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Relation Marketing

# “Everything’s Buyable”

A case study on sponsorship’s effect on business  
relation development

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# Abstract

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All around the world companies spend huge amounts of money on sponsorship, and during the past decades sponsorship has experienced a significant growth, and is also predicted to play an even more significant part as a marketing tool in the future. However, previous research on sponsorship has in general emphasized its effects on individuals. Therefore, the purpose of this dissertation is to explore sponsorship's effect on business relation development, and in particular to study its effect on business to business relation development.

This dissertation has an abductive research approach and an exploratory research design which is useful in this sparse investigated subject. Furthermore, to be able to thoroughly explore the subject and be adaptable, the primary data is collected using a case study with qualitative interviews in a semi-structured manner.

The findings indicate sponsorship to affect trust, sincerity, and reputation in the business to business relation development, and also assess commitment and credibility to some extent be affected by sponsorship. However, the findings are only a minor contribution to this uninvestigated field, which needs further investigation. Suggestion for future research could be to do a similar investigation on a larger scale, and with a bigger sample.

Since sponsorship is a growing and complex phenomenon, and this dissertation is limited to how sponsorship affects business to business relation development, the findings can be of interest for companies active in the business to business sphere. Hence, marketers may benefit from the knowledge of how to implement appropriate sponsorship programs, in order to increase the number of relations and to gain competitive advantage.

**Keywords:** Sponsorship, business relation development, trust, commitment, sincerity, credibility, reputation.

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Keyword: Patience!

Thank you.

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# 1. Introduction

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*This first chapter explains the background of this dissertation. Furthermore, a problem is presented, as well as a purpose and research question. In the end, theoretical limitations of the dissertation are assessed*

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## 1.1 Background

In a world of globalization, competition among firms increases rapidly. This competition is assumed to be one reason why traditional marketing has become outdated and why relationship marketing emerged as a new possibility to maintain and attract new customers (Egan, 2008). In the sphere of relationship marketing, some firms focus on environment and people when they implement a corporate social responsibility (CSR) strategy, since the common goal with CSR is to achieve a triple bottom line: profit, people, and planet (Ponte *et al.*, 2009). Others decide to increase brand awareness with the help of supporting a good cause, which could be a clever move, since implementation of a cause related marketing strategy is told to have better effect than discount prices (William and Endacott, 2004). Another activity within the relationship marketing sphere is sponsorship; it is a growing phenomenon that even though it is complex and has increased in popularity, it probably will play an even more significant part as a marketing tool in the future (Gupta and Pirsch, 2006). Companies, who decide to explore the benefits of sponsorship, have the possibility to enter a number of different sponsorship areas, from charity and community activities to individual personalities and events. However, this dissertation will in general focus on sport sponsorship, since it is the most popular sponsorship medium, and accounts for at least three quarters of all sponsorship spending in the UK and US (Jobber and Fahy, 2006; Bennet, 1999). It is a fact that sport sponsorship offers high visibility in television and other media, and even has the capacity to break down cultural barriers (Bennet, 1999).

One of the reasons, which raised our interest to deal with sponsorship in this dissertation, is the new trend of company sponsored arenas. Recently, companies have realized the power of being associated with widely known and widely exposed sports entities. London Football Club Arsenal and its new billion dollar arena, named and paid by Emirates is just one example. Another example in Sweden is the new National arena in Stockholm, which

will be finished in the upcoming years, named and sponsored by Swedbank (Linderoth, 2008). In addition, Nygård's claims that the concept of company sponsored arenas has been gaining momentum all over the world, and is an appropriate way for companies to strengthen their brands (Linderoth, 2008).

## **1.2 Problem**

As Bennet (1999) writes, a number of studies have concluded that cause-related marketing and sponsorship can be a highly cost-effective method. Still, it remains complex to measure sponsorship effects, hence, most companies do not even bother calculate return on investment (Polonsky and Speed, 2001).

However, previous research generally focuses on sponsorship's effect on individual consumers (Bennet, 1999; Sing, Kristensen and Villaseñor, 2009; Gupta and Pirsch, 2006; William and Endacott, 2004; Van den Brink *et al.*, 2006). Hence, there is limited research referred to how sponsorship affects business to business relationships. It is a fact that sponsorship is a growing phenomenon, which is predicted to enhance its significance as a marketing tool in the future. Therefore, it could also be important for companies that find themselves in the business to business market, to explore the possible benefits of sponsorship and how to utilize it to gain competitive advantage (Gupta and Pirsch, 2006). Consequently, above stated reasons bring out the need for deeper investigation in the sponsorship field and its effects on business to business relation development.

## **1.3 Purpose**

The purpose of this dissertation is to explore the effects of sponsorship on business relation development.

## **1.4 Research question**

To look into the above stated problems, following question is developed:

- How does sponsorship affect business relation development?

## **1.5 Theoretical Limitations**

Research is limited to aspects such as time and resources. These restrictions are vital to ensure that information is relevant which also reflect the outcome of this dissertation. However, this study also has limitations of theoretical nature as clarified below.

The intention with this dissertation is to explore the relation between sponsorship and business relation development. However, focus will be on business to business relation development, since, the lack of investigation about sponsorship and its effects on business to business relation development are profound. Business to business relation development consists of several different factors, but this dissertation is limited to the exploration of how sponsorship affects trust, commitment, credibility, sincerity, and reputation in the relation development.

Sponsorship and business relation development are two well known areas with several different theories, which make the theoretical learning process long and complex. That is why we cannot ensure everything to be included and examined.

## 2. Theoretical method

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*The following section presents choices regarding this dissertation's methodology. This includes research philosophy, research approach, choice of theory and choice of methodology.*

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### 2.1 Research Philosophy

There are three common research philosophies, which are positivism, interpretivism, and realism. Saunders, Lewis and Thornhill (2003) state that the research philosophy implemented, depends on researchers thoughts regarding the knowledge development.

- With a *positivistic* research philosophy, you approach the research as an objective analyst, and interpret collected data with the spirit of a natural scientist. There is often emphasis on structured methodology and on quantifiable observations that ends up with statistical analysis and generalizations (Saunders *et al.*, 2003).

- The fundamental idea of *realism* is the belief of a reality, which is independent of human thoughts and beliefs (Saunders *et al.*, 2003). Though realism shares some aspects of positivism, a realist recognizes that single individuals are not study objects. Instead the value is to understand broader social forces and structures, which may influence or restrain people's views and behaviors (Saunders *et al.*, 2003).

- The third research philosophy is called *interpretivism*. Its followers think business and management situations are far too complex and unique to put in to theory, hence, the interpretivist argues that generalization is not of vital significance. In return there is an ambition to understand the subject reality and to come across details of different situations.

As Saunders *et al.* (2003) state, it would be a pitfall and a mistake to assume one philosophy superior the others. Each philosophy is better at different things, and which one is the most suitable, comes down to the research question(s). Nevertheless, in this dissertation an interpretivistic philosophy is implemented. Sponsorship and its effects is without hesitation a complex issue that needs to be investigated thoroughly with ambition to get a deeper understanding. Compared to thoroughly investigated business areas, sponsorship and its effects on company relations is an unexplored area which feels

necessary to investigate. Additionally, the major aim is not to generalize the outcome to a larger population.

## **2.2 Research approach**

In research projects you often speak of two major approaches to adopt, the deductive and inductive. Nevertheless a third option will also be evaluated below since it is of importance for this particular project.

Beginning with the *deductive* approach, as Saunders *et al.* (2003) describe, this alternative begins with developing a theory, which you continue to test and analyze with a suitable research method, and finally end up confirming, rejecting, or modifying, referred to the findings. There are a number of important characteristics of the deductive approach, where the most central one would be “the search to explain causal relationships between variables” (*ibid.*, p.86).

When you adopt the *inductive* approach, you begin to search the field to collect data with intention to understand the full nature of the problem. Therefore, in an inductive way, theory follows data rather than vice versa as in the deductive approach (Saunders *et al.*, 2003). Furthermore, Alvesson and Sköldberg (2002) discuss these two opposites and point out the conflict between deduction and induction is far from a new topic since it derives from Bacon and Descartes and back to the Greek philosophers Aristotle and Plato.

As said although, a third approach suits this project better. This third option is called *abduction*, “which in simple terms mean the ability to see patterns, to reveal deep structures” (Alvesson and Sköldberg, 2002, p. 17). In other words it is up to the researchers to move between theoretical and empirical understanding and to allow gradual emergence. Since sponsorship and its effects can be regarded as unexplored, it is in this case natural to move back and forth between existing theory and new data. Another reason for adopting an abductive approach is our model. It is developed within the literature review, but is presumably going to be modified in one way or another throughout the dissertation.

