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The relative performance of TV sponsorship versus television spot advertising

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The Relative Performance of TV Sponsorship versus Television Spot Advertising

Abstract

Research Paper

Purpose

To compare the relative performance of TV sponsorships with the industry standard 30-second TV spot advertising on achieving common communication goals.

Design/Methodology/Approach

The two mediums are tested with an experiment using realistic stimuli and target market representative samples and employing 6 brands as both TV sponsors and TV advertisers.

Findings

Ten seconds of TV sponsoring works almost equally as well as 30-second spots across all measures and brands. While the outright performance differs by type of brand (i.e. high fit versus lower fit, known versus unknown), the relative performance between mediums does not vary.

Research Limitation

The stimuli only gave subjects a brief exposure to each medium. The six stimuli brands, four effect measures, and the Norwegian sample may also not be representative for all types of TV sponsoring/advertising contexts.

Practical Implications

Marketing managers can use the results to better allocate their communication spending between TV spot advertising and TV sponsorships, by determining which medium offers better value in achieving communication goals.

Value

To our knowledge, the comparison is the most realistic and controlled experiment in this area, with high levels of internal and external validity.

Key Words: Spot Advertising, TV sponsoring, communication effects, financial implications

Introduction

In Norway they are called “TV billboards”, for U.S. public TV broadcasters (PBS) and producers they are “underwriting spots”, and in the U.K. they are known as “ad bumpers”, but no matter what they are called, these types of TV sponsorships are the 2 to 15 second announcements made just prior and just after TV program breaks which typically show a brand logo in conjunction with a very simple message such as “this program is sponsored by ...”. In traditional event sponsorship, the sponsor gives money and other support directly to a cause, organization, event, or individual in exchange for the exposure and association (Meenaghan, 1991), but the recipient of TV sponsor financial support is somewhat dependent on the context. In public TV settings, the sponsorship money can be used to fund the production of a program in exchange for corporate exposure in the form of an underwriting spot, but in both commercial and public settings sponsor money can also simply be used to cover general operating costs and/or profits in exchange for exposure time during a program in the form of an ad bumper or TV billboard much like regular spot advertising (Masterson, 2005). TV sponsorships are an increasing source of revenues for both public and commercial TV broadcasters and producers around the world (Brennan, 2009; d’Astous and Seguin, 1999; Tolonen, 2009). For example, underwriting spots have become an important source of income for public broadcasters in the U.S. due to government cutbacks in public TV support, and provide 15 to 20% of the total funding for PBS, and a far larger portion of specific TV program production costs (d’Astous and Seguin, 1999; June-Friesen, 2008). In the U.K. both commercial and state supported TV broadcasters use ad bumpers widely, and revenues from them have been growing nearly 10% annually to approach almost \$300 million (Thinkbox, 2008). In Norway TV billboards are also widely used by both commercial and non-commercial broadcasters, and although they provide only about 5% of the total funding for the state TV station, they account for nearly all of the

funding of many sporting event broadcasts that are considered politically unacceptable for taxpayer support (Tolonen, 2009).

While TV sponsoring is an important source of revenue for many broadcasters, there is increasing pressure from advertisers to reduce the traditional time and content limitations of the medium to make it more similar to traditional 30-second spot ads (June-Friesen, 2008). Particularly in public or state run TV settings, TV sponsors are typically limited by policies designed to keep the channels free from traditional spot ads. For example, the Norwegian Media Authority allows the state owned channel to broadcast TV sponsorships that meet the following criteria: 1) only a brand logo can be exposed, and 2) the billboard cannot contain slogans, statements, pictures and sound except for a voice over telling the name of the sponsoring company or the brand (Tolonen, 2009). To protect the benefits and "halo effect" of "the PBS experience", its *Grand View* program has the following requirements for underwriting spots: 1) 15 second maximum length, 2) only images of corporate logo or sponsor's products, 3) content limited to slogan or corporate positioning statement, 4) audio limited to jingle or sound effect identifying the company, 5) contact information limited to telephone number or web site address, and 6) absolute prohibitions on "calls to action", "superlative language", pricing, discounts or other inducements to buy (*Grand View*, 2009). This clash between "commercial" spot ads and "non-commercial" TV sponsorships begs the question: just how effective are they at achieving communication goals relative to each other? Unfortunately there is very limited knowledge about this question and TV sponsorships in general (Brennan, 2009; Masterson, 2005), although determining the value received from marketing investments such as communication campaigns is a growing focus of corporate and academic efforts (Briggs et al., 2005; Lardinoit and Derbaix, 2001; Mizik and Jacobson, 2008; Olson and Thjømøe 2009).

Answering this TV sponsorship “relative value” question is the focus of the two studies described in this paper. Study 1 empirically determines the value of TV sponsorship versus TV advertising spots in a commercial broadcast setting using an experiment that employs highly realistic TV broadcast footage, real 30-second TV spots, market representative samples, and industry relevant measures of communication effects. This is followed by study 2’s investigation into the relative effectiveness of TV sponsorships in the cluttered environment of commercial TV broadcasts versus the relatively uncluttered environment of public TV broadcasts, where they are frequently the only form of brand or corporate marketing allowed. Our findings provide empirically grounded estimates to guide managerial decisions and future research in the area.

