**Event marketing and event sponsorship:
Can too much of a 'good' thing harm the brand?**

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Abstract
Event marketing and event sponsorship represent some of the fastest growing communication tools organizations use today. Yet, while related in practice, little research has examined them together. In addition, most event marketing and event sponsorship research focuses on linear relationships with consumer outcomes, overlooking non-linear links with brand performance. We address these issues by distinguishing between event marketing and non-proprietary event sponsorship, developing a framework of their quadratic relationships with brand performance, and testing this framework on 207 UK managers. Structural equation modeling results suggest invert-U relationships exist between the two communication tools and brand performance. Findings are discussed.

Introduction

Commercial organizations devote significant amounts of resources to both event sponsorship and event marketing as part of their integrated communications strategies (Zarantonello & Schmitt 2013). For example, global sponsorship expenditure is estimated to be worth over $50 billion (IEG 2013), with sport receiving almost 70% of this (IEG 2012). Events are upstaging traditional advertising since they provide a platform from which to engage with customers more interactively (Gijsenberg 2014). In turn, a rich body of literature exists on the management and effectiveness of both event sponsorship and event marketing (e.g. Sneath et al. 2005).

In practice, the boundaries between the two communication activities tend to be blurred, with event sponsorship often seen as a sub-set of event marketing (Kelly et al. 2012). This blurring is furthered by inconsistent terminology in both academia and industry. For example, a recent UK report indicated that 65% of sport sponsors chose to sponsor third-party-owned events while 15% chose to sponsor their own sport events (Mintel 2011). Meanwhile, the 'sponsoring' of a brand's own event is not considered event sponsorship by others (Drengner et al. 2008). It therefore helps to distinguish between marketing a brand through staging a proprietary event (i.e., an event owned by the brand itself), and organizations promoting their brand through sponsoring non-proprietary (i.e., third-party) events (Close et al. 2006). To clarify the distinction between event sponsorship and event marketing, we define Non-Proprietary Event Sponsorship (NPES) as in-kind or financial investments in events not owned by a sponsor, in return for access to the exploitable commercial potential associated with those events, following Meenaghan (1991). We also include within NPES any events put on by brands to leverage the respective event sponsorships. By contrast, an Event Marketing Activity (EMA) is an experiential event staged by a brand for the purpose of disseminating marketing messages through direct consumer involvement (Drengner et al. 2008). This event is put on independently of any event sponsorship.

The literature has so far provided us with little understanding about which of the two event types is most effective in increasing brand performance, and under which conditions this effectiveness occurs. Our first objective is therefore to examine NPES and EMA together in one study in order to shed light on their comparative success.

Secondly, much NPES and EMA research focuses on examining linear relationships between these communication activities and performance. However, there is anecdotal evidence to suggest non-linear relationships exist. For example, "too much promotion of the sponsor might lead consumers to link sponsorship with commercialization" (Alexandris & Tsiotsou 2012, p. 374), which itself is associated with suboptimal brand quality perceptions in sponsorship contexts (Carrillat & D'Astous 2012). Hence, non-linear relationships may be at play. Thus, our second objective is to address the potential non-linear effects of NPES and EMA on brand performance.

Finally, much NPES and EMA literature takes the perspective of the consumer (or the event attendee/audience) as the unit of analysis, and so the bulk of this work lies within the domain of consumer research with brand awareness, attitudes towards brands, or purchase intentions used as likely outcomes (Zarantonello & Schmitt 2013). Little has been done by way of empirically linking NPES and EMA with brand performance, taking the firm as the unit of analysis. Our third objective is therefore to examine the relationship between brands' event communication activities (NPES and EMA) and brand performance.

The remainder of the paper is structured as follows. First, the hypotheses are developed. Next, the methodology and results are presented. A discussion of these results is proposed, and conclusions of the study are drawn, before suggestions for future research.

Conceptualization

This study is concerned with the non-linear relationships that NPES and EMA may have with brand performance. We conceptualize brand performance as consisting of two separate dimensions including a brand's market share, and sales growth, relative to its main competitors, in line with Osinga et al. (2011). We follow Haans et al. (2015) in developing theoretical arguments for quadratic relationships, by explicating the latent mechanisms underlying the quadratic relationships we expect to find. Specifically, NPES and EMA provide target groups with experiential elements of a brand's offering (Hede & Kellett 2011), which in turn can enhance brand performance (Candi et al. 2013); however, organizations "operate with limited budgets and must prioritize their resource allocation investments optimally" (Cadogan et al. 2009, p. 74). Thus, any over-use of NPES and EMA naturally results in an underspend on other marketing communications tools. This, in turn, can damage the integration, coherence and synergy of communication tools. Given that greater integration of marketing communication is positively associated with brand performance (Luxton et al. 2015), an overuse of one marketing communications tool (either NPES or EMA) should coincide with a decline in performance (relative market share, sales growth). Thus, we expect that NPES and EMA will both contribute to performance-related outcomes, up to a given turning point (Mantrala et al. 2007), after which the over-use of each communication type is likely to have a detrimental effect on brand performance.

