perhaps.” (SP4)

The preceding quote suggests that sponsors were more likely to attribute blame to the sport entity if this behavior occurred frequently

as it was seen to reflect poor management or a fundamental problem with the organization's culture.

Sponsors were particularly cognizant of the potential for their customers to attribute their continued sponsorship as condoning the negative behavior. One sponsorship manager recalled a series of player-related incidents which resulted in the company receiving numerous letters from their consumers requesting that they withdraw their sponsorship. Another sponsor voiced customer-related concerns in response to several player incidents relating to drugs and alcohol. These examples demonstrate that sponsors clearly recognize the potential for negative image transfer associated with sponsorship.

#### 4.2.2. Perceived severity of the behavior

The sponsor's perceived severity of the behavior was found to influence whether the incident became a degenerative episode. This facet related to whether the negative behavior occurred on- or off-field, the extent to which the behavior infringed upon social norms and whether the behavior related to a sponsor's sensitivities or zones of tolerance.

Both sponsors and sport entities noted that, in most cases, an off-field incident was of greater concern than one limited to the on-field context. While violence or the flagrant disregard for the rules of a sport was not condoned by any informant, the consensus suggested that actions occurring off-field were more difficult to contain. In addition, this behavior was more likely to conflict with community norms and therefore have greater scope to negatively impact on the brand image of the associated parties. Drug-related incidents were the most common concern among sponsor informants as they were believed to be an issue of community importance.

Of similar significance were incidents related to alcohol, sexually inappropriate behavior and violence. These behaviors also tended to attract greater media attention, as did incidents involving high profile personalities. Both sponsors and sport entities were aware of the community outrage that some of these incidents could provoke:

"There are a number of offences that could occur out there that just brings a huge community outcry... we'd certainly have a look at our involvement with that sponsorship or that club or that particular individual or the whole (sport)." (SP1) "Sexual assault would be a big issue. Sponsors could be seen as condoning or turning a blind eye if not responding in some way." (SE1)

This last quote suggests that sport organizations are aware of the pressure on sponsors to be seen to take an active stance against certain types of behavior. The nature of the sponsor's business also influenced their perceptions of these incidents and the pressure to respond. Negative behavior directly related to a sponsor's business was an obvious concern. However, it also was noted that other less evident sensitivities may exist. For example, one sport entity noted the strong reaction of one of their key sponsors in relation to sexual assault allegations given the sponsor was seeking to increase market share among females.

These sensitivities result in different tolerance zones for an incident by sponsors. When interactions occur outside the zone of tolerance of one party, changes to the relationship may be made (Schurr, Hedaa, & Geersbro, 2008). In general, all sponsors were acutely aware of the potential views of the community and the associated expectations of their social responsibility.

#### 4.2.3. Media impact

Incidents that attracted greater levels of media interest were perceived to have greater potential for damaging associated brands. The media create awareness of these incidents and have a significant role in shaping the way in which the behavior is presented. The media was described by one sport organization informant as an "insatiable beast" (SE1), and was universally chastised for being too hasty to

present incidents in a sensationalist light. The media were also accused of escalating issues to a point where organizations had to respond prior to establishing all the facts. Both parties noted the need to form good relationships with the media and, as one sponsor suggested, it was a case of "better the devil you know" (SP1). Sponsors expressed concern as to the association of their brand with a sport entity when actions of the club or its members attract negative publicity. Media scrutiny of a sport scandal can result in a sponsor's brand receiving significant negative exposure (Kahuni et al., 2009). Both sport entities and sponsors agreed that media management was a critical component of successfully handling these incidents, as will be discussed in greater detail in Section 4.4.

### 4.3. Existing relationship quality

In addition to the circumstances surrounding the player behavior, the quality of the relationship between sponsor and sport organization was found to influence whether the incident had a negative effect on the relationship and the extent of the relational change. The findings suggest that, in most cases, fundamental relationship tenets, such as communication, commitment and trust, provide the foundation from which the sponsor evaluates an incident and determines their response.

#### 4.3.1. Communication

Communication has been identified as a critical element in maintaining a successful relationship (Ford & Associates, 2002; Dwyer, Schurr, & Oh, 1987). In this study sponsors expressed a unanimous expectation of open communication and transparency from their partner in the sponsorship alliance. Sport organizations generally held meetings with their major sponsors and supported the need for transparency and honesty in the relationship. However, there appeared to be a hesitancy to explicitly discuss the potential for negative player behavior and sponsors assumed that the sponsored entity knew how they, the sponsor, might respond.

