

**PARTNERING NONPROFIT ORGANIZATIONS
WITH CORPORATE SPONSORS**

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Abstract

Relative to other marketing tools (e.g., advertising, promotions, personal selling) corporate sponsorship is seldom discussed in the marketing literature. This is unfortunate because corporate sponsor relationships can be advantageous to both nonprofit organizations (NPOs) and profit seeking corporations (Hernandez-Murillo and Martinek 2009). NPOs are organizations that strive to provide goods and services to society without pursuing profits. Although NPOs are permitted to generate surplus revenues, they must be retained by the organization and used for the purpose of self-preservation or expansion of services. As such, NPOs use revenues generated by operations to achieve their goals and have little discretionary revenues that can be used for promotional efforts. Corporations are profit seeking enterprises that seek to attract consumers by providing products that the marketplace perceives as being of value. To enhance long-term success corporations strive to develop effective relationships with consumers in the marketplace. Profit seeking corporations and NPOs can both benefit by partnering together. NPOs can better address social causes by gaining higher visibility and financial backing with the help of corporations. Especially in recent years, corporations are increasingly concerned with social responsibility and therefore open to partnering with NPOs in the form of a sponsorship relationship (Siegel and Vitaliano 2007). This paper examines the use of sponsorship to enhance attitudes towards nonprofit organizations and sponsoring corporations.

Partnering Nonprofit Organizations with Corporate Sponsors

Introduction

Sponsorship occurs when a corporation funds or partially funds a program or event. Sponsorships are not a new phenomenon. Proctor and Gamble Co. began sponsoring “soap opera” daytime drama television programs like “As the World Turns” in the 1950s. Phillips 66 has long provided support for wildlife reserves. Over the years, corporate sponsorship has grown tremendously to the point where corporations sponsor a wide variety of events and programs. In fact, sponsorship spending by North American companies approached \$20 billion in 2013 and has grown on average approximately five percent each year for the past five years (IEG magazine 2013). Corporations such as Anheuser-Busch, Nike, Coca-Cola and General Motors are some of the more active companies involved with corporate sponsorship with each spending in excess of 140 million dollars on sponsorship in 2006 (IEG magazine 2012).

Benefits of Corporate Sponsorship to Nonprofit Organizations

Corporate sponsorships are a particularly attractive marketing tool for nonprofit organizations (NPOs). NPOs are organizations that strive to provide goods and services to society without pursuing profits. In an effort to promote social good, NPOs strive to make positive connections with the public. It is hoped that by developing positive impressions, a NPO can raise more awareness and support (financial and non-financial) for a given cause (e.g., breast cancer awareness or treatment options). Within the United States there are a number of NPOs. Examples of NPOs include the Susan G. Komen Foundation which strives to enhance women’s health, the March of Dimes whose mission is to improve children’s health, and the Boys and Girls Clubs of America organization which provides positive youth activities for teens and preteens.

Of course, nonprofit marketers have numerous “tools” for creating or improving public perception including advertising and promotional events. But many promotional tools, such as advertising, are costly. Surplus revenues generated by NPOs are required by law to be used for the purpose of self-preservation of the NPO or to expand services offered by the NPO. Therefore, NPOs often lack financial resources that could be used to increase the visibility of a NPO or to increase awareness of a given social cause. Corporate sponsorships provide financial and other support to help the NPO positively influence marketplace awareness and attitudes towards a given social good cause (Mason 2005).

Benefits of Corporate Sponsorship to Corporations

Corporations are profit seeking enterprises that seek to attract consumers by providing products that the marketplace perceives as being of value. An effective way to improve a corporation’s credibility or the image of its products is to engage in socially responsible behavior by working with a NPO on a social cause (Henderson 2014; Hernandez-Murillo and Martinek 2009; Husted 2006; Siegel and Vitaliano 2007). For example, in 1983,

American Express partnered with the Statue of Liberty-Ellis Island Foundation (a NPO) on a restoration project. For this cause, American Express donated one cent for every card transaction and \$1.00 for every new card issued for 4 months. The program was a huge success; American Express donated approximately \$2 million to the restoration cause. American Express consumer card usage grew by 27% and new applications increased by 45% (Chansky 2014).

Sponsor relationships that provide a good fit for both NPOs and corporate sponsors are likely to provide the greatest benefits (McDaniel 1999). For example, it makes sense for an NPO such as the March of Dimes to seek a sponsorship with a franchise corporation such as Subway to promote a fund raising 5K fun run event, because both parties want the marketplace to perceive them as providing health related benefits. Likewise, the National Football League (NFL) and Major League Baseball (MLB) have long sought to increase their female base. Therefore, forming a sponsorship partnership with the Susan G. Komen Foundation helps bring awareness to breast cancer and simultaneously helps the NFL and MLB reach out and form positive emotional connections with women.