Study 1: Comparing TV Billboards to TV Advertising

TV sponsorships originate from the days of radio when “soap operas” and other programming were frequently owned by the “sponsors” of the program (Lavin, 1995). This program ownership was publicized by announcements stating that “this program is/was sponsored by” before and after the program broadcasts. In addition to these announcements, early radio sponsors also pioneered product placements and celebrity endorsements by having their products integrated into the storylines and using characters/actors from the program to frequently breakaway from their roles just long enough to suggest listeners support the program by buying the sponsor’s fine products (Lavin, 1995). The strong linkages created between the sponsor and the program through these tactics proved to be very effective at creating awareness and positive attitudes about the sponsoring brands, but as regulations were enacted that prevented sponsors from owning and controlling program content, TV sponsorships in the United States were replaced by 30 or 60-second TV spots (Lavin, 1995).

Although TV sponsors may no longer “own” sponsored programs as they did in the early days of commercial TV and radio, today’s TV sponsors still hope to create and benefit from strong linkages between popular programs and themselves (Masterson, 2005), and this hope is used frequently as a sales pitch to attract program underwriters and sponsors. For example, the “underwriting” web site page of public TV station WNED quotes a PBS study which found: 1) 74% of PBS viewers believe that PBS sponsors are committed to quality and excellence, 2) 82% agree that underwriters are industry leaders, and 3) 62% are more likely to purchase products and services from PBS sponsors (WNED, 2009). With only a few exceptions, however, there is virtually no empirical research on the actual effectiveness of TV sponsorships (Brennan, 2009; Masterson, 2005).

What little TV sponsorship literature there is suggests, however, that effectiveness is generally improved by three major factors: 1) higher fit between the sponsor and program, 2) greater linking of the ad bumper/billboard content to the program, and 3) higher program interest by the viewer (Brennan, 2009; Lardinoit and Derbaix, 2001; Masterson, 2005). TV sponsorships are also thought to work primarily by creating associational links to the sponsored program, rather than any information contained in the ad bumper/billboard (Brennan, 2009; Masterson, 2005). This finding is not surprising since ad bumpers/billboards are very short in duration and typically offers little or no information beyond exposure to the sponsoring brand, although the creative inclusion of a short message to entertainingly link the sponsor to the program can enhance its effects, particularly when the “natural” fit is low (Brennan, 2009; Masterson, 2005). Confidence in the conclusions of this research, however, is reduced by the limitations of the studies. For example Lardinoit and Derbaix (2001) and Masterson (2005) relied on student based convenience samples and did not attempt to determine the relative performance of TV sponsoring on a wide variety of common communication goals such as image transfer, attitude change, or purchase intent. Only the

2008 study conducted by Thinkbox, a UK marketing organization funded by the commercial TV industry, attempted to compare TV sponsoring with conventional TV spot advertising (Thinkbox, 2009). Their survey-based approach found that TV sponsorships under ideal conditions match the ability of TV spots to tell viewers what the brand stands for, but with 2/3 less exposure time. Furthermore, brand perceptions and intentions were improved, and many respondents did not consider TV sponsorships to be advertising (Brennan, 2009). Due to the proprietary nature of the Thinkbox study, however, few details are available on the exact procedures and techniques used to collect and analyze the data, including how the comparisons were made between TV sponsoring and TV spots.

The conclusions that are drawn from this limited TV sponsorship literature, however, are similar to other empirical research on traditional event sponsoring. For example, Gwinner and Eaton (1999) found that the image of a sponsored event was transferred to the sponsoring brand, and research by Martensen et al. (2007), Olson (2010), and Olson and Thjømøe (2009) found higher fit is associated with enhanced attitude towards the sponsor. Furthermore, in cases where natural fit is low, explanations of fit have been shown to enhance sponsorship effects (Cornwell et al., 2006; Olson and Thjømøe, 2011; Simmons and Becker-Olsen, 2006), while higher interest and expertise in the sponsored event has been shown to enhance the ability of audience members to see fit (Roy and Cornwell, 2004) and enhance overall sponsorship effects (Olson, 2010).

It is not very surprising that the TV and event sponsorship research findings cited above are similar, since they share more characteristics with each other than they do with TV spots from the viewpoint of the audience. For example, both 15 and 30-second TV spots usually involve a “message” of some type that will typically require some level of cognition and comprehension to process (Cornwell et al., 2005; Crompton, 2004; Newstead and Romaniuk, 2009; Stanton and Burke, 1998; Vakratsas and Ambler, 1999). In contrast, TV

sponsoring is more similar to the viewer passivity of event sponsorships because exposure is typically limited to little more than the brand logo, and persuasion is likely to be indirect through “mere exposure effect” and image and affect transfer from the program/event to the sponsor (Crimmins and Horn, 1996; Gwinner and Eaton, 1999; Olson and Thjømøe, 2003; Zajonc, 1980).

