

‘Effectiveness of Bank Sponsorship: The case of Greece’

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Abstract

Despite the increase of the amounts invested on sponsorship worldwide, the research undertaken in order to evaluate sponsorship effectiveness on consumer perception is insufficient. This study examines the answers given from a sample of 112 high educated young people who live in Greece and have been exposed to sponsorship activities undertaken by the six larger Banks of Greece. The analysis reached interesting conclusions concerning the way Greek consumers understand the concept of bank sponsorship.

Keywords: Sponsorship, Greek Banks, Effectiveness, Public Relations, Measurement

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Introduction

In the last twenty years sponsorship was attracting much attention. According to Tripodi (2001), sponsorship is the element of the communication mix with the largest development in comparison with the rest of the communication tools. This can be verified by the increase of amounts being spent on sponsorship globally from 1980 until today.

Particularly in the United States, from the beginning until the end of the 80s the amounts, which were invested by enterprises, were raised from \$300 million to \$1.7 billion, approximately 500% (Javalgi, Traylor, Gross and Lampman, 1994, Gardner and Shuman, 1987, Sandler and Shani, 1989). In the late 90s enterprises of North America spent \$7.6 billion (Madrigal, 2000). Similar attitude was also observed in Europe as well as in Greece.

In this paper the consumer’s perceptions and reaction towards sponsorship, undertaken by Greek Banks, were investigated. Since the value of sponsorship is actually acknowledged by Banks, the case which arouses is, whether sponsorship creates positive effects on consumer perception. Particularly the study aims to examine: a) consumer attitude towards bank sponsorship b) consumer awareness towards bank sponsorship and c) consumer opinion towards bank sponsorship. Table 1 presents the gradual increase of the amounts invested in sponsorship from the major Greek Banks for the years 2002 to 2003 and 2003 to 2004.

Table 1		
Percentage Change of Sponsorship undertaken by the six major Greek Banks		
Name of Bank	Years	
	2004/03	2003/02
National Bank	20,3%	11,5%
Alpha Bank	11,3%	13,4%
Eurobank	33,4%	19,3%
ATEbank	12,6%	6,8%
Commercial Bank	10,6%	19,4%
Piraeus Bank	20,0%	18,7%

Source: Financial Statements

The paper is organized as follows. Section two includes a definition of sponsorship. The next section presents sponsorships objectives and the difficulties of sponsorships measurement. Section four exhibits the research method used in this study. Sections five, six and seven include the results obtained by the statistical analysis. Finally, some concluding remarks are presented in the last section.

Defining Sponsorship

In the literature, one could find many definitions of sponsorship. According to Lardinoit and Quester, (2001) and Grimes and Meenaghan, (1998), sponsorship is a multidimensional communication tool used to achieve a variety of objectives.

As a communication tool, sponsorship differs from advertising. Although both tools are used for the achievement of promotional objectives, in sponsorship both medium and creative message are not tightly controlled by the sponsor ((Javalgi, Traylor, Gross and Lampman, 1994, Meenaghan and Shipley, 1999, Tripodi, 2001, Dolphin, 2003).

On the other hand, a firm uses sponsorship to support an event in order to reach a specific or a wider target group and achieve corporate and commercial objectives (Javalgi, Traylor, Gross and Lampman, 1994). The firm can sponsor an event individually or with other firms, while the duration of the sponsorship depends on the event (Javalgi, Traylor, Gross and Lampman, 1994, Dolphin, 2003). The theme of the events may concern sports, arts and any other similar activity of interest to the general public. Following this policy, the firm expects that the image transferred from the event will have a positive effect on itself (Gwinner, 1997, Gwinner and Eaton, 1999, McDonald 1991). Thus, the choice of the event is of significant importance.

In fact, sponsorship differs from patronage. However, there is usually a confusion resulting to the synonymous use of them (Meenaghan, 1983). Patronage is actually an altruistic activity or a donation with no expectation of return (Dolphin, 2003). Nowadays, “sponsorship can be regarded as the provision of assistance either financial or in kind to an activity by a commercial organization for the purpose of achieving commercial objectives” (Meenaghan 2001). Although this definition of sponsorship is rather incomplete (it includes only commercial goals), it is a realistic view of how sponsorship is actually used. Sponsorship involves a business transaction (Thwaites, 1994) and an economic – based partnership between the sponsor and the sponsored company (Quester and Thompson, 2001).