H1: The relationship between NPES and performance is quadratic (invert-U-shaped); when NPES increases, so does brand performance up to a turning point, past which as NPES increases, brand performance declines.

H2: The relationship between EMA and performance is quadratic (invert-U-shaped); when EMA increases, so does brand performance up to a turning point, past which as EMA increases, brand performance declines.

While good management of brands is undoubtedly key to performance, there is mounting evidence that it is the interplay between brands and innovation that drives (long-term) success in today's competitive environment (Brexendorf et al. 2015). Thus, and as explained by Bayus et al. (2015), brand and innovation management are increasingly interdependent. By the same token, there is some (although still limited) evidence to suggest that brands' use of events and innovation also go hand-in-hand (Candi et al. 2013; Belso-Martínez et al. 2015). For example, events can act as a platform from which to develop the types of new ideas that lead to innovation (Schüßler et al. 2015). Similarly, innovations can be showcased in events whereby the interactive elements of such events in themselves become more innovative. Taking the above points together, we argue that the innovativeness will affect the quadratic relationships that NPES and EMA have with brand performance. In the case of innovativeness affecting the invert-U relationships between NPES/EMA and brand performance, we argue that the more innovative the firm, the steeper the curve. To put it in substantive terms, the transfer of innovation to interactive events is likely to create a far greater impact of events on performance (creating a steeper positive relationship between events and performance) than when innovation is low. However, when NPES and EMA are over-used by innovative brands, we argue that a steep decline in the frequency-performance relationships exist because brands' natural desire to innovate results in a reduction of clarity and consistency of message. In turn, performance will start from a high point and decline more steeply, at a greater angle when events are over-used. Therefore:

H3: The invert-U relationship between NPES and brand performance is steeper at higher levels of innovativeness.

H4: The invert-U relationship between EMA and brand performance is steeper at higher levels of innovativeness.

The hypotheses are summarized in a conceptual framework depicted below in Figure 1.

Figure 1: Conceptual Framework
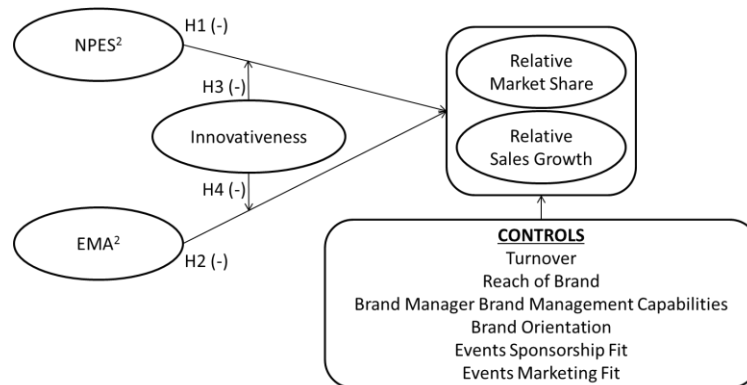
Methodology

The conceptual framework presented above was tested using an online questionnaire of UK managers, with traditional follow-up techniques for response rate enhancement. A total of 2826 potential respondents were contacted, and 328 completed questionnaires were received (resulting in a response rate of 12%). Of these, 46 were managers of non-UK brands, and a further 66 were involved only in either NPES or EMA, but not both. Lastly, an examination of the respondents' eligibility to answer the questions in the study (cf. Homburg and Jensen 2007) left the final number of responses at 207. Non-response bias testing (Armstrong and Overton 1977) indicated no statistically significant differences between early and late respondents, while common method variance was controlled for using procedural strategies in the questionnaire design, and analytical procedures (Podsakoff et al. 2003; Rindfleisch et al. 2008). Harman's single-factor test suggested no single factor existed.

Where possible, existing measures were used to capture the constructs at play. That said, some of these are formative in nature. The suitability of using formative measures is currently hotly debated in the literature (Cadogan & Lee 2013). Consequently, and following Wanous et al. (1997), Wanous and Hudy (2001), Bergkvist and Rossiter (2007), and Bergkvist (2015), we use single-item measures for the doubly concrete constructs in a bid to overcome the drawbacks of formative measures.

NPES and EMA were adapted from Mohr et al. (2012), brand performance (relative sales and market share) came from O'Cass and Weerawardena (2010), and innovativeness was taken from Hurley and Hunt (1998). We also controlled for a number of constructs traditionally associated with brand performance. Specifically, brand orientation came from Baumgarth and Schmidt (2010), brand management capabilities from Cui et al. (2014), events sponsorship-brand fit and events marketing-brand fit from Speed and Thompson (2000), brand reach came from Mellado and Barría (2012), and we also accounted for company size via annual turnover.