"Most sporting organizations understand now that businesses are involved with their organizations for business reasons and that as soon as they transgress then they could forfeit the sponsorship. So, I would say there is not a lot of conversation about it because it is an understood caveat of the sponsorship." (SP4)

The preceding comment suggests that sponsors may make assumptions about the relationship parameters which are not explicitly communicated to the sport entity. Comments from sport entities, on the other hand, do not suggest that they are convinced that negative player behavior will seriously affect the sponsor relationship. It also appeared that sport organizations were reluctant to instigate any discussion on this matter prior to an episode actually occurring; preferring to discuss the issue of player behavior if it occurs. The views of sponsors and sport entities suggest that neither party is communicating very well on this issue, which may result in a lack of preparedness should a negative incident arise.

As mentioned, most sport entities stated that they had meetings with their sponsors, primarily to keep them up-to-date on club developments and to ensure the sponsor was satisfied with the sponsorship and the leveraging opportunities available. As one sport club manager commented:

"The aim is to identify if there are any issues through the course of the partnership rather than coming to the end of the partnership where you are trying to renegotiate and then all of sudden all of these issues that you weren't aware of come up." (SE3)

This comment suggests that sport managers, to some extent, do recognize the importance of proactively managing the relationship. In

terms of managing player behavior, some of the sport entities interviewed had strategies in place to educate players regarding the operations of sponsors, as well as their particular sensitivities. In many instances, sponsors had made their concerns clear through direct communication, requesting specific contractual clauses pertaining to issues of importance.

#### 4.3.2. Commitment and trust

Mohr and Spekman (1994, p.137) state that commitment “suggests a future orientation in which partners attempt to build a relationship that can weather unanticipated problems.” Specific relational investments can also form part of the commitment to the sponsorship relationship (Urriolagoitia & Planellas, 2007). These relational capabilities are critical for building business brands (Beverland et al., 2007). Commitment to a sponsorship relationship can be reflected by length of sponsorship, size of the sponsorship investment as well as the degree to which the sponsorship relationship has been leveraged. The latter refers to specific relationship investments which are unique to the partnership and therefore non-transferable, and have been linked to successful alliances (Dyer & Singh, 1998).

Regarding the length of relationship, the majority of sponsors claimed that it did not carry any significant weight in their decision to continue in the relationship if there was a perceived threat to their brand. One sponsorship manager was quite blunt, stating:

“If it steps outside the boundaries stipulated in their contract and it's going to have a negative impact on your business, your products and your brand then length of relationship doesn't matter.” (SP2)

The preceding statement is in contrast to past B2B research which suggests that longer standing alliances are less susceptible to dissolution (Lunnan & Haugland, 2008). However, this finding is consistent with consumer research which has demonstrated that transgressions can serve as ‘defining moments’ and have varying effects on brand relationships, including the potential for damaging even the strongest relationships (Aaker, Fournier, & Brasel, 2004, p.13).

In terms of the tier of the sponsorship, the views of sponsors were mixed. Some sponsors were naturally more concerned with higher value and therefore higher profile sponsorships, whereas others made less of a distinction. In general, sponsors were more concerned with public perception and the response of their customers as opposed to their relationship with the sport entity.

“You may have a wonderful relationship but if your consumers are reacting adversely, then I suppose you would have to look at it because ultimately your sponsorship is for your consumers, not because you are mates with the President of (sport organization).” (SP4)

This quote indicates the extent to which a firm can value their brand and their customers over their relationship with a sponsored entity. Most sport organizations appear to understand the effort involved in nurturing and maintaining successful sponsorship alliances, which includes protecting the relationship from degenerative episodes:

“The most important thing with any sponsorship is to deliver on what was promised but also to create the right type of relationship with the client. In an environment where attracting sponsors is not easy, relationship and delivery are becoming even more important and you need to make sure that your players are good ambassadors.” (SE1)

Sponsors tend to concur, repeatedly suggesting the need for a proactive approach on the part of the sport entity, both in terms of

managing the sponsorship in general as well as negative player behavior.

In a business relationship, trust can negate the need for all contingencies to be outlined in a formal contract (Dwyer et al., 1987). As such, reputation can be an important contributor to trust and to the success of an alliance (Saxton, 1997). Sponsors identified that a key issue likely to erode trust in the sponsorship relationship was the sport entity's inability to prevent negative episodes. Depending on the circumstances, sponsors were relatively unaffected by a single occurrence, however repeated offences were of a much greater concern.

#### 4.4. Episode management

Although effective management of a sponsorship relationship by a sport entity is important in delivering value to the sponsor, it may not neutralize the effect of negative player behavior on the relationship. Findings from this study suggest however, that the management of a degenerative episode can influence the extent to which the relationship is changed. Sponsors indicated that characteristics of successful episode management included transparency and timeliness of communication, proactivity and good media management.