### **2.3 Choice of Theory**

The intention with this research is to look at sponsorship, which is a part of cause related marketing, and see how it affects business relation development. Therefore, it is of interest to first see what the different areas encompass, and then to look at the connection. This will be supported with theories in sponsorship, as well as in business relation development. Concerning sponsorship, the main theories are supported by Shank (2008). Jobber and Fahy (2006), together with Bennet (1999) and Olson's (2010) up to date article about how sponsorship works in different contexts, all explain relevant theories of interest for this dissertation. Regarding business relation development, the main basis is gathered from Cann (1998), but also from Herbig and Milewicz (1997), Heffernan (2004), Caceres and Paparoidames (2007), and Karlsen *et al.* (2007) who contribute with explanations of important factors in the business relation development.

### **2.4 Choice of Methodology**

The research method is to some extent based on the literature review. The literature review gave us knowledge that investigations about sponsorship and its effects on business relation development are sparse. Nevertheless, business relation development is a highly investigated subject. Therefore the conducted model is based on key factors in business relation development with intention to see if sponsorship affects those factors, or if sponsorship yields other factors. That is one reason why we considered qualitative data to be most appropriate to increase the understanding in the subject. Another reason is the difficulty to measure the effects of sponsorship (Polonsky and Speed, 2001). That is why qualitative data are more suitable than quantitative data, since quantitative data is more useful in investigations were quantifiable and statistical results are of importance.



## 3. Theoretical Framework

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*In this chapter a collection of articles and literature are presented as the theoretical framework of this dissertation. It begins with a presentation of relationship marketing and goes on with corporate social responsibility, cause related marketing, and sponsorship with its benefits. Furthermore, business relation development and key factors in that field are presented, which results in a model exposed in the end of this chapter.*

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### 3.1 Relationship marketing

Over the past decades, it is not an overstatement to say markets have become increasingly changing and complex. It was due to these changes relationship marketing (RM) as a concept emerged somewhere around the 80's and 90's. There have been various claims as to who can be said to be the discoverer of RM, hence, the uncertainty of the time aspect. Webster in 1992 or Berry in 1983 is the two most common answers as to who was the first to publish substantive work in the field (Egan, 2008).

However, as Egan (2008) writes, what can be said with certainty is that RM emerged as a solution to the traditional transactional marketing since it hastily was becoming outdated. During the time, it was argued that a paradigm shift had to take place if marketing was going to survive as a discipline (Egan, 2008). The underlying motive to the debate was the success of a relational approach in the service and business to business sectors which was getting more and more recognized among marketers. It was said to come to replace or at least supplement its predecessor, the transactional model. The transactional model was said to rely too much on quantitative research and focus only on short-term transactions. It became more and more clear that the ability to attract, retain and develop customer relationships was crucial for success (*ibid.*).

Egan (2008) continues claiming that very early it became clear that RM was not easy to define and assesses there are nearly 50 published definitions of the subject. Grönroos (1994) presents a refined definition of RM in which he describes the objectives of RM as to:

Identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises. (Egan, 2008, p.37)

RM is often seen as a broad concept with numerous relational variations rather than a clear unified concept. Furthermore, there are hundreds of subordinated areas related to RM, and one of them which have lately become a hot subject is CSR, Corporate Social Responsibility.

### **3.2 Corporate social responsibility**

The bottom line for companies used to be only about profit, and companies tried their best to maximize it. However, changing market situations have forced companies to care about a triple bottom line; profit, people and planet. This is why CSR has developed. The common goal with a corporate social responsibility strategy is to achieve the triple bottom line (Ponte *et al.*, 2009). Furthermore Ponte *et al.* (2009) mention that CSR is a broad term that includes both corporate philanthropy and cause related marketing. Nevertheless, Moir (2001) specify the concept CSR in detail when saying that CSR includes concern towards employees, suppliers, customers, environment, community, ethics, and human rights.

To make the term CSR even clearer, following definition has been chosen:

CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. (Moir, 2001, p.18)

As mentioned earlier the goal of CSR according to Ponte *et al.* (2009) is to achieve the triple bottom line. Hence, it is clear what the intention with CSR is, but at the same time unclear how it affects consumers' response as there are lots of different influencing factors proposed in the literature (Gao, 2009). That is why Gao's (2009) theory is of relevance to explain consumers' response, because it concludes CSR as a broad topic and it might, therefore, look different in different contexts. According to Gao (2009), there are four important factors influencing consumers' response to CSR. These four factors are: type of issue/cause, form of CSR, commitment of CSR, and timing of CSR. Therefore, it is important to take these factors in to serious consideration before a CSR strategy is

implemented, otherwise it will be difficult to get the sought response of the customers. However, these factors might not be identical when a B2B CSR strategy is implemented.

### **3.3 Cause related marketing**

Another notion within relationship marketing is cause related marketing. CRM is defined by Varadarajan and Menon (1988) as:

The process of formulating and implementing marketing activities that are characterised by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue-providing exchanges that satisfy organisational and individual objectives. (Van den Brink *et al.*, 2006. p.15)

Cause related marketing started to gain momentum in the beginning of the 1980's according to Lachowetz and Gladden (2002), and has since then become a popular medium to attract customers, especially in the United States. CRM is a marketing strategy that companies implement to increase brand awareness and to link businesses with good causes which is told to have an even better effect than discount prices (William and Endacott, 2004). In their study, William and Endacott (2004) found that consumers have a positive attitude towards CRM on a global scale. However, it is difficult to specify what consumers prefer since attitudes differ from country to country. Consequently, it is important for companies to adapt their CRM to targeted countries (*ibid.*).

Nowadays, companies have started to see opportunities to leverage sponsorship through cause related marketing as one program (Polonsky and Speed, 2001). This is an extremely good method to achieve two goals within the same strategy because the goal with sponsorship is to increase brand awareness, while the goal with cause related marketing is to increase sales (*ibid.*). Polonsky and Speed (2001) were not the first to mention the possibility to integrate sponsorship and cause related marketing, but they were two of the first to evaluate scenarios where CRM programs would be appropriate and where not.

CRM usually links an organization's products directly to a social cause through the firm's marketing plan. Generally organizations prefer to support causes that are of interest for their target market (McAlister and Ferrell, 2002). Lachowetz and Gladden (2002) proves this fact when they explain their Theory-Based Framework of a cause related sport marketing program. Their model of a cause related sport marketing program consists of four necessary conditions. The first condition is resonance; the program must resonate

with the target market of the company, since the program will be more successful if the cause has great influence on the consumer. The second condition is commitment; to avoid skepticism from consumers an extensive internal marketing related to the cause is appropriate to ensure that employees are aware of the commitment. The third condition is tangible exchange; it is important that the sponsor transfers services, goods, or money to the cause to build up trust and make consumers less skeptical. The fourth condition is promotion of the cause related sport marketing program; the program must be promoted before consumers develop brand awareness (*ibid.*).

Serious consideration of these four factors can contribute to enhanced brand image and brand loyalty, and consumer brand switching (Lachowetz and Gladden, 2002). Concerning enhanced brand image, Lachowetz and Gladden (2002) discuss that consumers' positive associations of a company using CRM can be kept positive, even after negative publicity, if the CRM program is successful. Regarding brand loyalty, activities with a cause related sport marketing program can contribute to consumers creating favorable attitudes towards the brand, and those attitudes will lead to increased sales. A CRM program also intends to attract new consumers and hopefully motivate them to switch brand (*ibid.*).

Since this dissertation will focus on business to business relations and not business to consumers, it is not certain we will be able to replicate the outcome part of the theory above. However, it has contributed to deeper knowledge and understanding of the CRM field.

Lachowetz and Gladden (2002) also mention that if this theory shall work in reality, companies need to consider two important aspects. First, is that there must be genuine commitment to the cause in the entire organization. Second, consumers must be aware of and feel that commitments from organizations are authentic. The commitment part of CRM is important; otherwise brand loyalty will not be enhanced (Van den Brink, *et al.*, 2006).

According to Lachowetz and Gladden (2002), CRM programs shall strive to create favorable attitudes such as trust, credibility and integrity to customers. For example, the tobacco and alcohol industries are more positively perceived when their actions have a

sustainable motive related to their business, for example when a tobacco company raise funds for a cancer association (Singh *et al.*, 2009).

### **3.4 Sponsorship**

All around the world companies spend huge amounts of money on sponsorship, and during the past decades sponsorship has experienced a significant growth. What objectives exist for spending millions of dollars? Organizations would certainly not deal with sponsorship if they did not feel confident to get return on investment. Compared to in the past, when sponsorship could be defined as providing some money and get its brand displayed, it has evolved into a part of company strategy, at the same time as the level of involvement in the actual event has dramatically increased. Some of the factors which can explain the expansion and companies' objectives include escalating costs of media advertising, restrictive government advertising policies and the confirmed evidence of increased media coverage of sponsored events. For example, Volvo entered a £2 million sponsorship-deal which afterwards was calculated to be worth £12 million in media advertising based on media coverage, sightings and audience size (Jobber and Fahy, 2006). A number of studies have concluded that sponsorship can be a highly cost-effective marketing tool (Bennet, 1999).