Sponsorship Objectives and Measurement

According to survey conducted by Kitchen (1993), companies saw sponsorship as overlapping between general/corporate and marketing communication. It was also shown that sponsorship’s policies were mainly financed from a part of PR budget and a part of advertising/promotional budget.

From the above remarks, it is deduced that sponsorship significantly improves the performance of a firm. However, it is extremely difficult for Public Relations and consequently for sponsorship to prove bottom-line impact (Campbell, 1993, Kim 2001) that is to measure their contribution to the development of the firm. This can be explained due to the fact that sponsorship constitutes a communication tool of Public Relation.

It can then be concluded that there is no specific and unique way to measure the contribution of sponsorship. Despite the growth of the amounts spent on sponsorship, research is still in premature stage. (Cornwell *et al.* 2000). The vagueness of sponsorship’s objectives and benefits for the firm consist the main problem for sponsorship (Javalgi, Traylor, Gross and Lampman, 1994, Meenaghan 1983, Thwaites, 1995, Bennet, 1999). Hence, one should turn to indirect techniques, observing the variation of characteristic parameters such as corporate image, corporate awareness, brand image, brand awareness, sales and the reputation of a firm. The raising of these parameters consist sponsorship’s main objectives (Javalgi, Traylor, Gross and Lampman, 1994, Meenaghan, 1991a, Tripodi, 2001, Dolphin, 2003, Thwaite, 1995, Cornwell *et al.* 2001).

Moreover sponsorship aims to the creation of goodwill and good public relations (Dolphin, 1999), the achievement of commercial benefits (Tripodi, 2001) and other communication objectives (Meenaghan, 1991a). The success of the sponsorship lays, whether or not the firm manages to communicate with the public. (Cornwell, 1995, Tixier 1995)

Relative problems arise while examining PR measurement. The way to overcome the obstacle of evaluation is to try and have objectives as specific and clear as possible. (Watson & Noble, 2005, Wilcox et al, 2000, Lindenmann, 1993).

Research Method

In this study the effectiveness of sponsorship as a promotional tool for bank products will be examined. The survey was conducted between August and October 2005 via Personal and Mail interviews. The sample is young people (20 - 31 years old), with higher education (Table 2) and are permanent residents of Athens. The questionnaires distributed were 400 while 112 were fully answered and used for elaboration with SPSS. The method used to collect data was via Personal and Mail interview. Concerning Personal interview the researcher stopped to question randomly every third person passing by the point she/he was waiting downtown. The interviewee had no clarification from the researcher. Concerning Mail data, the questionnaire was mailed randomly. The data being finally used came 90% via Personal interview and 10% via Mail interview.

The specific target group has been the receiver of the policies of an extremely large number of promotional tools in order to be approached. Because of that, it has become difficult to gain this groups interest, awareness and sensitivity.

A research based on data provided by the National Statistical Service of Greece, the Center of Export Studies and ICAP (company providing Business Information and Consulting Services in Greece) was also conducted. It was shown that the data was inefficient in order to reach any conclusions. Furthermore it was deduced that young aged clients of a bank use less of the available bank products in comparison with elder aged ones. This means that the specific population group is of great interest for the bank.

Taking into consideration previous studies and the conclusions reached after interviewing bank executives a questionnaire was conducted. Main aim of the questionnaire was the covering of the scientific gap concerning the effectiveness of sponsorship as a communication tool.

In order to confirm that the questionnaire was clear, understandable and easy to answer, a pilot test was performed. The questions were mainly multiple choices while the opened questions were used only in cases that the answers could be many and unanticipated.

The questionnaire was distributed randomly to 20 people from the target group and their comments were taken into account when conducting the final questionnaire.