For both TV and event sponsorships, a key competitor for marketing budget resources is frequently TV spot advertising (Brennan, 2009; June-Friesen, 2008; Olson and Thjømøe, 2009). Perhaps as a consequence, the most common type of event sponsoring research involves counting the seconds of viewer exposure to the sponsor’s logo during coverage of the sponsored event, which is then converted into a TV advertising equivalent value via various proprietary ”black-boxes” (Cornwell et al., 2005; Olson and Thjømøe, 2009). This comparison is justified in large part because the communication goals such as; 1) brand awareness, 2) brand image, and 3) purchase intent are commonly used for both TV spots and sponsoring, although most of the conversion black boxes do not differentiate sponsorship performance based on communication goals (Brennan, 2009; Harvey, 2001; Olson and Thjømøe, 2009; Thjømøe et al., 2002). Related research suggests that the relative performance of TV sponsoring might be communication goal dependent, however, as Newstead and Romaniuk (2009) and Olson and Thjømøe (2009) found goal dependent variance in the relative effectiveness of 15 versus 30-second TV spots and event sponsorship versus 30-second spots respectively. These findings suggest the following research question:

RQ1: How does TV sponsoring compare to TV spots in achieving the communication goals:
a) brand recognition and certainty, b) favorable attitude, and c) purchase intention?

Previous research has found that the persuasive abilities of event sponsoring is likely to be hampered for less known brands because they are less likely to be identified as the sponsor (Johar and Pham, 1999; Johar et al., 2006; Olson and Thjømøe, 2009), and/or linked to the program (Brennan, 2009). In contrast, advertising has been found to be most

persuasive for brands and/or product categories in which the viewer has limited experience (Stanton and Burke 1998; Vakratsas and Ambler, 1999). Together, these findings suggest the following research question:

RQ2: Does the relative effectiveness of TV sponsoring versus TV spots vary when the sponsoring brand is well known or unknown?

The majority of empirical research in both sponsoring and advertising contexts has found a positive relationship between fit and communication effects of all types (Cornwell et al., 2005; Martensen et al., 2007; Simmons and Becker-Olsen, 2006; Speed and Thompson, 2000), although only Brennan (2009) has examined TV sponsorships specifically. Thus, a key research question remains about the impact of fit with on the relative effectiveness of TV sponsoring versus traditional TV spots:

RQ3: Does the degree of fit between the sponsoring brand and sponsored program influence the relative effectiveness of TV sponsoring versus TV spots?

Method:

To ensure that each medium would be treated in a fair manner while providing a realistic testing environment, a panel of leading broadcasters, media consultants, and market researchers specializing in sponsoring and advertising were consulted extensively in all phases of designing and implementing the experiment that is described in the following sections.

Stimuli Development:

To simulate typical commercial TV broadcast content, three 10-minute films were prepared which sandwiched 30-second spots and TV sponsorships around 6 minutes and 30 seconds of sports highlight programming. The sports program context followed previous sponsorship research to help ensure the selection of high fit and lower fit stimuli brands (e.g. Johar and Pham, 1999; Speed and Thompson, 2000). Four test brands were used in each film, but each on only one communication channel (i.e. spot OR sponsor). Each film

included content in the following order to mimic normal TV programming sequences: part 1) 30-second spots for three filler brands, part 2) three 5-second ad bumper/billboards (1 filler followed by 2 for test brands), part 3) the sports program coverage, 4) a repeat of the same three 5-second ad bumper/billboards, and 5) three additional 30-second spots with the last two being for the test brands. In total, six brands appeared as both TV advertisers and TV sponsors, but not on the same film, which allowed each brand to be compared with itself across the two mediums (i.e. the results of Coke's 30-second spot are compared with the Coke's TV sponsorship). To reduce the possibility of primacy effects (i.e. the positive impact on memory caused by the spot or sponsorship appearing first), none of the stimuli sponsorships or spots was the first item in any of the spot/sponsorship sequences of each film (Newell and Wu, 2003; Terry, 2005).

The six stimuli brands included those that were Unknown: 1) AlmBrand, and 2) Codan, which were both Danish insurance companies with no operations in Norway at the time and hence were largely unknown to the Norwegian sample; High Fit: 3) G-Sport: the largest Scandinavian sporting goods chain, and 4) Adidas; and Lower Fit: 5) Solo: the dominant Scandinavian fruit flavored soft drink brand, and 6) Coca-Cola which does not emphasize its Olympic sponsorships in the Scandinavian markets. None of the selected test brands were direct competitors with each other or with any of the filler brands shown during the film. Pre-testing was done on the selected brands as TV sponsors to ensure that they were sufficiently different on perceived fit with sports programming using 7-point fit scales adopted from Olson (2010), and the results showed the lowest high fit brand mean was 5.46, while highest mean for a low fit brand was 2.32 ($p < .001$).