Before continuing, it would be appropriate to define sponsorship. In fact several definitions of sponsorship have been proposed by various authors, but they all agree on sponsorship primarily being a commercial activity (Polonsky and Speed, 2001). To choose one definition over the others, Cornwell *et al.* (2005) define it:

a sponsor (i.e. a brand or firm) providing cash and/or other compensation in exchange for access to an object's commercial potential (i.e. exposure and association with the cause, event, organization or individual related to a sport, cultural, and/or non-profit entity). (in Olson, 2010, p.180)

Companies active with sponsorship have the possibility to enter a number of different sponsorship areas, from charity and community activities to individual personalities and events. However, sports sponsorship is by far the most popular medium as it offers high visibility, and extensive television and press coverage. It also gives the ability to reach a broad cross-section of the community, and finally, it has the capacity to break down cultural barriers. Previous research assesses sport sponsorship to account for at least three quarters of all sponsorship spending in the US and UK (Bennet, 1999).

Referring to Shank (2008) sponsorship objectives can be categorized as either direct or indirect. Direct sponsorship objectives usually have a short-term effect on consumption behavior and focus on enhancing sales figures. Indirect sponsorship objectives, on the other hand, are those that ultimately lead to the desired state of improved sales which include generating awareness, meeting and beating competition, reaching new target markets, and improving brand image. Shank (2008) also deliver a somewhat sport influenced definition of sponsorship, as “investing in a sports entity (athlete, league, team, event, and so on) to support overall organizational objectives, marketing goals, and more specific promotional objectives” (p.263). This also gives credit to the statement earlier regarding different definitions available on the topic.

Below, the most widespread sponsorship’ objectives will be presented.

#### *3.4.1 Generating awareness*

As Shank (2008) points out, maybe the most fundamental objective with sponsorship is the creation of awareness. Jobber and Fahy (2006) also point out that sponsorship can provide exposure to millions of people. The German delivery company DHL has realized the great power of sponsorship and signed a deal with the major baseball league in the US. This is a part of a strategy to raise the awareness on the American market where it has to compete with its two big global rivals, UPS and FedEx on their home market. The authors continue to point out that sponsorship can create major awareness shifts, giving Canon’s sponsorship of football in the UK as an example, which raised the brand awareness from an extraordinary 40 to 85 per cent among males.

Maybe one of the most successful examples of a sponsorship is VISA, which is the official worldwide sponsor of the Olympic Games and it has been that for over 20 years. During the Olympic Games in Sydney 2000, VISA could surf on a fantastic wave of success that included widespread brand exposure, media coverage, and additional collaboration opportunities (Shank, 2008). VISA’s sponsorship of the Olympic Games in Sydney had a major impact with record sales volumes of \$14 million, which is equivalent to almost 295 000 card purchasers in the 17 days the games progressed. Add that global volume went up, and brand awareness became higher than ever. (*ibid.*)

#### *3.4.2 Reaching (new) target markets*

Another primary objective of sponsorship programs is the opportunity to reach new/desirable target markets. One of the exceptional features and benefits of sponsorship

as a marketing tool is its ability to reach people who are attracted to (sport) entities and who, therefore, share similar interest. In other words, sponsorship of events represents a natural medium of psychographic segmentation, where companies can reach consumers with similar interests and opinions (Shank, 2008). A matter to take into consideration is the importance to sponsor events that are of interest for the companies' target market(s). One of the most common reasons for sponsorship failure is incorrect analysis of the sponsored event's target market as companies simply reach out to the wrong audience (McAlister and Ferrell, 2002). For both CRM programs and sponsorship programs several studies have concluded the significance of sponsoring a cause/event that matches the companies' core values. This is crucial to reduce the possible skepticism that people often have towards a sponsor's motives for engaging in the matter. If companies are perceived to engage with obvious economical objectives the outcome will not be to the company's advantage (Singh *et al.*, 2009; Polonsky and Speed, 2001). This is emphasized by Olson (2010) when he says:

Sponsorship research has more or less universally found that higher fit is related to higher effects in both sports and non-sport contexts, which is commonly credited to less skepticism of the sponsor's motives (p.188)

### *3.4.3 Improving brand image*

Another significant reason with sponsorship is to maintain or build an image. Since the sponsor associates itself with images generated by the unique sponsored event, it is of crucial importance to find right fit between participants. The significance of finding coherence between sponsor and sponsored event is mentioned by various authors (Polonsky and Speed, 2001; Olson, 2010; Shank, 2008; Singh *et al.*, 2009). Shank (2008) points out that the struggle to find resemblance between the sponsor and sponsored event can be portrayed as "looking for the perfect wedding" (p. 342). Therefore, before implementing a sponsorship strategy, it is important to thoroughly analyze what emotions it will yield. Jobber and Fahy (2006) also discuss the subject, and state an audience, exposed to a sponsor's name/logo, learns to relate sponsor and activity with each other. Further, Jobber and Fahy (2006) identify values which can be associated with sponsors, dependent of sponsorship category. For example, sport sponsorships create values like healthy, young, energetic, fast, vibrant and masculine. This can be compared with values like concerned, caring, intelligent, and admirable which are said to be transferred when sponsoring social causes.

#### *3.4.4 Meeting and beating competition*

Various authors claim, to not lose market shares to competitors, it is crucial to implement some kind of sponsorship program. At the same time, if applying the right kind of sponsorship and using it in the correct way, it can be an effective tool to gain competitive advantage (Lachowetz and Gladden, 2002; McAlister and Ferrell, 2002; Shank, 2008). Olson (2010) assesses the importance of coherence between sponsor and sponsored event, as well as the significance of being sincere with sponsor motives. Singh *et al.* (2009) also point out the importance of being honest with the sponsorship intention, to be able minimize the target group's skepticism towards sponsor's motives.

As sponsorship's popularity has increased, a large proportion of company managers have started to recognize its capability to differentiate their companies. Hence, managers, who in reality are not interested in sponsorship, feel they cannot afford not to deal with it. Moreover, some companies have started to use what can be called a pre-emptive tactic (Shank, 2008). In other words, if they do not engage in a unique sponsorship opportunity, their competitors will. The well known rivalry between Pepsi and Coke in the United States has taken the competition to a further level, when one strategically tries to steal a deal from the other. Pepsi made such a maneuver, when signing the sponsorship deal with the National Football League (NFL), simply taking the desirable relationship away from Coke (Shank, 2008).



### 3.5 A model is emerging

The initial stage of this dissertation's theoretical framework ends up in a model of sponsorship as a part of cause related marketing. Sponsorship is highlighted, since it probably will play an even more significant part as a marketing tool in the future (Gupta and Pirsch, 2006). Furthermore, the model summarizes sponsorship's benefits, or in other words, indirect sponsorship objectives as described by Shank (2008).

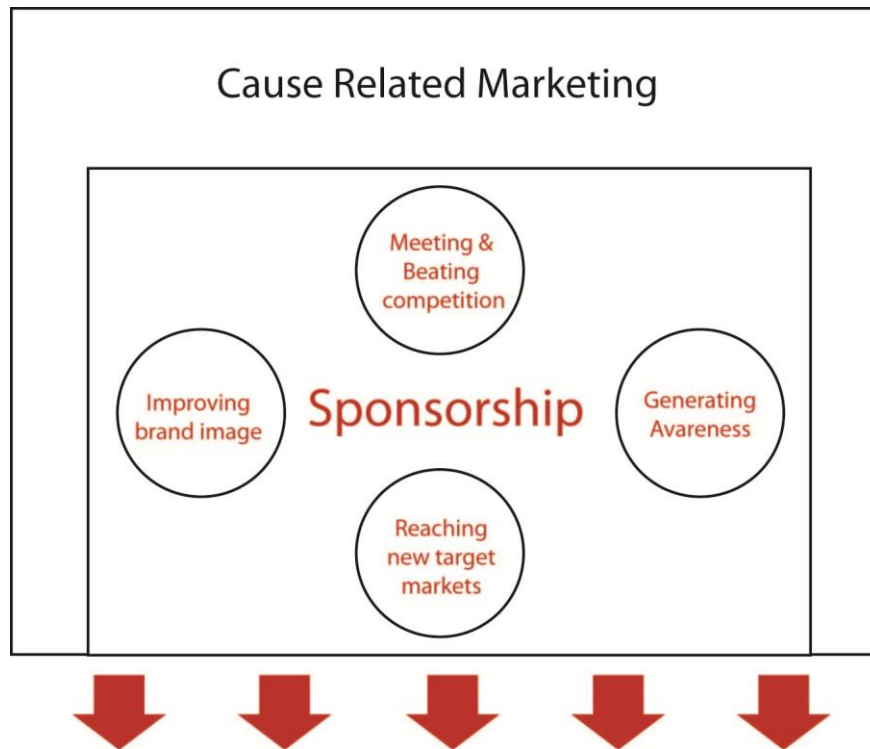


Figure 1: Emerging model

### **3.6 Business relation development**

Previous investigations have focused on sponsorship and its effects on consumers, but how sponsorship affects business to business relation development is a rather uninvestigated field. That is why business to business relation development will be explored below, before we go into the part of the dissertation where the two concepts will be brought together.