Results and Discussion

As it was mentioned in the previous section, 112 out of 400 questionnaires were fully answered and used for elaboration with SPSS. This elaboration includes three different types of analysis: Descriptive Statistics, Statistical Analysis and Factor Analysis. The analysis reached interesting conclusions concerning the way Greek consumers understand the concept of bank sponsorship.

A) Descriptive Statistics

According to the research, the criteria young people have used when choosing a bank are:

- a) the bank of which their parents are clients at 49,3%
- b) the bank that is closer to their home at 32,4%
- c) the bank with better service and modern facilities at 18,3%

This can be explained since the family bonds are still quite strong in Greece and because the main reason that young people use the bank, at a percentage of 50,9%, is just for bank deposits.

Concerning the services provided by the banks such as e-banking, telephone services and ATM, 75% of the respondents answered that they deal with all issues concerning their accounts in person by visiting the bank, while 86,6% of the respondents answered that they use the ATM. Only a few of the respondents actually uses any other service provided by the bank.

The 53,6 % of the respondents are women, while 46,4% are men. This means that from the sample of 112 people 60 are women and 52 are men. Most of them aged between 24 and 27 years old and are all considered to be highly educated.

TABLE 2	
EDUCATION OF SAMPLE	
LEVEL OF EDUCATION	PERCENTAGE
Students	29,5%
Technological Institution Graduates	22,3%
University Graduates	22,3%
Master/PhD	25,9%
SUM	100%

The sponsorships made by banks and seem to have gained the attention of the consumers, at a percentage of 33,9%, are the ones made in the sport industry. However 62,5% of the respondents suggest that banks should invest more and mainly in social sponsorship.

Consumers believe that a bank invests in sponsorship in order to increase sales, publicity and the number of clients. In a percentage of 60%, respondents consider that sponsorship raises the awareness of the bank, the awareness of the bank's products and builds up a good reputation of the bank.

B) Statistical Analysis

Chi-Square test (χ^2)

In this part chi-square (χ^2) test will be used in order to estimate the correlation between the variables. The particular statistical analysis wasn't used in great extent, since there aren't many dichotomous variables in the questionnaire.

Initially the correlation will examine whether the fact of remembering a sponsorship made by banks has significant relationship with what are considered to be the objectives of the sponsor. The null hypothesis is H_0 : There is no significant relationship between the variables.

According to the statistical results which emerged, chi-square shows no correlation at the level of 5%. This means that we accept the null hypothesis H_0 , which is that there is no significant relationship between the two variables.

Continuing the correlation will examine whether the sex of the respondents has a significant relationship with what are considered to be the objectives of the sponsor. The null hypothesis is H_0 : There is no significant relationship between the variables.

A significant relationship between sex and the answers given to the question "what are considered to be the objectives of the sponsor?" was observed in some cases. Particularly, the correlation between sex and the use of sponsorship in increasing awareness was found statistically significant. The chi-square test is $0,03 < 0,05$, which means that there is positive correlation.

The correlation between sex and sponsorship as a tool used by bank to be more competitive was high. Chi-square is found $0,018 < 0,05$, proving the high correlation.

Furthermore the highest correlation was found between sex and the answers given concerning communication with the targeted market, where the chi-square test equals to $0,013 < 0,05$.

Thus the null hypothesis H_0 , that there is no significant relationship between the two variables cannot be accepted.

