Using Best-Worst Scaling in Sponsorship Selection: The Case of LG Electronics

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Sponsorship in sport has been theoretically based on exchange theory with benefits accruing to sponsors and sport organizations alike (McCarville & Copeland,1994). In the early days of sport sponsorship some decisions were made based on immeasurable objectives and inclinations of a CEO. However, in current practice "sponsorships are business decisions that must go through the same profit and loss assessment as any other" (Graham, 1998, p. 34). Lopiano (cited in Reynolds, 1998, p. 30) noted succinctly that "sponsorships have to measure up on a performance basis in their ability to match the right demographic and psychographic targets, reach the appropriate decision makers and ultimately help move product or services."

Contemporary research has produced and abundant of criteria and several models depicting how corporations can benefit from marketing through sport sponsorships (Copeland, Frisby, & McCarville, 1996; Irwin, Assimakopoulos, & Sutton, 1994; Irwin & Sutton, 1994; Kuzma, Shanklin & McCally, 1993; Motion, Leitch & Brodie, 2003; Sleight,1989; Speed & Thomson, 2000; Stotlar, 2005; Stotlar, 2004; Thwaites & Aguilar-Manjarrez, 1997; Ukman, 2004). Many corporations have developed definitive criteria and selection processes, while other processes are unstructured and more subjective. In the current business environment there is increasingly less tolerance of subjectivity with more emphasis placed on data-driven decision making.

Ukman (2004) identified the leading five sponsorship objectives among corporate sponsors as; increasing brand loyalty, increasing awareness, change/ reinforce image, drive retail sales, stimulate product trial. Further research by Irwin and Sutton (1994) was conducted to test the validity of their model. They found the model to be valid with the following factors rated as most important; fit between sport image and product/service image, target market fit, demographic profile of the extended audience, demographic fit of the immediate audience, and opportunities for signage. Other research by Thwaites & Aguilar-Manjarrez (1997) found that community involvement and enhancement of the company image were highly rated in corporate decision making. Their study also found that corporate hospitality and building trade relations were considered as important with companies securing sport sponsorships. The body of research has shown that market-driven objectives such as increased market share, new client acquisition, new product awareness and on-site sales have been consistently been cited as critical factors (Copeland, Frisby, & McCarville, 1996, Irwin & Sutton, 1994; Kuzma, Shanklin & McCally, 1993). Overall, there is considerable agreement across the industry regarding what the factors and benefits in sport sponsorship are, however, no research could be found to operationalize the findings. In the opinion of the authors, research findings should contribute to better practice in the industry. The purpose of this session is to discuss the issues confronted by LG Electronics in their decision model and approach to selecting and using sport sponsorship and the subsequent intervention of research in the solution of the problem.

The existent literature and prior research were utilized to extract the principal factors associated with the selection of sport sponsorships. Shockly (1995) and Moskal & Leydens (2000) prescribed a process for assuring construct validity for research instruments wherein the available literature is used to develop measurement items that are subsequently evaluated by a panel of experts to determine their suitability for inclusion as criterion. These factors were used to develop categories for decision criteria. Within each category, descriptive criteria were constructed for quantifying observable phenomenon specific to various levels of performance associated with the category. To assess the extent to which these criteria represented the types of evidence used in decision making, the instrument was reviewed by a panel of experts consisting of individuals representing LG Electronics marketing decision makers and sport marketing professors. These experts participated in a Best-Worst Scaling (BWS) assessment as prescribed by Louviere, Hensher & Swait (2000). Through this process the experts ranked the randomized variables as "Best" or "Worst" within each category (Wurst, 2005). These data were analyzed to make modifications to the items and determine the final rank order of the statements. Based on the BWS analysis, a validated instrument was finalized.

The ultimate purpose of this research and consultation was to establish clear and concise scoring criteria which LG Electronics could use in their evaluation and selection process for sport sponsorships. These criteria validated through BWS and incorporated in a screening schema. The schema was implemented through a screening form with instructions for adoption and implementation within the LG environment. Ultimately, the schema allowed LG decision-makers to quantify the relatively subjective assessment of sponsorship proposals.

References

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