There are several different aspects the literature reveals as important in business to business relation development. However, trust and commitment are mentioned as two of the most important ones (Heffernan, 2004). Furthermore, credibility, sincerity, and reputation are also mentioned as essential in the development of a business to business relation (Herbig and Milewicz, 1997).

An efficient way to be successful in business, is to establish a good relationship, “although this may be common knowledge, it is not always common practice” (Cann, 1998, p. 393). That is why Cann (1998), presents eight steps of how to establish a good business to business relationship, in order to create customer satisfaction and commitment.

Step one to three involves setting marketing goals, defining service oriented marketing strategy, and determine current culture. These steps are of importance when evaluating strengths and weaknesses of a firm. Step four and five, reveal the importance of a connection between strategy and culture. Hence, the strategy must be in resonance with the firm’s culture and how the firm is perceived (Cann, 1998). How firms are perceived is also discussed by Lachowetz and Gladden (2002), when they mention the importance of resonance and commitment between firm and strategy. Commitment and resonance are also explained by (Gao, 2009) as two major factors influencing the outcome of a CSR strategy. Furthermore, Cann (1998) mentions three different marketing activities of importance in business to business relation development. These marketing activities are to ensure that customers feel company’s commitment as authentic. The first one is internal marketing, and is to ensure that everyone within the company is aware of the supported cause. The second and the third is external and interactive marketing, which both are to connect and to create a successful initial stage of a relationship (*ibid.*). Step six to eight discuss how to implement a marketing strategy, how to bond socially with

customers, and how to add value to the relationship. These steps also point out that companies should strive to create a beneficial relationship. The bonding part between firms is dynamic, which can lead to interdependency between buyer and seller. Furthermore, the value increases for both parts when repeated business exchanges take place (*ibid.*).

When discussing features of importance for a relationship to develop and thrive, the below presented factors are some of the most frequently recurring ones.

### 3.6.1 Trust

The globalization has increased the rivalry among firms and forced them to think strategically how to survive both in domestic and foreign markets, hence, companies' interest in business to business relationships have increased. One important factor in a successful B2B relationship is trust according to Heffernan (2004). Furthermore, Parkhe (1998) in Heffernan (2004) describes trust as a key variable to a successful relationship. Also, Awuah and Gebrekidan (2008) emphasize the significance of trust in relationships when they say:

If a firm has created a very good image for itself by fulfilling its obligations and is trusted by its partners, based on its performance relative to its promises, it can manage to develop strong forward and backward relationships as well as vertical and horizontal relationships. (p. 338)

Although there are numerous different explanations of the concept trust, the following definition is chosen:

a feeling of security, based primarily on the belief that one party's behavior is guided by favorable intentions towards the best interest of the other, and secondly on the competence of a business to keep its promises. (Lewis and Soureli, 2006, p. 18)

Trust is, as revealed by numerous previous investigators, an important aspect in a successful business to business relationship. Nevertheless, trust is also known as a complex issue with different factors influencing it (Khalfan, McDermott and Swan, 2007). Trust as a complex issue is also discussed by Karlsen *et al.* (2008).

Heffernan (2004) was one of the first to explain trust and its development in a B2B relationship. Furthermore, Heffernan (2004) divided trust development into three different stages. The first stage is called pre-relational stage, where trust is mostly developed through words from a third party and its views. The second stage is called the early interaction stage, where trust is created via small engagements like for example answering phone calls and e-mails. This stage is of great importance for the outcome of the relationship. The third stage is called the relationship growth stage, and is described as total trust. Total trust exists when both parts fulfill their duties, and do more than expected in unforeseen situations (Heffernan, 2004).

### *3.6.2 Commitment*

Relationship commitment exists when a company considers a relationship is of great importance and tries the best to maintain the relation (Caceres and Paparoidames, 2007). Moorman *et al.* (1992, p.316) define commitment as “an enduring desire to maintain a valued relationship”. Therefore, efficiency and profitability increase during both parts ambition to create commitment (Caceres and Paparoidames, 2007). Consequently, that is why a company is prepared to do sacrifices to maintain a valuable relationship (Gil-Saura *et al.*, 2009). These sacrifices to maintain a valuable relationship is mentioned by Wetzels *et al.* (1998) as calculative commitment, and if there are more pros than cons, there is no need to break the relationship (Wetzels *et al.*, 1998). Another kind of commitment is called affective commitment, and is created on an emotional level with a partner (Egan, 2008).

Furthermore, Cann’s (1998) eight steps of how to establish a good business to business relationship, discussed earlier in this chapter, reveals in detail how to create commitment in a relationship.

In addition, commitment is definitely linked to trust, but it is not clear which one of the notions that occur first. If trust is developed from a decision to commit to a partner, or if commitment is the result of growing trust, are unclear (Egan, 2008). However, it is a fact that commitment as whole is an important driver in the development of business to business relationship.

### 3.6.3 Credibility

Credibility is another factor that plays a significant role in relationship development, and is closely tied to reputation. Herbig and Milewicz (1997, p. 1) define it as “whether a company can be relied on to do what it says it will do”. The same authors identify credibility as highly time sensitive, which in other words mean that a company’s current perceived credibility can considerably differ, compared to perceived credibility in past time or in the future. As previously mentioned, credibility is dependent on reputation. That means to achieve credibility, a reputation must be built, which is highly time demanding. Thus, a firm that frequently fails to live up to its commitments is inevitably going to see its credibility vanish. Herbig and Milewicz (1997) further draw attention to the facts that a company can have a terrible reputation, but nevertheless be entirely credible. Moreover, a firm that constantly fails to live up to its marketing signals will eventually damage its reputation. Although, that does not automatically give the same effect on credibility, which can still remain solid since you know it is constantly going to be bad.

### 3.6.4 Sincerity

Referring to Karlsen *et al.* (2008), sincerity can be seen as a key factor for building trusting relations and is defined as, “the degree to which people mean what they say and whether their promises are shallow or deep” (p.14). Hence, being straightforward and truthful in communication with others, and fulfilling promises are vital (*ibid.*). Furthermore, Karlsen *et al.* (2008) emphasize the advantage of admitting mistakes and being up front, rather than keeping quiet and ending up begging for forgiveness.

### 3.6.5 Reputation

Whether it is within the business relationship sphere or in the ordinary life, reputation matters. Most companies certainly would like to possess a solid reputation from the start, but consequently, for a reputation to grow and be established, information must go from one user to another (Herbig and Milewicz, 1997). Rome was not built in a day; a positive reputation demands efforts over a long period of time. Furthermore, it is an aggregate combination of all previous transactions, and requires consistency of companies’ actions over time.

To turn a reputation from positive to negative is a completely different story. Reputation is like trust a fragile issue, it can be damaged easily, and once lost it usually takes

significant effort and time to regain it (Herbig and Milewicz, 1997). The same authors describe what they call market signaling, which can be seen as the phenomenon behind reputation. A market signal is a marketing activity that presents information about companies' aims, commitments, or motives. Referring to what just been explained, a positive reputation is earned by fulfilling marketing signals, as well as a reputation will be damaged if the firm continually fails to fulfill marketing signals. Further on, the presence of reputation causes a behavior among companies that otherwise would not exist. Hence, by providing honest information a company can enhance its reputation which gains its long term relations, but simultaneously it sacrifice immediate gains that could be made from deceiving its surroundings.

Furthermore, Khalfan *et al.* (2008) state individuals tend to trust people above companies. Nevertheless, company reputation is a force to recognize, as it can be a main indicator of who could be trusted. Consequently, that is why companies consider a well established reputation as an intangible asset. Within business areas where people know each other quiet well and intend to work in same projects from time to time, reputation was regarded particularly important since people felt more comfortable (Khalfan *et al.*, 2008). Also Egan (2008) draws attention to reputation and its power to influence relationships, which in particular reveal companies' previous trustworthiness. In addition, Eriksson and Schuster (2009) point out another advantage coming from a good reputation, that is, the help it can give customers when they evaluate alternatives. Therefore, if the company is well known, customers do not need to collect thorough information, hence, it can be regarded especially useful for companies entering new markets.