Despite the obvious interest of many corporations to partner in sponsorship relationships, a potential concern is how to assess the effects of sponsorship on consumer attitudes and behaviors (Harvey 2001; Meenaghan 2001). In the past, researchers have relied upon theories from various social science disciplines to explain possible effects of sponsorship on consumer behavior (Douvis 2004). However, the research findings were antidotal, not empirical. While it is clear that a corporation can impact consumers' attitudes towards their products by developing sponsorships relationships with an NPO, it is difficult to determine how much and why (Mason 2005). The following provides a conceptual analysis of how corporate sponsorship might be used to change marketplace attitudes towards a given NPOs social cause.

Attitude Change with Sponsorships

To understand how sponsorship affects a consumer's attitude, it is first necessary to understand what an attitude is and how it functions. An attitude may be defined as an idea charged with emotion which predisposes a class of actions to a particular class of objects (Chisman 1976; Triandis 1971). In other words, attitudes include affective, cognitive, and behavioral components. According to Chisman (1976), the cognitive component includes a person's beliefs about a given object (i.e., organization, product or social good). Triandis (1971) describes the affective component as the person's evaluative emotional attachments towards a given object. The behavioral component of an attitude is comprised of the person's behavior tendencies towards an object (Triandis 1971). It can clearly be seen that a person's attitudes towards a given object will have a strong impact on their future behavior towards that object.

Attitudes can be changed by altering one or more of the three attitudinal components (Kiesler et.al. 1969; Madrigal 2000). Sponsorship seems to have the most obvious effect on the affective component of an attitude by creating a positive association between the NPO's social cause and the corporation and their products. When people are forming attitudes, informational stimuli are internalized to form beliefs about the object referred

to in the stimuli (Triandis 1971). Once a belief is formed, it can be associated with pleasant or unpleasant emotional affective state (Lardinoit and Derbaix 2001).

A person's behavior tendencies towards an object tend to be consistent with the formed beliefs and emotional attachments formed. Although people tend to behave toward an object in a manner that is consistent with their beliefs and emotional attachments, it is possible for people to have beliefs and emotional states that are inconsistent with their actions (Dean 1999; Chisman 1976). However, this is the exception rather than the rule. Thus, a corporate sponsor can likely benefit from its association with a social cause that fits with the consumer's values. That is, the consumer's positive feelings for the sponsored event/cause will become linked with their feelings with the sponsoring company. Then, after the feelings are linked, a "halo effect" may then suggest to consumers that the sponsor's products are more desirable than products offered by their competition (Lardinoit and Derbaix 2001).

Benefits of Sponsorship over other Promotional Tools

Sponsorship as a promotional tool does have similarities with other forms of marketing (Madrigal 2001). However, for building relationships in the marketplace, there are several benefits of sponsorship over mass advertising (Meenaghan 2001). Sponsorship is an indirect/disguised attempt to persuade, unlike advertising which is seen as direct with an overt intent to persuade. These factors, combined with the goodwill from sponsorship, make a consumer's defense mechanisms low when perceiving sponsorship, whereas these same mechanisms are high when watching commercials. That is, a person is more likely to receive promotional messaging from a sponsorship favorably whereas they will be more skeptical of advertising (Mason 2005). Therefore, the public typically views sponsorship as more accepted and more legitimate than advertising (Mason 2005; Meenaghan 2001). In a study of people's attitudes towards 350 companies, the companies that were seen most favorably were those companies that are known for sponsorships as well as advertising. For example, Hallmark is seen as a credible and caring company, partly because they sponsor heartwarming television programs (Meenaghan 2001).

Conclusion

In conclusion, corporate sponsorship as a promotional tool does have similarities with other forms of marketing. However, sponsorship may have more power to influence peoples' attitudes than other marketing promotional tools. For example, a business can use sponsorship as a tool for increasing their brand awareness by exposing consumers to their products while simultaneously enhancing its image by linking the product to a social cause that already evokes strong positive emotions in the marketplace (Harvey 2001).

Sponsorship relationships between profit seeking corporations and NPOs can be mutually beneficial to both types of organizations. By soliciting positive emotional attachments, corporate sponsors can alter their consumers' cognitive structures or beliefs concerning the corporation's products. This, in turn, should lead consumers to engage in desirable behaviors towards the corporation and their products. In like manner, a NPO can benefit by having financial and other support from a corporation and thus increase awareness and

attitude towards a given social cause. For best results, a corporation should partner with an NPO that provides a good fit with the values that the corporation's consumers hold. That is, sponsor relationships that provide a good fit for both the NPO and the corporate sponsor are likely to provide the greatest benefits. In order to better understand the benefits of sponsorship relationships, future studies should focus on gathering empirical data and conducting analysis of the effects of sponsorship on society/consumers' attitudes and behaviors.

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