To reduce the quality variability of the 30-second spots, the advertising agencies representing the chosen test brands were asked to provide an example of the most effective ad they had recently used in a campaign, but not one that was currently in use in the Norwegian

market. Although all the spot ads were chosen due to their effectiveness, they also provided a wide range of types. The Adidas spot featured soccer players with the theme “Impossible is Nothing”, while the G-Sport spot highlighted the large assortment of sporting goods available at low prices. The Coca-Cola spot featured Santa Claus (the data collection was in early December) and the theme “share the Christmas magic”, while the Solo spot invited viewers to send in funny pictures that might be used on future bottle labels. The two unknown spots featured travel insurance with help available 24-7 (AlmBrand), and theft insurance showing a scene of a stolen car roof rack (Codan). Both ads for the unknown brands used the Danish language, but the written and spoken words were the same as Norwegian since the two languages are virtually identical in vocabulary and grammar. The TV sponsorships followed the length and content requirements of the Norwegian Media Authority (i.e. 5 seconds exposure to the sponsor’s brand logo with the audio announcement “this program is/was sponsored by”).

Subjects:

Respondents were 1141 Norwegian citizens recruited from a large consumer panel whose members had agreed to participate in a number of Internet based surveys and advertising tests per year in exchange for prize drawing eligibility. While the representativeness of Internet based surveys has been questioned, the panel from which the sample was drawn was specifically recruited for purposes of providing representative samples of common Norwegian target markets by the largest ad and sponsor testing agency in Scandinavia, which is possible to achieve because of the 70+% home broadband penetration rate in Norway (Teleplan, 2008). Respondents who reported problems with the video/audio and/or prior knowledge about the unknown brands were dropped from the subsequent analysis, resulting in a final sample size of 901 and a response rate of 79%.

Experiment Procedure:

As a cover story, respondents were told that the study was about television sports coverage. After being randomly shown one of the three films, respondents were given a questionnaire (see exhibit 1). The first questions were comprised of spot/sponsor brand recognition measures (1 in 4 multiple choice with all four brands being well-known in the known sponsor product categories, and unknown brands for the unknown sponsors), and recognition certainty. This use of the brand recognition measure, instead of unaided recall, also greatly reduced the possibility of recency effects (i.e. the positive impact on memory caused by the spot or sponsorship appearing last) (Terry 2005). This was followed by 7-point scale questions regarding advertising/sponsor induced changes to brand liking and purchase intentions, with purchase intentions being calculated as the percentage of respondents indicating a 4 or higher response to “likelihood of doing more business with sponsor/advertiser” (Cronbach Alpha’s for the liking scale was .88 or above). Respondents were not allowed go back and change their answers to previous questions or see any part of the film a second time. Since effects such as liking and purchase intentions are not likely to be realized if audience members are not able to accurately identify the sponsor/advertiser (Johar et al. 2006), only subjects who correctly identified the advertiser/sponsor brand were used for calculating the liking and purchase intention scores for each test cell (cells ranged from 60% to 93% recognition accuracy). Questions related to each of the four test brands (two advertisers and two sponsors) were randomly rotated to prevent order effects as an alternative explanation. Analysis revealed no significant order effects, and as a result all subsequent analysis used combined groups.

Exhibit 1 about here

At the end of the questionnaire, respondents were asked about: 1) their interest in sports using a 2-item involvement scale, 2) their ability to clearly see the films on their

computer systems, and 3) whether they had prior knowledge of the unknown brand. Previous sponsorship research has found that higher object involvement could influence the ability to accurately recognize sponsors, and hence could be a potential alternative explanation for the effects found related to program advertisers (Brennan, 2009; Johar et al., 2006). One-way ANOVA with Scheffe post hoc tests, however, revealed no significant differences between any of the comparison groups on involvement ($p < .01$).

Study 1 Results:

Table 1 provides the results for the overall sample (section 1) and various brand categories (sections 2 to 5) as both a TV advertiser and TV sponsor (i.e. 30-second spot versus 10 (2 x 5) seconds sponsor exposures). The Sponsor Conversion values in the last column shows the number of seconds of TV sponsor exposure required to equal the performance achieved with the same brand's 30-second spot. Table 2 presents linear regression results to determine the relative importance of experimental cell conditions (i.e. communication medium, brand awareness, and brand fit) in predicting the communication goal performances.

RQ1 asked whether the relative effectiveness of TV sponsoring would vary depending on the type of objective, and the results presented in table 1 show that it is equally effective to spot advertising for all types of communication goals. Across all six brands, 10 seconds of billboard exposure provided 99.9% and 99.7% of the Recognition Accuracy and Certainty effects respectively of a 30-second spot, while also respectively providing 100.4% and 95.6% of Brand Liking and Purchase Intentions (see table 1 section 1). None of the brand scores as advertisers or sponsors were significantly different from each other ($p < .1$). This is reflected in table 2, as communication medium (i.e. TV advertising or sponsoring) was not a significant predictor of communication results with the exception of Recognition Certainty, where TV sponsoring reduced certainty by 1.27 percentage points ($p < .05$).