### **3.7 Model**

The aim with this model is to explore, to what extent, sponsorship affects key factors in business relation development.

As assessed in the theoretical framework, sponsorship is a part of cause related marketing. Sponsorship is a highly visible medium, used to reach out to a wide range of people; hence, we have emphasized the significance of sponsorship in our model. Furthermore, generating awareness, improving brand image, reaching new target markets, and meeting and beating competition, are highlighted in the model, since these factors are the indirect sponsorship objectives (Shank, 2008).

While investigating the business relation development field, trust, commitment, credibility, sincerity, and reputation, were reflected as essential. Consequently, the following aim is to explore, if and/or how, sponsorship affects the above mentioned factors.

In addition, sponsorship is complex and its effects in the business to business field are highly unexplored, thus, the model might be modified.

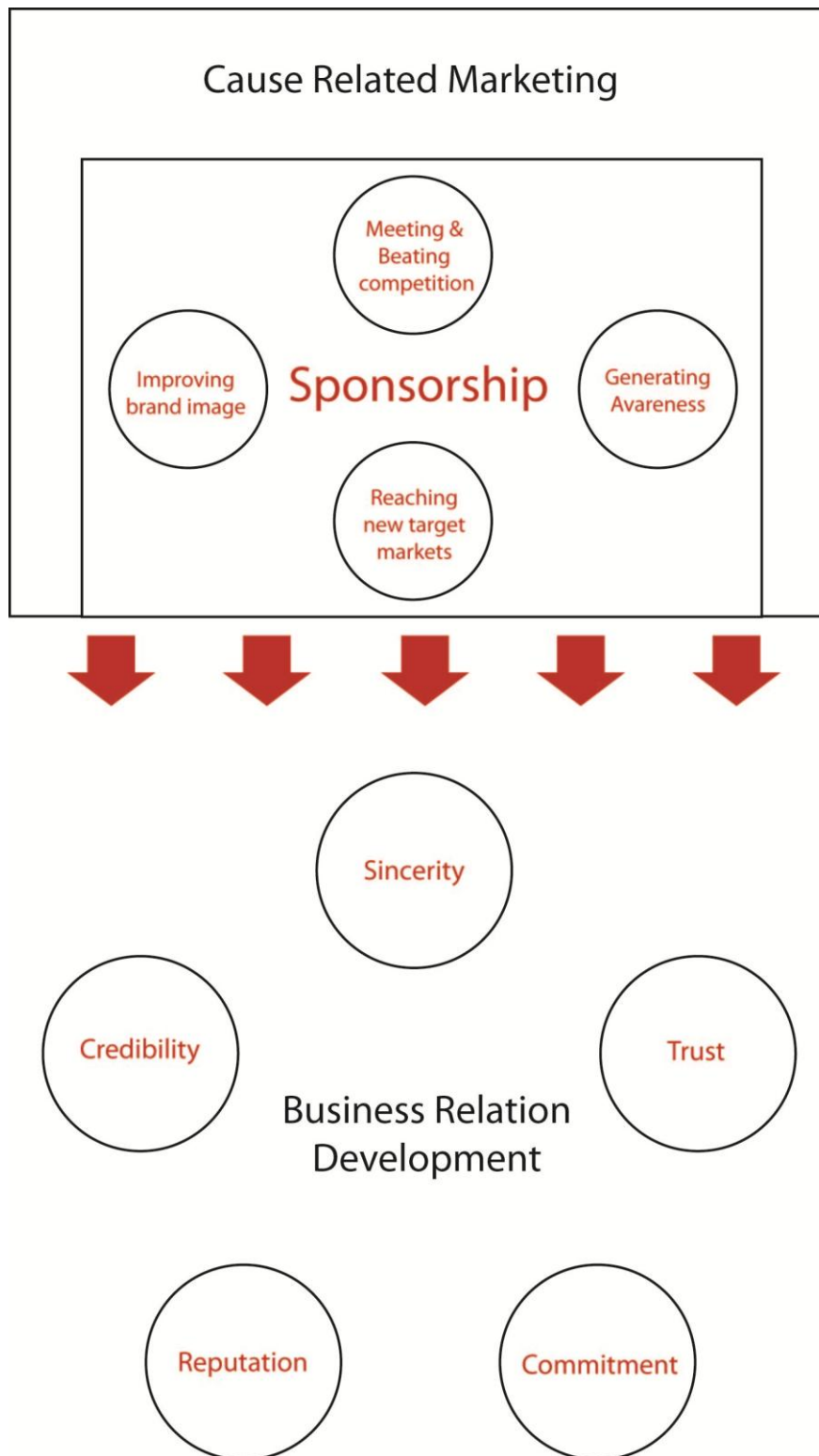


Figure 2: Developed model



## 4. Empirical method

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*Chapter four presents the empirical methods. It starts with explaining the research design and strategy, continues with data collection, sample selection, and operationalisation, where the interview questions are explained in detail. In the end, the validity, reliability and generalisability of this dissertation are presented.*

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### 4.1 Research design and strategy

Exploratory, descriptive and explanatory research designs are the three main categories within research. The exploratory research is useful in an initial stage of a subject when the uncertainty is high (Webb, 1992). The flexibility and adaptability to change, are therefore of vital importance when using an exploratory research design (Saunders *et al.*, 2009). The purpose of descriptive research is to provide more vital information to the research. It is closely related to exploratory research design (*ibid.*). Webb (1992) describes the relation as an implementation of taking a photograph. An exploratory research finds something of interest and points the camera towards it, while descriptive research actually takes the photograph. An explanatory research design is useful when investigating a problem or a situation, in order to explain the relationship between different variables (Saunders *et al.*, 2009).

This dissertation has an exploratory research design, since investigations of sponsorship and its effects on business to business relations are sparse. The implementation of an exploratory research design emerged naturally, since we needed to be flexible and adaptable in order to get a deeper understanding in the subject. We started wide, but ended up with a model intended to explore causality between sponsorship and different variables in the relation development. However, the model may not be correctly elaborated, since there is lack of previous investigation of how sponsorship effects business to business relations. Thus, if the interviews highlight, diminish, or mentions other factors than those in our model, the model may change. This is necessary to emphasize, since there is high uncertainty in the subject.

Furthermore, this dissertation will implement a research strategy in the form of a case study. The case study is comparable to other research strategies as it follows a predetermined procedure when exploring empirical issues. However, the case study has, as other research strategies, its advantages. First of all, it may be used in many situations to enhance the understanding of individual, group, organizational, social, political, and related issues. Nevertheless, the fundamental reason why adopting a case study, is the desire to understand a complex social phenomenon. One of its unique strengths is also its ability to cover a wide range of data, including documents, artifacts, interviews, and observations. Furthermore, a case study is generally preferable when adopting a research question(s) of a “how” or “why” nature (Yin, 2003)

#### **4.2 Data collection**

Data collection consists of two types of data, secondary and primary data. Secondary data is information already conducted (Webb, 1992). Primary data is information which is collected to answer questions regarding current research objectives. Primary data collection is, according to Webb (1992), divided into four main methods. These are; survey research, qualitative research, experiment and observation. A survey is a structured data collection method, suitable when collecting quantifiable data. Qualitative researches are different forms of interviews, generally with a small sample size where investigators intend to get a deep understanding. Examples are in-depth interviews and group discussions. An experimental research involves a test where an investigator measures causal relationship between an independent variable(s), and a dependent variable. Examples of experiment are field and laboratory experiments. Observation is a useful technique when an investigator wants to observe a certain behavior. It is used when the investigator feel that the only way to collect truthful information is to observe (*ibid.*).

For this dissertation, we claim the use of primary data to be suitable. Primary data is required since there is lack of information of sponsorship’s effects on business to business relationships. Furthermore, primary data is up to date, which is vital since the current business industry tends to change rapidly. When collecting primary data, a qualitative research method is adopted. This is necessary to be able to answer the research question, since it gives a deeper understanding, and because of the difficulty to measure sponsorship (Polonsky and Speed, 2001). Interviews are a common form of qualitative research method, which as explained below, can be of a various nature.

Saunders *et al.* (2003) point out that “an interview is a purposeful discussion between two or more people” (p. 245). Interviews can appear to be guided conversations rather than structured questions. Although, if following a prearranged composition of questions, the actual flow of questions in an interview can be more adaptable. There are a number of different types of interviews when referring to a research interview as a general term. This is something to take into consideration, since the character of all interviews should be consistent with the research question(s) and objectives, the purpose of the research, and finally with the adopted research strategy. As mentioned above, there are different ways of conducting an interview. Although there is overlap between them, there are primarily three options to choose from. They are structured interviews, semi-structured interviews, and unstructured interviews (Yin, 2003; Saunders *et al.*, 2003).