T-test

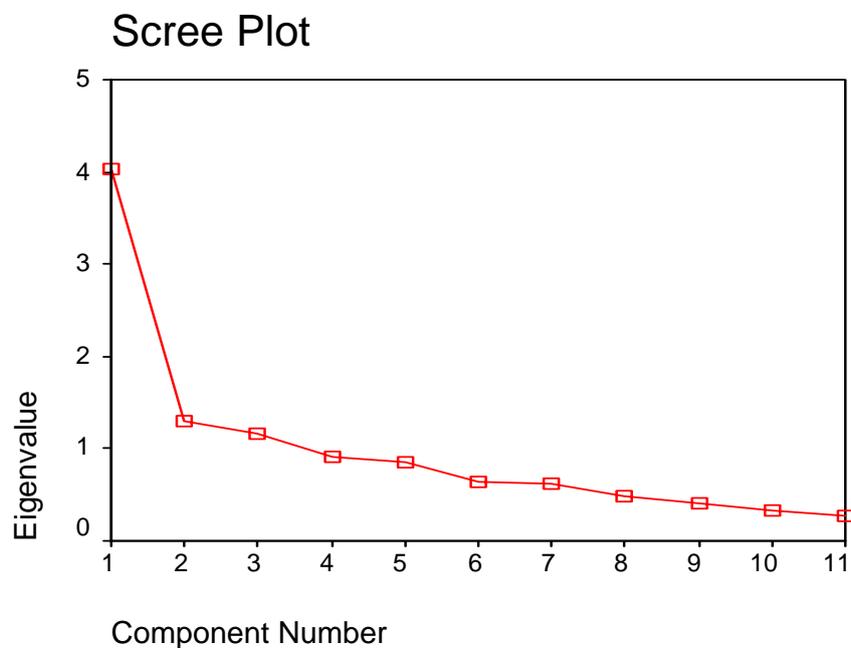
T-test was used in order to examine whether there is statistical difference between those who remember or do not remember a sponsorship undertaken by a bank and the importance they attach to the different type of events that can be sponsored. The events were Theatrical plays, Musical Events Commercial Exhibitions, Formative Art Exhibitions, Scholarships, Sports. The differentiation between means of the two groups (those who remember or not remember a sponsorship undertaken by a bank) is not statistically significant.

C) Factor Analysis

Factor analysis is used in order to reduce the large number of variables that are included in some questions, so as to make correlations among these variables easier.

The first question in which Factor Analysis is implemented is “In what degree do you believe that sponsorship contributes to the mentioned objectives?” The obtained results are illustrated in diagram 1:

DIAGRAM 1



On the horizontal axis are the 11 factors (as many as the variables included in the specific question), whereas on the vertical axis are the eigenvalues. The number of the factors that will be used is defined by the eigenvalues. From Diagram 1 it is evident, that there are three eigenvalues higher than 1.0. This means that the final analysis will include three factors.

TABLE 3
Rotated Component Matrix ^a

	Component		
	1	2	3
Sponsorship' s contribution in: target group	,799	3,354E-02	,127
Sponsorship' s contribution in: good will	,770	,237	3,204E-02
Sponsorship' s contribution in: competition	,721	,227	-1,11E-02
Sponsorship' s contribution in: change public' s mind	,679	-4,49E-02	,398
Sponsorship' s contribution in: sales' raise	,628	,417	-,161
Sponsorship' s contribution in: impr. relat. w. suppliers	,523	,329	,276
Sponsorship' s contribution in: mm promotion	2,523E-02	,773	4,455E-02
Sponsorship' s contribution in: Bank' s acknowledgement	,328	,744	,217
Sponsorship' s contribution in: acknowledge of a service	,186	,683	2,438E-02
Sponsorship' s contribution in: impr. relat. w. government	,194	8,653E-02	,749
Sponsorship' s contribution in: impr. relat.w. employees	-2,96E-02	6,981E-02	,713

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Table 3 presents the factor loadings. The loadings that are over 0,6 are considered high and are included in the procedure of naming the factors. The first factor has high loadings from five variables: communicating with the targeted market, building of goodwill, dealing with competition, changing consumers' perception towards Bank/service, rising of sales/market share.