Tables 1 and 2 about here

RQ2 asked whether the stimuli brand's being known or unknown would influence the relative effectiveness of TV sponsoring versus spot advertising, and the results show no significant differences on any of the four effects measures ($p < .1$, see table 1 sections 2 and 3). For the unknown brands, sponsoring provided between 83.5% and 102.1% of the effects achieved by the ads, while for the known brands the range was a bit tighter from 98.5% to 100.2%. Table 2 shows that having a known brand significantly increases Recognition Accuracy by 16.5 percentage points, Recognition Certainty by 6.75 percentage points, Brand Liking by .575 points (on a 7 point scale), and Purchase Intentions by 15.9 percentage points ($p < .01$ in all cases). This result, together with the mostly non-significant results for the communication medium predictor variable of RQ1, shows that the between brand differences displayed in table 1 (sections 2 and 3) are based almost entirely on consumer brand awareness and virtually not at all on the medium of brand exposure.

RQ3 asked whether the degree of fit between the sponsoring brand and the sponsored program would influence its performance relative to a 30-second spot, and the results show no significant differences on any of the four effects measures ($p < .1$, see table 1 sections 4 and 5). High fit sponsoring brands received between 96 and 99.2% of the effects achieved with advertisements, while the known lower fitting sponsors received between 99.3 and 103.9%. Table 2 shows that high fit significantly decreased Recognition Accuracy by 2.8 percentage points, and Recognition Certainty by 3.15 percentage points, but significantly improved Brand Liking by .71 points (on a 7 point scale), and Purchase Intentions by 13.1 percentage points ($p < .05$ in all cases).

Study 1 Conclusion:

On four commonly used measures of communication effects, 10 seconds of TV sponsor exposure achieved almost identical performances of those from a 30-second TV spot.

Only on Recognition Certainty was there a significant reduction in results for TV sponsoring versus 30-second spots, although this reduction from the 82.18% baseline was very small at 1.27%. Bigger variability was found depending on the type of brand, with unknown brands generally doing the most poorly, while high fit brands were disadvantaged on measures of Recognition Accuracy and Certainty and advantaged on Brand Liking and Purchase Intentions. These brand characteristic variations were almost perfectly mirrored by both the TV sponsorships and 30-second spots. The fit related results correspond with the event sponsorship versus TV ad results of Olson and Thjømøe (2009), where the relatively weak recognition accuracy of high fit brands was attributed to the lack of novelty and consequent non-processing for later recall, while the “makes sense” element of high fit enhanced brand attitudes for those that did process the information. The overall performance parity achieved via TV sponsoring with 1/3 the exposure time, however, suggests that simple exposure to the brand name and the more direct “sponsored by...” link with the program creates virtually the same impact as the message and execution elements in the 30-second spots.

Study 2: Billboards in Cluttered versus Uncluttered Environments

Advertising clutter is at an all time high and is viewed as undesirable by both advertisers and consumers (Hammer et al., 2009). Clutter occurs when the ratio of advertising content to editorial (program) content exceeds the consumer’s acceptance level (Ha, 1996), and research has found that higher levels of clutter generally reduce the effectiveness of advertising in achieving a wide range of communication goals (Hammer et al., 2009; Riebe and Dawes, 2006; Zhao, 1997). In addition, the intrusiveness of the ad(s) in interrupting the flow of the editorial content is also a common and irritating dimension of clutter (Ha, 1996; Ha and McCann, 2008; Moe, 2006).

Public TV officials argue that clutter concerns are largely irrelevant to TV sponsoring in a public TV environment because of the restrictions they face on running traditional spot advertising and their relatively limited number of TV sponsorships (Tolonen 2009).

Furthermore, some research suggests that many viewers do not see TV sponsorships as advertising (Brennan 2009), which might mean that the intrusiveness element of clutter is also lower for TV sponsors in a public TV setting that lacks the flow interrupting impact of spot ads. If these untested assertions about the advantages of TV sponsoring in a non-commercial settings are true, then the movement of many public TV stations in the U.S. and other markets to eliminate restrictions on accepting 30-second spots to attract more corporate sponsors may be detrimental to the underwriting spots and thereby reduce or eliminate their supposed advantages over commercial stations (Gold 2006). This leads to research question 4:

RQ4: To what extent does the addition of clutter from 30-second spots reduce the effectiveness of TV sponsoring?

Method:

Study 2 used virtually the same stimuli and measures as study 1, but due to budgetary reasons only 2 brands were used in study 2: AlmBrand (unknown) and Adidas (high fit). The study 2 high clutter film was identical to study 1 with six 30-second spots (3 before and 3 after the sports highlight program), and three 5-second bumper/billboards (each shown once before and after the program), resulting in the total advertising/sponsoring equaling three minutes and thirty seconds, or approximately 54% of the total programming time. This level is consistent with the high clutter environments in previous research (Hammer et al., 2009; Terry, 2005). The low clutter condition was identical with the exception that the all 30-second spots were eliminated from the film, resulting in the total sponsoring time equaling thirty seconds, or approximately 8% of the total programming time.

Subjects were 743 Norwegian citizens randomly assigned to see one of the two films, and recruited from the same consumer panel as study 1, although no subjects from study 1 were also used in study 2. Subjects were excluded if they indicated problems seeing the video and/or had prior knowledge about the unknown brand, which resulted in a final total of 606 subjects available for data analysis (81% response rate). No significant differences were found between the groups on object involvement, nor were any significant order of presentation effects found.