A *structured interview* contains of predetermined and standardized questions, and to which answers are collected on a standardized schedule, often with pre-coded answers. It is important for the interviewer to be as neutral as possible when asking questions, to be sure he does not show any bias (Saunders *et al.*, 2003).

The *semi-structured interview* is, in comparison to the previous method, non-standardized. This technique allows interviewers to have a list of themes and questions to deal with, but which can differ from interview to interview. In some cases, questions can be edited or even excluded, while in other cases there can be a demand for additional and more circumstantial questions for the interviewer to be able to achieve the research objectives. Considering the nature of this technique, data are documented most appropriate through note-taking, or if convenient, by tape-recording (Saunders *et al.*, 2003).

The *unstructured interview*, or more commonly known as in-depth interview, takes a further step towards a more open discussion where no predetermined questions are needed. The interviewee is encouraged to speak freely about events, behavior, and beliefs, with reference to the subject. Still, it is crucial for the interviewer to be clear about the aspect(s) that is supposed to be explored (Saunders *et al.*, 2003).

Implementing a semi-structured technique in this dissertation emerged naturally. Given the lack of information of sponsorship’s effects within the business to business sphere, interview questions have been developed, but at the same time with an understanding that

during the interviews, further questions will come into view, some will be modified, and others will be deleted.

### **4.3 Sample selection**

The sample selection is influenced by the decision to use the company PEAB as a case. In Sweden, PEAB does not actively seek potential customers. Instead, because of PEAB's well established reputation, it is the potential clients which contact them for construction jobs. However, PEAB is also active in the Finnish and Norwegian market, but it is not at all as successful as in Sweden. In the home market, PEAB invests significant amounts on different sponsorships, for example it is the main sponsor of AIK Solna, Malmö FF, and Kalmar FF which are some of the most well known football teams in Sweden, but PEAB also engage in charity sponsorship as well as in local sponsorship entities. In Finland and Norway, PEAB also invests in sponsorship, but not at all to the same extent as in Sweden. In the foreign markets PEAB needs to actively seek clients to cooperate with, since it has lack of brand awareness and absence of relations. Consequently, since PEAB is active sponsors in Sweden, an exploration of the effects and benefits of PEAB's sponsorship makes it an ideal case for this dissertation. Furthermore, the difficulties to attract companies in the foreign markets, where PEAB is not active sponsors, indicate a possible causality which emphasizes the need for investigation.

Hence, we have chosen to interview companies which have turned to PEAB for construction work. In the search for companies to interview, we asked PEAB for advice and ideas about suitable companies, thus, led to that a majority of the interviewed companies had entered large contracts with PEAB. Furthermore, the companies were guaranteed anonymity, to ensure answers to be honest and credible. However, we will try to present each five companies below, without violating their anonymity. The companies are presented as company A to E instead of their real company names.

Company A, is a community owned company, located in a middle sized town in Sweden. The company is in charge of all reconstruction, renovation, and new construction works in the community. Company A turned to PEAB for reconstruction of a sport stadium.

Company B, is a real estate concern active in the Swedish market. Furthermore, the company are acquiring and developing different properties with main focus on central locations. Company B's have had an off and on relation with PEAB over approximately a decade.

Company C, is a newly developed company active in one of the biggest cities in Sweden. The company is an investment company with interest in new construction works. Company C turned to PEAB for construction of a new stadium.

Company D, is a community owned company, located in of the biggest cities in Sweden. The company is in charge of the community's events and construction works. Company D turned to PEAB for construction of a new stadium.

Company E, is a smaller company than the ones mentioned above. Furthermore, the company is a real estate concern in a smaller city in Sweden. Company E has off and on had a relation over two decades with PEAB.

## **4.4 Operationalization**

The operationalization was conducted to collect primary data of sponsorship's effects on business relation development. It was done by interviews with individuals within the chosen companies, who were active in the decision making process to turn to PEAB. The interviews were of a semi-structured nature, which increased the understanding. The conducted questions were translated into Swedish, since the interviewees had Swedish as mother tongue.

Questions and their expected outcome presented below are conducted to reveal information of sponsorship's effect on trust, commitment, credibility, sincerity, and reputation in the business relation development. Furthermore, the order of the questions is not of relevance, since the interviewees are able to talk freely and may answer a question planned to be asked later in the interview.

### *4.4.1 Interview description*

#### *4.4.1.1 Sponsorship*

Sponsorship is a communication activity that opens opportunities to reach a wide range of viewers (Bennet, 1999). Furthermore, the main benefits with sponsorship are generating awareness, reaching (new) target markets, improving brand image, and meeting and beating competition (Shank, 2008). Therefore, the following questions are conducted to examine PEAB's sponsorship. First, the main aim is to look at companies' awareness of PEAB's sponsorship. Second, to the extent sponsorship has influenced the relation development and if the choice of sponsorship entity can be of significance.

Questions that possibly include answers dealing with sponsorship may be questions number: 9-19

#### *4.4.1.2 Business relation development*

The literature reveals several different important factors of a successful business to business relation development. However, trust and commitment are mentioned as two of the most important ones (Heffernan, 2004). Furthermore, credibility, sincerity, and reputation are also mentioned as essential in the development of a business to business relation (Herbig and Milewicz, 1997).

#### 4.4.1.3 Trust

“If a firm has created a very good image for itself by fulfilling its obligations and is trusted by its partners, based on its performance relative to its promises, it can manage to develop strong forward and backward relationships”. (Awuah and Gebrekidan, 2008, p.338)

Questions that possibly include answers dealing with trust may be questions number: 1-4, 10-14, 19-21, 23, 26, 27

#### 4.4.1.4 Commitment

Commitment is described by Moorman *et al.* (1992) as “an enduring desire to maintain a valued relationship” (p.316). Therefore, the questions below are aimed to reveal information if commitment has been created with PEAB, and if PEAB’s sponsorship has influenced it.

Questions that possibly include answers dealing with commitment may be questions number: 1-3, 6, 10-13, 15, 19-21, 23, 24-27

#### 4.4.1.5 Credibility

Herbig and Milewicz (1997, p. 1) define credibility as “whether a company can be relied on to do what it says it will do”.

Questions that possibly include answers dealing with credibility may be questions number: 1-3, 7, 10-13, 16, 19-21, 23, 26, 27

#### 4.4.1.6 Sincerity

Referring to Karlsen *et al.* (2008), sincerity can be seen as a key factor for building trusting relations. Being straightforward and truthful in communication with others, and fulfilling promises are significant to be perceived as sincere. Furthermore, the advantage of admitting mistakes and being up front, rather than keeping quiet and then ending up begging for forgiveness is emphasized (*ibid.*).

Questions that possibly include answers dealing with sincerity may be questions number: 1-3, 5, 10-13, 17, 19-21, 23, 26, 27

#### 4.4.1.7 Reputation

Providing honest information can enhance companies' reputation which gains long-term relationships (Herbig and Milewicz, 1997). Therefore, the following questions are partly applied to explore how the interviewees perceive PEAB's reputation throughout the relationship process. Also to what degree PEAB's sponsorship programs have been able to influence its reputation.

Questions that possibly include answers dealing with reputation may be questions number: 1-3, 8, 10-13, 18-23, 27

*1. What factors do you consider important when entering a relationship?*

This question intends to reveal factors which are important in the initial stage of a relationship, before both parts have become to know each other.

*2. What do you consider important when selecting a Construction Company?*

The aim with this particular question is to see what companies reveal as important features in the choice of Construction Company.

*3. What factor(s) do you consider important in a relationship?*

Compared to question one, the intention is to look at important factors in a well established relationship.

*4. What does trust mean to you?*

*5. What does sincerity mean to you?*

*6. What does commitment mean to you?*

*7. What does credibility mean to you?*

*8. What does brand reputation mean to you?*

The intention with these questions is to be clear on how respondents perceive the different factors, and ensure no misinterpretations occur.

*9. Have you noticed PEAB's sponsorships?*



This question will give information about to the extent PEAB's sponsorship has yielded awareness.

*10. PEAB is the sponsor of Mentor. When taking this into consideration, how does it affect your perception about PEAB?*

*11. PEAB is the sponsor of Ronald McDonald House. When taking this into consideration, how does it affect your perception about PEAB?*

*12. PEAB is the sponsor of ..... When taking this into consideration, how does it affect your perception about PEAB?*

Questions 10-12 are asked to see what values PEAB's different sponsorship creates, hence, it can give directions to what kind of sponsorship PEAB should implement in the foreign markets.