In relation to the handling of negative player behavior, one brand manager succinctly commented:

“The best thing for them (the sport entity) to do is not try to sugar coat it—be open and honest and explain and tell us exactly what has happened and then we can work out what we can do about it.” (SP3)

The preceding comment illustrates the pragmatic approach that most sponsors appear to take. They recognize that open communication allows for joint problem-solving and is likely to preserve the relationship. Further, in the event of an incident, timeliness of communication from the sport entity to the sponsor was viewed as critical. Sponsors expect to be informed as a matter of priority. Sport entities, for the most part, appear to recognize the sense of urgency on the part of their sponsors, with one sport manager commenting:

“The worst thing for a sponsor is to feel they are ‘out of the loop’. Part of what the sponsor buys is ‘intimacy’ i.e. the insider's view of what's happening in the club. Communication is key.” (SE1)

However, there did seem to be conflicting expectations on the timing of communication with the media. Sponsors expressed a preference for the sport entity to respond with an immediate public statement, suggesting the organization needs to act quickly and demonstrate a high degree of authority on the matter. However, sport entities feel constrained by the time needed to investigate allegations and as a result, comment with confidence as to the facts of the situation. In addition, the sensitive nature of some of the alleged behavior can require a more considered approach, particularly in terms of making public statements. One sport entity executive summarized this dilemma:

“The media print a story with 10% of the facts, while we have to get 100% of the facts before we can act with any certainty.” (SE3)

Despite the fact that the potential for negative player behavior was rarely discussed between partners, in the event of an actual occurrence, major sponsors were sometimes involved in the decision-making. Most sport organizations and sponsors believe that it is in their mutual best interest to work together in these circumstances and joint problem solving has been identified as an important aspect of successful alliances (Mohr & Spekman, 1994).

Given the risk of damage to the sport entity brand, the degree of preparation for these potential episodes in terms of crisis management

plans appeared to vary substantially. Some sport entities had preventative processes in place, such as documented plans, player education programs and behavior clauses in player contracts. However, other organizations had no strategy in place to either prevent or deal with an incident. From the sponsor perspective, there was generally a lack of contingency planning in terms of managing the potential impact on their brand, their consumers and the community. One sponsor admitted that their plans were “not written, but in our heads” (SP6). Another informant, however, did demonstrate a more proactive approach by assessing the risk prior to entering into a sponsorship alliance:

“We probably don't have a big crisis management plan for every sponsorship because it is unrealistic. So, before we got into that relationship we would look at the history of that sporting body...to ensure they are the right fit with the brand and limit the risk of something going wrong.” (SP5)

This comment reinforces the view that sponsors need to focus not just “on the intended outcomes, but should also be wary about the consequences and undesired outcomes of such partnerships” (Kahuni et al., 2009, p.61). Sport entities believe that instituting processes and procedures to pre-empt and manage potential player crises provides sponsors with confidence in their abilities, as articulated by one sport manager:

“Sponsors would prefer that incidents didn't occur, but are reassured if there is a process in place to prevent incidents from occurring and a process to deal with incidents if they occur...ten years ago there was less transparency, but the media scrutiny was also less intense. The way we operated ten years ago would not be appropriate now.” (SE2)

Sponsors appreciate the reality of managing player behavior but expect sport organizations to have appropriate strategies in place to mitigate any negative impact in the community. A sponsorship manager summarized their philosophy as follows:

“At the end of the day, it's about doing the right thing; unfortunately you can't control every player in every sport. Individuals make their own decisions, but if you have a very active well communicated plan on how you are trying to educate and build the right behaviors, and those things are in player contracts and so on and dealt with by the player's associations... that is what we would look for. To ensure that the sporting bodies are actively managing that and actively taking part in the community and doing things for the good of the community.” (SP5)

This quote highlights the fact that sponsors expect sport entities to be proactive in enhancing the sport organization's brand within the community.

## 5. Discussion

This study contributes to the existing knowledge regarding the significance of brands in a B2B relationship. It also provides insight into sponsor/sport entity relationships and is (to our knowledge) the first study to examine the importance of the sport entity brand in sponsorship. Further, this research advances the understanding of the combined effect of a degenerative episode and relationship quality on a B2B relationship.

The findings identify the factors that influence whether negative player behavior becomes a degenerative episode in the sponsorship B2B relationship, and the factors that influence the extent of relational change. It was evident that the sponsor's attribution of blame, perceived severity of the incident and the media attention as well as, to some extent, the existing relationship quality determined whether this behavior had a detrimental effect on the sponsorship relationship. In addition, it was noted that the ultimate extent of relational change was generally

influenced by the management of the episode and in some cases the existing relationship quality. That is, a sponsorship relationship was unlikely to undergo significant change under the following four conditions: communication was open and transparent; the sponsor trusted the processes the sport entity had in place to pre-empt and manage these behaviors; past experience had been satisfactory in terms of sponsorship outcomes; and these episodes had been infrequent.