Study 2 Results:

Table 3 presents the results pertaining to RQ4, where TV sponsors in the uncluttered environment had significantly ($p < .01$) higher brand recognition accuracy and certainty than the same sponsors in the cluttered environment, which contrasts with recent spot advertising research that found higher brand recall in cluttered environments (Hammer et al. 2009). Based on the non-significant and/or very small differences found between TV sponsoring and 30-second spots on brand recognition in study 1, the most likely explanation for these opposing results is the higher clutter variance in the current study. Unlike Hammer et al. (2009), who did not test TV sponsorship and used a reduced set of spot ads to create their low clutter environment, study 2's low clutter environment totally eliminated spot ads to accurately simulate very low clutter public TV environments.

Table 3 about here

Table 3 also shows that among those that were able to accurately recognize the brand, clutter did not impact the performance of sponsoring on measures of brand liking or purchase intentions. If we follow the assumption of Johar et al. (2006) that the vast majority of higher level attitudinal and image transfer communication effects are dependent on accurate recognition of the advertiser/sponsor, these results suggest that the low clutter “public TV” environment effectively increases the audience size by approximately 12% due to the greater

portion of subjects that accurately recognized the sponsored brand versus subjects in the cluttered “commercial TV” environment, but the lack of clutter did not improve the attitudinal related effects among those that processed the brand name.

Discussion

Advertising is a major decision variable for marketing managers effecting millions of dollars of brand support in many firms. TV sponsoring is also an increasingly important revenue source for commercial and public TV broadcasters and producers, but little is known about how effective it is compared to the industry standard 30-second spot. By using realistic stimuli, target market representative samples, and four measures of communication effects, study 1 found that approximately 10 seconds of TV sponsorship exposure equaled the effects created by advertising the same brands using a 30-second spot. In contrast to the Thinkbox study, which found great variation in results depending on fit between sponsoring brand and program (Brennan, 2009), the current results found that the performance of TV sponsoring did not vary by brand type, as the relative performance of sponsoring versus 30-second spots was stable across high/low fit brands and known/unknown brands. These results suggest that each second of TV sponsor exposure provides the same effects as three seconds of exposure via a 30-second spot, which is consistent with the best results from the 2008 Thinkbox study. With rare exceptions, these results are also superior to the 20% performance deficit typically found for 15-second spots when compared to 30-second spots in published studies using a variety of methodologies and effect measures (Newstead and Romaniuk, 2009; Stanton and Burke, 1998).

Study 2 found that an uncluttered “public TV” setting effectively increased the audience that processed the sponsoring brand name by 12% versus a cluttered “commercial TV” setting, but did not improve the attitudinal effects among audience members who accurately recognized the sponsoring brand. This suggests that for a given audience size,

uncluttered TV sponsorship environments may be worth up to 12% more than cluttered environments.

How should these results be used to calculate the financial value of TV sponsoring? According to the results from study 1, the simple answer is that approximately 10 seconds of TV sponsoring exposure should be valued at the financial cost of a 30-second spot to reach the same TV audience. These calculations should also include production costs, however, and TV sponsoring production costs are considerably lower than the costs involved in producing high quality 30-second spots, particularly when the spots involve the hiring of celebrities, use of exotic locations, and/or expensive special effects to keep viewers from changing the channel or leaving the room. For example, assuming a known lower fit brand as sponsor, and a communication goal of increasing purchase intentions, the appropriate value from table 1 is 11.98 (i.e. seconds of sponsor exposure to equal purchase intention results achieved with 30-second spot). Taking this figure and assuming 40 seconds of sponsor exposure during a 60-minute TV program (i.e. 8 five-second billboards are purchased for the program by the sponsoring brand) would provide the same effects as 3.34 30-second spots. Using typical Norwegian market figures, the ad spot cost to reach a 200,000 TV audience will typically be about \$8,000 (per spot), while the production of a 30-second spot might cost \$100,000, but we will assume it will run during 20 programs for a per program cost of \$5,000 ($\$100,000/20$). The cost to broadcast a single 5-second TV sponsor billboard to an audience of 200,000 is \$1,400, which equals a per-second cost of \$280 (i.e. $\$1,400/5$ seconds) and means the total sponsor exposure cost would be \$3,354 (i.e. $\$280 \times 11.98$ seconds), assuming the production cost for a TV sponsor billboard is \$0. Thus the \$3,354 sponsorship cost is almost 70% lower than the \$13,000 cost to achieve the same purchase intention results using a 30-second spot.

Limitations and Future Research Directions:

Although great effort was made to use realistic stimuli, market representative samples, and treat each medium equally, there are several important limitations that should be kept in mind when interpreting and using the study results. First, the studies relied on short duration 10-minute films that gave each respondent only one exposure to each 30-second spot and two 5-second exposures to the TV billboards/bumpers. It is important to note that the financial calculation illustration provided above assumes that ratio of 10 seconds of TV billboards (2x5 second) equaling the effects of a 30-second spot would remain the same over a full-length program such as a 30 minute sitcom or 2 hour movie where exposure levels to both mediums might be considerably higher. This assumption is based on previous research that finds advertising effects are not linear, but flatten out after one to three exposures per purchase cycle (Jones 2006; Vakratsas and Ambler 1999), thus response curves to both mediums are expected to flatten similarly over longer exposure periods. Future research might simulate viewing conditions during an entire program to determine relative communication effects at higher exposure levels to test this assumption.