Question 12 will be different depending in what region the companies are located. For example, if a company in the region of Stockholm is interviewed, we will ask about PEAB's sponsorship of AIK Solna. This opens an opportunity for the respondents to talk freely about their feelings of PEAB's implemented sponsorship. The intention is to see if sponsorship in different contexts can generate different outcomes.

*13. What do you think of PEAB's local sponsorship programs?*

With this question we want to investigate our premonitions if there is difference in the way companies regard local sponsorship compared to sponsorship on a national level.

*14. Do you consider that PEAB's sponsoring contributes to an image of trust? If yes, in what way?*

*15. Do you consider that PEAB's sponsoring contributes to an image of commitment? If yes, in what way?*

*16. Do you consider that PEAB's sponsoring contributes to an image of credibility? If yes, in what way?*

*17. Do you consider that PEAB's sponsoring contributes to an image of sincerity? If yes, in what way?*

*18. Do you consider that PEAB's sponsoring contributes to enhanced brand reputation? If yes, in what way?*

We are aware that this question can be distinguished to be of a leading nature. However, we feel it necessary to include these questions due to the difficulty for respondents to deal with the subject.

*19. In which areas do you think PEAB should emphasize its sponsorship programs to enhance their trust, reputation etc.*

With this question we will give the interviewee a chance to suggest sponsorships that may generate the highest possible effect on the interviewee's company.

*20. What was the reason(s) for choosing PEAB?*

This question will reveal information about the decision to choose PEAB, and may also reveal if PEAB's sponsorship had influenced the decision.

*21. What were your initial thoughts about PEAB before entering the relationship?*

This question is asked to see how PEAB was perceived, and see if sponsorship has affected the initial thoughts about PEAB.

*22. Has your perception about PEAB changed during the relationship?*

This question is connected to the previous question, and will reflect if PEAB's sponsorship gave them an honest perception of the company.

*23. Describe the pros and cons about cooperating with PEAB?*

The intention with question number 23 is to see what companies like and dislike with PEAB. Furthermore, this question can give information about created values by PEAB's sponsorship.

*24. How many times have you worked with PEAB?*

This question shall reflect on factors/reasons why companies choose to continue working with PEAB, and to see if the interviewed company has done any sacrifices to ensure future relationship with PEAB.

*25. Can you picture yourself working with PEAB again?*

Question number 25 is also asked to find information about factors/reasons why the company feels advantages with working with PEAB. However, question 24 and 25 are

most likely to reveal information about the factor commitment, since commitment is explained as “an enduring desire to maintain a valued relationship” (Moorman *et al.*, 1992, p. 316).

26. *Have you worked with other constructing companies? If yes, did you feel a difference between the companies regarding trust, sincerity, credibility etc.*

Here the intention is to reveal differences between PEAB and its competitors, in how they are perceived referred to trust, sincerity etc. If the response becomes motivating, it could be interesting to see if there exists major difference in how PEAB’s competitors deal with sponsorship.

27. *When did you start to feel ... in the relationship with PEAB?*

Depending on the interviewee’s previous answers, this question will be asked to reveal in which stage of the relationship he/she started to feel ..., and to see if PEAB’s sponsorship has affected it.

#### 4.4.2 Notification of questions

Some of the questions might transcend each other, and some of the questions might not even be asked because of the interviewee’s possibility to elaborate freely on each question or if we as interviewers consider it necessary.

### 4.5 Validity

Several threats to validity have been assessed by various authors. However one of the most common pitfalls during a study when examine if event A leads to event B, is when the researcher wrongly conclude there is a causal relationship between these two events and fails to notice a third factor influencing the outcome. In other words, validity is about whether the findings really show what they appear to show, and as mentioned before, is the relationship between two variables a causal relationship? (Yin, 2003; Saunders *et al.*, 2003)

As the validity concept often is considered to be closely tied to positivism, we are aware of the validity dilemma in this case study since we have chosen an interpretivistic research philosophy exploring sponsorship and its effects. For example, we must be aware of that sponsorship may affect our tested relationship factors, but it will certainly not be the only circumstance influencing the relation development. Furthermore, in the

collection of data, a carefully planned interview was carried out, with questions thoroughly prepared and related to theory, in order to receive as valid answers as possible.

#### **4.6 Reliability**

As Yin (2003) states, the primary objective of reliability is to reduce errors and biases in a study. In other words, if another case study would be carried out in the future, using same method as previous study, matching findings and conclusion should be delivered. Yin (2003) continues to point out that the general way of dealing with reliability problem is to conduct the research as if someone was looking over your shoulder. Three suitable questions are established by Saunders *et al.* (2003) used to test reliability. First, will measures yield the same outcome in other occasions? Second, will comparable observations be achieved by future observers? Third, is it clear in how sense was made from the raw data?

Similarly to validity, reliability is in general a positivistic concept which complicates the search for reliability in this interpretivistic case study. Nevertheless, there are steps to implement in order to enhance reliability. For example, in our interviews we often adopted more than one question measuring a specific factor, to see if consistent results occurred. Also, as stated more than once before, sponsorship is a complex issue that dependent on the observer may be interpreted in different ways, thus, we will not be able to reach total reliability. Furthermore, we are mainly searching for indications, and to what extent they can be said reliable is up to the observer to decide.

#### **4.7 Generalisability**

Generalisability is sometimes referred to as external validity. To be able to adopt findings of a research from one area to another, and still end up with an equal conclusion, a high generalisability needs to exist. It is common for critics to state qualitative research present a poor base for generalizing. However, with a correct sample there is a possibility to generalize to a wider universe, although it is impossible to achieve the traditional statistic generalization coming from a quantitative research. In most cases, when adopting an interview approach, the idea is to try to explain what is going on in the particular case (Yin, 2003; Saunders *et al.*, 2003).

Since an interpretivistic research philosophy is adopted, which regards business and management situations to be far too complex and unique to put in to theory, a

generalization of this dissertations findings is not of vital significance. Nevertheless, the findings might reveal interesting facts that can encourage further investigation in the subject.

## 5. Results

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*In the fifth chapter, empirical data from the interviews are presented. It begins with an introduction where the company PEAB is briefly explained. It continues with five interviews where the results are presented in subheadings of: sponsorship, business relation development, trust, commitment, credibility, sincerity, and reputation.*

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### 5.1 Introduction

In the Swedish construction industry, PEAB is one of the fourth biggest active firms. In Sweden, PEAB is active sponsors of different sport teams, but also the sponsor of Mentor and Ronald McDonald house. Also, PEAB is not obliged to actively seek potential customers and jobs, instead customers contact them for construction jobs. In addition, PEAB is also active in the Finnish and Norwegian market, but is not at all as successful as in Sweden. In Finland and Norway, PEAB also invests in sponsorship, although not to same extent as in Sweden, and the company needs to actively seek for customers. Therefore, both we and PEAB considered an evaluation of the domestic sponsorship would be interesting, hence, if a positive relation can be assessed between sponsorship and business relation development in Sweden, an increased sponsorship implementation in foreign markets might help PEAB's establishment problem. To investigate this particular correlation, relevant literature was reviewed followed by interviews. The interviews were conducted with companies which are, or have been, in a relationship with PEAB. Furthermore, the aim with the interviews was to find out if PEAB's sponsorship had influenced the relation, and especially its effects on trust, commitment, credibility, sincerity and reputation.

<b>Company</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
<b>Status</b>	CEO	In charge of property development in a project team	CEO	Project Manager	CEO
<b>Sex</b>	Male	Male	Male	Male	Male
<b>Age</b>	around 40	50-60	50-60	around 30	around 50
<b>Relation length</b>	around 2 years	around 10 years	around 1 year	around 1 year	around 20 years

Table 1: Information of the interviewees.

## **5.2 Interview with Company A**

### *5.2.1 Sponsorship*

The interviewee was well aware of PEAB's sponsorship programs, and was of the opinion that PEAB had maximized the outcome of sponsorship, since it had put emphasis on appropriate entities. Regarding PEAB's sport sponsorship, the interviewee had a positive attitude towards it and mentioned he had seen it in several different contexts. Additionally, he especially associated PEAB with the sports movement. The interviewee stated sport sponsorship to generate great exposure for the company. He also considered PEAB's sponsorship of Mentor and Ronald McDonald House as positive and sincere, since it indicates that PEAB has a caring heart. The respondent also felt Mats Paulsson (the founder of PEAB) to have created a company soul, which is strengthened by its charity sponsorship. The respondent said this proves that media exposure is sometimes not the major objective which he thought sometimes could be better in the long run.