Results

Confirmatory factor analysis results reveal an RMSEA below .05 and fit indices (GFI, NNFI and CFI) exceeding .90. Composite reliabilities were all acceptable, ranging from .82 to .89, while the average variances extracted (AVE) ranged from .51 to .81. In addition, the lowest AVE was also higher than the largest squared correlation indicating good discriminant validity (Fornell & Larcker 1981). Further, and in line with recently suggested best-practice (Voorhees et al. 2015), an examination of the phi-matrix when single item measures were included in the CFA indicated good fit measures, and that the largest correlation between all of the constructs was .726 (between the brand performance measures, relative market share and relative sales growth). Hence, discriminant validity was considered upheld. All interaction terms were orthogonalized via residual-centering to minimize potential multicollinearity (Little et al. 2006). Finally, all indicators for the structural model were also within accepted thresholds, with RMSEA below .06 and the GFI, NNFI and CFI above or approaching .90.

H1 is nested within H3. Therefore, support for H1 is found if either γ_1 or γ_3 is significant and negative (Cadogen et al. 2009). The relationships between $NPES^2$ and both market share, and sales growth, are nonsignificant (at the 5% one-tailed level). However, the relationship between $NPES^2$ and relative market share becomes significant and negative as the moderator, innovativeness, increases. The relationship between $NPES^2$ and relative sales growth remains nonsignificant, meaning only partial support is obtained for H1 and H3. Meanwhile, H2 is nested within H4. Consequently, support for H2 is obtained if either γ_2 or γ_4 is significant and negative (Cadogen et al. 2009). The results indicate that the relationships between EMA^2 and both relative market share and relative sales growth are nonsignificant. However, both of these relationships become significant and negative, as innovation increases. Therefore support for both H2 and H4 is found. That is, innovativeness appears to moderate (steepen) the quadratic effect EMA has on brand performance. Finally, the model explains 36.3% of relative brand market share, and 42.2% of relative brand sales growth.

Discussion and Conclusions

The results indicate that slight differences exist between how NPES and EMA affect brand performance. That is, while both event-types contribute to relative market share, in this study at least, only EMA appears to significantly contribute to relative sales growth. One reason for the differing results could be that a more brand-centric approach is possible during EMA, given that brands own these events themselves. In turn, this allows brands to have greater control over when they communicate with respective audiences. For example, a brand is more likely to have greater control over when its logo is displayed, or how to utilize the event format to educate audiences about itself and its offering(s) during EMA. Hence, more sales opportunities can be created, which will impact upon relative sales growth. Meanwhile, during NPES, (potential) customers are more likely to be interested in the sponsee (i.e. the sponsored event), and will therefore pay less attention to the sponsoring brand(s). The sponsees' rights holders are also in charge of event formats during NPES, meaning sponsoring brands have less control over how and when they can communicate with event audiences. Potential sponsorship clutter challenges could also affect sales opportunities and thus relative sales growth during NPES.

That said, while slight differences are found between NPES and EMA, and brand performance, the significant relationships that are found in the study indicate invert-U shapes. This suggests that brands should not under- nor over-commit to these forms of

communication, if brand performance is to be optimized. Moreover, the results indicate that innovation helps brands increase brand performance when NPES/EMA is low but may in fact be detrimental to brand performance when NPES/EMA is high. That is, brands, which use NPES and/or EMA infrequently, should embrace a culture of innovativeness if they do not already. If innovativeness can be encouraged, the results indicate that brand performance will be increased (given that the results suggest a steeper and positive gradient exists between NPES/EMA and brand performance under higher innovation conditions). Conversely, for brands that frequently use NPES or EMA, the results indicate that innovativeness should be tempered during event-use, as the results suggest the gradient of the NPES/EMA-brand performance slopes are less steep in these contexts. This may pose a challenge for brands, given that event-use and innovation supposedly go hand-in-hand (Candi et al. 2013; Belso-Martínez et al. 2015). Hence, an easier solution may be for brands to reduce the number of events (NPES and/or EMA) they use, if brand performance is to be optimized.

In conclusion, the outcomes of the two event types suggest NPES and EMA are complementary parts of a brand's communication strategy and both contribute to different aspects of brand performance. Hence, future work should consider each respective event type's contribution to different brand performance outcomes, alongside other marketing communication tools.

Limitations and Future Research Directions

As with any study, a number of limitations exist; these can be used as a platform to provide direction for further work in the area. For example, future research could consider investments in NPES and EMA. In this study, NPES and EMA were captured as the frequency with which the two were used. That is, each event was implicitly considered to have had comparable investment in proportion to the extent to which they are used. Therefore, future research could consider whether invert-U shaped relationships (or otherwise) hold when the percentage-spend of a brand's marketing budget is directed towards the respective event types.

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