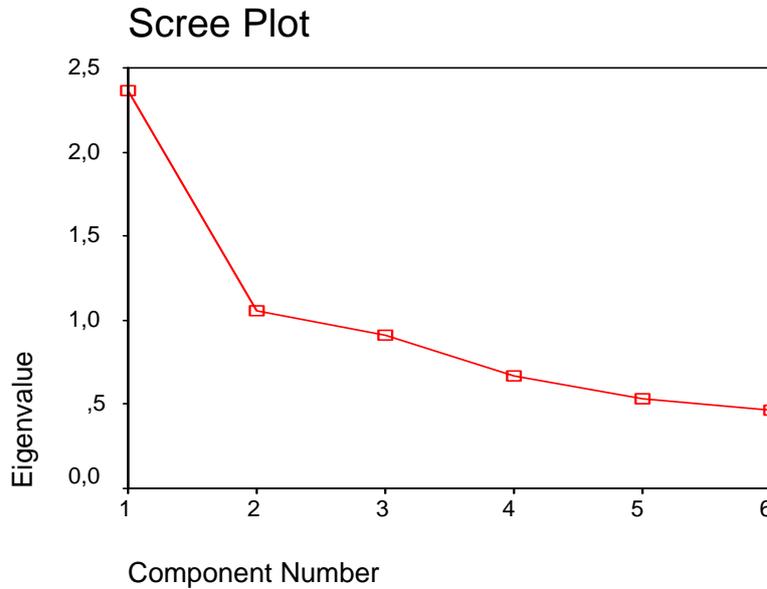
Since there is correlation between the five variables and the first factor, a name should be given to the factor, which would summarize the common characteristics of the five variables. A possible name could be "consumers' attraction".

The second factor has high loadings from three variables: more exposure on mass media, increase of knowledge/awareness of the Bank from the public, increase of knowledge/awareness of the services from the public. A possible name for this factor could be "promotion of sponsor".

The third factor has high loadings from two variables: improvement of the relationship between personnel and Bank, improvement of the relationship with government agencies. A possible name for this factor could be “Relationship with personnel and government agencies”

The next question in which Factor Analysis is implemented is “In what degree do you believe that the following issues contribute to the success of a sponsorship?” The results are depicted in Diagram 2.

DIAGRAM 2



From Diagram 2, it is understood that the number of factors can be reduced to two since only two eigenvalues are higher than 1.0.

TABLE 5

Rotated Component Matrix^a

	Component	
	1	2
Sponsorship' s success: visitors	,209	,629
Sponsorship' s success: television	,171	,737
Sponsorship' s success: tv news	2,427E-02	,752
Sponsorship' s success: radio	,710	5,370E-02
Sponsorship' s success: political newspaper	,751	,322
Sponsorship' s success: sport newspaper	,805	,115

Extraction Method: Principal Component Analysis.
 Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.

The first factor has high loadings from three variables: coverage of sponsorship from the radio, coverage of sponsorship from political newspapers, coverage of sponsorship from sports newspapers and cultural sections of political newspapers. A possible name for this factor could be “Coverage from press and radio”

The second factor has also high loadings from three variables: number of people visiting the event, coverage of sponsorship from television, coverage of sponsorship from news bulletins. A possible name for this factor could be “Coverage from television and number of visitors”

Conclusions

In this paper, consumers’ perceptions on bank sponsorship were investigated. Some useful elements of the objectives of sponsorship were remarked. A first step on evaluating the effectiveness of sponsorship was made. From the obtained results it was concluded that:

1. A sponsorship is more effective when the sponsored event concerns scholarships and sports
2. The most important reasons that a bank undertakes sponsorship according to the respondents are sales promotion and the increase of the number of clients. On the other hand the respondents do not consider that banks undertake sponsorship for reasons of social sensitivity.
3. Sponsorship contributes determinatively to the fact that banks earn more publicity from mass media, increase awareness, create reputation and build goodwill.
4. The most crucial factor for a successful sponsorship is television coverage.

From the statistical analysis it was shown that there is a correlation between sex and the objectives of sponsorship. On the other hand a correlation between the fact of remembering a sponsorship made by banks and the objectives of the sponsor was not found.

When implementing factor analysis on question “In what degree do you believe that sponsorship contributes to the mentioned objectives?”, the factors that appeared were three. The three factors were named “Consumers attraction”, “Promotion of sponsor” and “Relationship with personnel and government agencies”. Factor analysis was also implemented on question “In what degree do you believe that the following issues contribute to the success of a sponsorship?”. Two factors arose. They were named “Coverage from press and radio” and “Coverage from television and number of visitors” respectively.

Due to the small sample of 112 respondents the results may be limited. However this work is a first approach to evaluate sponsorship’s effectiveness. Hence, we hope that the obtained results encourage the further study of sponsorship that could be of remarkable importance.

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