A second limitation of the methodology is its probable favoring of spot advertising. While panel respondents in the current studies had a lottery draw incentive to view the stimuli TV spots, previous research has established that TV viewers often ignore/eliminate advertisements (Crompton, 2004; Harvey, 2001; Verity, 2002), which is harder to do with sponsor bumpers/billboards that are closely attached to each end of the program. Furthermore, the tested TV spots were selected by advertising agencies because they were particularly effective and they were also the last things that subjects saw on the film before answering the questionnaire (which is also typical of TV broadcasts where ads come at the end of the program after the last TV bumper/billboards). This means subject exposure was freshest for the good quality TV spots, possibly enhancing advertiser recognition and

certainty. Altogether, these factors likely mean that the relative effectiveness estimates for TV sponsoring are likely to be conservative compared to the general population of TV spots that are more variable in quality and placement during programs. Future research might examine how the conversion rates are affected with greater TV spot quality variability and earlier placements during programs.

A third limitation is the sampling frame that relied on a Scandinavian sample's response on four measures of communication effects regarding only six stimuli brands in a single programming context. The highly stable relative performance across brand contexts and similarity to the spot to sponsor ratio findings of the UK based Thinkbox study, however, suggests this limitation may not be a major issue. None-the-less, future research might try to replicate and extend the current studies to determine how the relative effectiveness of TV sponsoring varies across other markets, brands (i.e. small and/or controversial brands), product categories (i.e. consumer durables), programming contexts (i.e. action movies, sitcoms, or news programs that might provoke differing emotions), and communication goals (i.e. image change/creation).

Finally, while the two studies demonstrate the short-term relative effectiveness of TV sponsoring, they do not explore the degree to which audience members cognitively and affectively process the content of the sponsor bumper/billboards versus TV spots, nor the length of time such processed content is accessible in memory. Future research might examine in more detail the manner in which stimuli from both mediums are processed and their relative longer-term effects on brand memory, attitudes, and behavior.

Conclusion

Despite the limitations of the two studies, they are the best-documented and most controlled empirical comparison between TV sponsoring and TV spot advertising so far attempted, and will hopefully inspire further research. In general, the results clearly show

that relatively short exposures to ad bumper/billboards can provide comparable recognition, liking, and intention effects of a 30-second spot whether the brand is well known or not, or high fitting or not. By thoughtful use of the results from these studies, brand managers and broadcasters should have a greatly improved basis for making communication budget allocations and negotiating contracts regarding both mediums.

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Exhibit 1

Measures

Fit (for pre-testing stimuli brands only) (1)

- There is a logical connection between sports and (brand). (disagree $\leftarrow 1 - 7 \rightarrow$ agree)
- (Brand) and sports stand for similar things. (disagree $\leftarrow 1 - 7 \rightarrow$ agree)
- It makes sense to me that (brand) sponsors sports. (disagree $\leftarrow 1 - 7 \rightarrow$ agree)

Recognition: (2)

- Only one of the four brands below was a (advertiser/sponsor) during the sports coverage, which one was it?

Certainty: (3)

- How certain are you that you correctly recognized the (advertiser/sponsor)? (total guess $\leftarrow 0 - 10 \rightarrow 100\%$ certain)

Communication Effect (Liking) (1)

- The (brand's) (advertisement/sponsorship) during the sports program makes you: (more negative towards the brand $\leftarrow 1 - 7 \rightarrow$ more positive towards the brand).
- The (brand's) (advertisement/sponsorship) during the sports program makes you: (dislike the brand more $\leftarrow 1 - 7 \rightarrow$ like the brand more).

Communication Effect (Purchase Intent) (1)

- The (brand's) (advertisement/sponsorship) during the sports program makes you: (less likely to do business with them $\leftarrow 1 - 7 \rightarrow$ more likely to do business with them)

Program Category Involvement: (1)

- I am very interested in sports. (disagree $\leftarrow 1 - 7 \rightarrow$ agree)
- Sports are very important to me. (disagree $\leftarrow 1 - 7 \rightarrow$ agree)

Notes: (1) = adopted from Olson (2010); (2) = adopted from Johar and Pham (1999); (3) = adopted from Olson and Thjømøe (2009).