The current study indicates that sponsors are prepared to terminate a sponsorship in the event of a severe degenerative episode, especially where the relationship has been weakened by factors such as repeated offences or poor communication. An abrupt or premature termination can take the form of a “self-oriented communicated exit”, whereby the sponsor is explicit in their reasons for termination and leaves no possibility of negotiation. Non-renewal of a contract may be a form of an “indirect or disguised exit strategy” (Alajoutsijarvi, Moller, & Tahtinen, 2000, p.1275), whereby the sponsor may attribute non-renewal to a change in the company's strategy as opposed to the actions of the sport entity.

Other less radical changes to the relationship, if the degenerative episode is perceived as less severe and has occurred within a strong alliance, include relational adaptation such as amending the sponsorship agreement to include exit clauses, fines or other specifications regarding player or sport entity behavior. Sport entities need to be aware that these requests can signal a change in the relationship that may in fact represent the initiation of an exit strategy. They should also be aware of other signs, such as reduced communication and investment, which may precede relationship dissolution (Alajoutsijarvi et al., 2000).

## 6. Managerial implications

The findings from this study have implications for both sponsors and sport entity managers regarding measures that should be taken to minimize the impact of potential degenerative episodes upon their brands and the sponsorship relationship. Specifically, these implications relate to the prevention of negative player behavior, the management of expectations, effective B2B communication strategies and media management.

Sponsors and sport entity managers need to protect their brands by being prepared for potential degenerative episodes. This approach can reduce the impact and duration of the episode, as well as preserving the relationship between the two parties. The presence of a prevention program can also help to manage the expectations of both sponsor and sport entity and thus reduce the threat to the sponsorship, as well as the damage to corporate reputations and brand equity. Sponsors also can introduce their own programs aimed at assisting sport entities to formalise preventative measures. This can include fully briefing sport organizations of their expectations, clearly stating their sensitivities (zone of tolerance) and the reactionary measures to be taken if they are breached. This understanding will assist sport entities to adopt a more effective and proactive brand management approach.

We agree, as many sponsor and sport entity informants suggested, that it is unrealistic to expect that player behavior will be beyond reproach all of the time. Therefore, while sport entities may need to address this reality tactfully at the outset of the sponsorship, it is critical that they reassure sponsors by having a strategy to pre-empt negative behavior and a process by which such events are managed. Similarly, sport entities also should determine any particular sensitivity that a sponsor may have relating to their type of business or target audience.

The ability to develop and maintain open, trusting, communication channels was identified as an important factor in the B2B sponsorship relationship. The majority of the sport entities in this study ran formal workshops with their sponsors where there were opportunities for the exchange of ideas. However, these sessions typically focussed on brand leveraging opportunities, were held infrequently and did not extend to knowledge sharing processes. We recommend that sport and sponsorship

managers institute a broader, formalised communication process that provides an ongoing flow of information between the two parties.

Finally, this study highlighted the critical role of the media in the accurate reporting of negative behavior, the degree of scrutiny and thus the ultimate impact upon the associated brands. Sport entities and sponsors need to manage the media effectively at such times, and be proactive in cultivating ongoing positive relationships with specific media vehicles and reporters. For a sponsor this may be relatively straightforward given that a corporate affairs spokesperson is usually well briefed, however in sport organizations, representatives such as coaches, presidents, players (both past and present), agents, various team administrators and employees all may be sought for comment and all may feel empowered to speak on an issue. Without careful coordination, conflicting messages about the sport entity brand and its values may occur, fuelling media attention and pressure on sponsors to respond.

## 7. Limitations and future research

This study has some limitations. First, both sport entity and sponsor informants are based in Australia. Although negative player behavior has been reported in several countries, the degree of sponsor concern in relation to negative spillover effects may vary between countries and media scrutiny of these incidents may be less intense. Further, this study examined the issue of negative player behavior, however not all sponsors interviewed had experienced these incidents. As such, the relational impact may differ when a sponsor is faced with an actual degenerative episode. Future research could take a dyadic approach to examining specific instances of negative player behavior and the type of relationship change experienced by a sport entity with each of its major sponsors. The effect of degenerative episodes on corporate reputation also could be investigated through broader events-based studies, for example stock price movements before and after these incidents. Finally, further research should be undertaken to refine and test the model developed in this paper. Using an experimental design, research could investigate the overall relational impact within a structural model for differing episode types.

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