Table 1: TV Sponsoring versus TV Advertising (a)

| Section 1: All Six Brands | Advertiser | Sponsor | t/z (b) | Sponsor % of Ad (c) | Sponsor Conversion* |
|----------------------------------|-------------------|----------------|----------------|----------------------------|----------------------------|
| N | 895 | 901 | | | |
| Recognition Accuracy | 79.7% | 79.6% | .02 | 99.9 | 10.01 |
| Certainty of Recognition | 86.2% | 85.9% | .21 | 99.7 | 10.03 |
| Brand Liking | 2.57 | 2.58 | .10 | 100.4 | 9.62 |
| Positive Purchase Intention | 30.1% | 31.5% | .16 | 95.6 | 10.46 |

| Section 2: Unknown Brands (Alm Brand and Codan) | N | Advertiser | Sponsor | t/z (b) | Sponsor % of Ad (c) | Sponsor Conversion* |
|--|------------|-------------------|----------------|----------------|----------------------------|----------------------------|
| | 299 | 298 | | | | |
| Recognition Accuracy | 68.8% | 68.1% | .12 | 99.1 | 10.09 | |
| Certainty of Recognition | 82.4% | 80.7% | .47 | 102.1 | 9.79 | |
| Brand Liking | 2.11 | 2.14 | 1.00 | 101.4 | 9.86 | |
| Positive Purchase Intention | 21.6% | 18.0% | 1.01 | 83.5 | 11.98 | |

| Section 3: Known Brands (Coke, Solo, G-Sport, Adidas) | N | Advertiser | Sponsor | t/z (b) | Sponsor % of Ad (c) | Sponsor Conversion* |
|--|------------|-------------------|----------------|----------------|----------------------------|----------------------------|
| | 596 | 603 | | | | |
| Recognition Accuracy | 85.2% | 85.4% | .01 | 100.2 | 9.99 | |
| Certainty of Recognition | 88.9% | 87.6% | .08 | 98.5 | 10.15 | |
| Brand Liking | 2.81 | 2.80 | .75 | 99.6 | 10.04 | |
| Positive Purchase Intention | 36.5% | 36.2% | .10 | 99.0 | 10.10 | |

| Section 4: Known High-Fit Brands (G-Sport, Adidas) | N | Advertiser | Sponsor | t/z (b) | Sponsor % of Ad (c) | Sponsor Conversion* |
|---|------------|-------------------|----------------|----------------|----------------------------|----------------------------|
| | 296 | 302 | | | | |
| Recognition Accuracy | 82.5% | 81.8% | .10 | 99.2 | 10.08 | |
| Certainty of Recognition | 85.9% | 84.4% | .43 | 98.3 | 10.17 | |
| Brand Liking | 3.48 | 3.34 | 1.49 | 96.0 | 10.42 | |
| Positive Purchase Intention | 49.6% | 48.0% | .32 | 96.7 | 10.34 | |

| Section 5: Known Lower-Fit Brands (Coke, Solo) | N | Advertiser | Sponsor | t/z (b) | Sponsor % of Ad (c) | Sponsor Conversion* |
|---|------------|-------------------|----------------|----------------|----------------------------|----------------------------|
| | 296 | 301 | | | | |
| Recognition Accuracy | 83.5% | 86.4% | .90 | 103.5 | 9.66 | |
| Certainty of Recognition | 88.6% | 88.0% | .01 | 99.3 | 10.07 | |
| Brand Liking | 2.70 | 2.70 | .00 | 100.0 | 10.00 | |
| Positive Purchase Intention | 35.0% | 36.4% | .27 | 103.9 | 9.62 | |

(a): Same brands used in all single 30 second spot (seen after program) versus 10 seconds of TV billboard exposure groups (5 seconds before and 5 seconds after program); (b) no t or z values are significantly different at p < .1. (c) Sponsor % of Ad = (sponsor effect / advertiser effect). * = seconds of sponsor exposure to equal effects of single 30 second TV spot

Table 2: Relative Influence of Brand Type and Communication Medium

| Dependent Variable: | Linear Regression Results | | | |
|---------------------------------|---------------------------|-----------------|--------|-----------|
| | Recognition | Effect on Brand | | |
| Predictors Coefficients: (1) | Accuracy | Certainty | Liking | Intention |
| Constant | 68.20 | 82.18 | 2.143 | 20.43 |
| TV Sponsor (dummy) <i>B</i> (2) | 0.50 | -1.27* | .004 | -1.27 |
| Known Brand (dummy) <i>B</i> | 16.50** | 6.75** | .575** | 15.90** |
| High Fit Brand (dummy) <i>B</i> | -2.80* | -3.15** | .710** | 13.10** |
| Adj. Explained Variance | 98.6% | 99.3% | 99.5% | 99.3% |

(1) non-standardized regression coefficients; (2) Communication Medium predictor with TV sponsor = 1 and TV spot ad = 0; ** predictor is significant at $p < .01$ (1-tailed), * predictor is significant at $p < .05$ (1-tailed)

Table 3: TV Sponsorships on Commercial TV versus Public TV (a)

| N | Cluttered TV Sponsorship 302 | Uncluttered TV Sponsorship 304 | t/z | Uncluttered % of Cluttered |
|-----------------------------|---|---|------------|---------------------------------------|
| Recognition Accuracy | 71.2% | 79.6% | 2.31** | 111.8 |
| Certainty of Recognition | 7.69 | 8.72 | 2.62** | 113.4 |
| Sponsor Brand Liking | 3.00 | 2.78 | .96 | 92.8 |
| Positive Purchase Intention | 35.6% | 35.9% | .06 | 100.8 |

(a) Same brands used in all advertiser versus sponsor comparison groups (Adidas and Alm Brand); ** t or z values are significantly different at $p < .01$, no other comparisons significant at $p < .1$.