### *5.2.2 Business relation development*

Factors the interviewee mentioned as important before entering a relationship were: good qualities, and a well developed organization with stable routines. Later, within a relationship, the respondent assessed the importance of fulfilling duties. Further on, before entering a relation with a construction company, the respondent's company especially looks at experience. However, the interviewee mentioned he sometimes felt PEAB to have some difficulties to get their instructions to the bottom of their organization, but that was something that could be generalized to the whole constructing business. Nevertheless, the interviewee had a positive attitude towards PEAB and could definitely consider working with them again, since PEAB in comparison with other construction companies feel more honest, with a friendly and positive working environment.

### *5.2.3 Trust*

The interviewee mentioned trust to be important in a relationship, but had no opinion whether sponsorship did affect it. Furthermore, the interviewee pointed out the importance of being able to trust a partner to fulfill its duties.

### *5.2.4 Commitment*

Commitment was important in a relationship, but was not directly created by PEAB's sponsorship according to the respondent. Furthermore, the interviewee mentioned

PEAB's shown commitment in their relationship to have contributed to his perception of PEAB as honest and sympathetic.

#### *5.2.5 Credibility*

Credibility was important in a relationship, but PEAB's sponsorship had not affected credibility according to the interviewee.

#### *5.2.6 Sincerity*

The respondent considered sincerity to be important in a relationship, and could to some extent be yielded with the help of sponsorship, especially with charity sponsorship. He also considered sincerity as a factor PEAB better takes care of than its competitors.

#### *5.2.7 Reputation*

Reputation was also important in a relationship according to the respondent. However, he did not consider PEAB's sponsorship to have influenced it to a large extent, since he regarded reputation to be more related to persons within the company, rather than the company itself.

### **5.3 Interview with Company B**

#### *5.3.1 Sponsorship*

The interviewee was aware of PEAB's sport sponsorship, and in particular mentioned the gold helmets, worn by last year winners of Allsvenskan, AIK. However, he did not know of PEAB's sponsorship of Mentor and Ronald McDonald House. Nevertheless, he considered that such charity sponsorship is overall positive, but also thought that all different sponsorships have its advantages. Overall, the respondent considered sponsorship can help to create a good reputation and influence region- and community development.

#### *5.3.2 Business relation development*

Factors the interviewee mentioned as important before entering a relationship was: morality, knowledge, openness and, competent resources. Furthermore, for a relationship to prosper, the interviewee emphasized the importance of both parts can trust each other and that they fulfill their duties. The interviewee said that before his company enters a relationship with a construction company, they look at the factors mentioned above, but the fact that they have worked with PEAB before, also affect their decision.



### *5.3.3 Trust*

Trust was an important factor in a relationship according to the respondent, but he did not think sponsorship affected it in a significant way.

### *5.3.4 Commitment*

The respondent regarded commitment as important in a relationship. PEAB had always according to the respondent fulfilled its duties, but he could not see a direct link to its sponsorship.

### *5.3.5 Credibility and sincerity*

The interviewee said credibility and sincerity are important factors in relationships, and continued to state that PEAB possessed these factors, but was not sure the sponsorships contributed to enhance these factors.

### *5.3.6 Reputation*

The respondent mentioned that reputation probably affected the decision to turn to PEAB for construction work. He also claimed PEAB's sponsorship programs to some extent have influenced the reputation.

## **5.4 Interview with Company C**

### *5.4.1 Sponsorship*

The interviewee was well aware of PEAB's sport sponsorships, and said it had contributed to the development of trust. The respondent was also aware of PEAB's sponsorship of Mentor and Ronald McDonald House and believed that it creates a picture of humanity, commitment, positive corporate culture, caring, honesty, and good reputation. Regarding PEAB's local sponsorship, the respondent thought it was also an important part of the big picture. With the sponsorship of teams playing in lower divisions, to sponsorship of some of the most well known teams in Sweden, the respondent thought PEAB points out that all are equally worthy, which in turn yields trust and sincerity.

Overall, the interviewee considered all these types of sponsorship to have created different values, and to have affected his company's decision to turn to PEAB. Furthermore, the interviewee said that PEAB's sponsorships have contributed to a clear

picture of the company, which is one reason why his perception of PEAB has remained clear throughout the relationship.

#### *5.4.2 Business relation development*

Before entering a relationship, the interviewee reflected on following factors: confidence, competent resources, professionalism and trust. Before entering a relation with a construction company, the interviewee's company looks at the level of professionalism and competency. Furthermore, the respondent said that in a relationship it is important that both parts fulfill their duties. Future relations with PEAB was something the interviewee mentioned as likely, since the humanity and corporate culture within PEAB feels much more genuine than in other construction companies.

#### *5.4.3 Trust*

The interviewee considered trust as one of the most important factors in a relationship, and he considered PEAB's sponsorship to definitely have contributed to his perception of PEAB being trustful.

#### *5.4.4 Commitment*

The interviewee mentioned that his perception about PEAB as a trustful company was definitely connected to the factor commitment. He continued to state that his association of PEAB as trustful was to some extent explained by PEAB's serious commitment to their tasks. Moreover, the respondent mentioned that he could see a link between PEAB's sponsorship and commitment.

#### *5.4.5 Credibility*

The interviewee considered PEAB's sponsorship programs to have contributed to his perception of PEAB as credible. The respondent told his long-term relationship with PEAB has made him perceive PEAB as sincere and to have a genuine caring corporate culture. Therefore, he said it was easy to perceive PEAB's charity sponsorships as credible.

#### *5.4.6 Sincerity*

Concerning sincerity, there was a clear connection to PEAB's sponsorship, according to the respondent. Furthermore, he considered sincerity to be a very important factor in the relation development process.

#### *5.4.7 Reputation*

The interviewee regarded reputation as important in a relationship. He also considered the sponsorship programs had contributed to PEAB's well established reputation. Additionally, the interviewee mentioned that a well established company reputation also can attract top workers, which in return may increase the company's competent resources.

### **5.5 Interview with Company D**

#### *5.5.1 Sponsorship*

The interviewee was well aware of PEAB's sport sponsorship and said the decision to turn to PEAB definitely was affected by PEAB's sport sponsorship. However, the interviewee did not know PEAB being the sponsors of Mentor and Ronald McDonald House, but when he was told, he considered it to be a good act creating goodwill, rather than return on investment. Additionally, he pointed out that charity sponsorship sometimes can be perceived as less credible, since it feels like companies engage in causes just to look good.

Moreover, the interviewee considered both sport and charity sponsorships to be good instruments to strengthen the company brand, although sport sponsorship often generate more media exposure. However, he also pointed out that sport sponsorship in particular can be hazardous, as it can yield both negative and positive signals. Hence, if PEAB sponsors an event or a football club that ends up in bad media exposure, the perception of PEAB could automatically be damaged. The interview concluded he was of the opinion that everyone is affected by advertising, whether they know/like it or not.

#### *5.5.2 Business relation development*

The interviewee mentioned following factors as important before entering a relationship: solidity, competence, and experience (especially the personals' experience within the organization). He continued to say that he in particular looks at reputation in the choice of Construction Company. During a relationship, the most important factors were trust and commitment according to the interviewee.

#### *5.5.3 Trust, commitment, credibility, sincerity, and reputation*

The interviewee stated all the above mentioned factors to be very similar but crucial factors when to build successful relationships. Furthermore, he considered PEAB's

sponsorship to more or less affect these factors, although he put extra emphasis on reputation, trust, and sincerity.

## **5.6 Interview with Company E**

### *5.6.1 Sponsorship*

The respondent was well aware of PEAB's sponsorship programs. He continued to say it was almost impossible not to be aware of it, since PEAB supports a lot of different entities in the community. Above all, the respondent had noticed PEAB's sport sponsorship. The respondent was just briefly aware of PEAB's sponsorship of Mentor and Ronald McDonald House, but also said it was in line with the warm and caring picture he had of the company. Overall, he thought it was an advantage for companies to reinvest money back to society, and especially with focus on kids and confused adolescents.

The respondent claimed PEAB's local sponsorship to be significant, since the underlying economical aspect is not that obvious and therefore it yields sincerity. Although, he said it probably does not give as much media exposure compared to national-wide sponsorship. Moreover, the respondent thought of sponsorship as an important medium to strengthen company awareness. He was also of the opinion that to be able to reach out to a wide range of people, a mix of different sponsorship programs is preferable, as in the case of PEAB.

### *5.6.2 Business relation development*

The respondent mentioned that good references are important before entering a relationship. He also stated people to be at least as important as the company itself. The relationship with PEAB could be explained as "förtroendeentreprenad", which is a close relationship, existing of open documents as well as there are creative discussions before making any decisions. Valuable factors above all were trust and credibility according to the interviewee.

### *5.6.3 Trust*

As assessed before, trust was maybe the most valuable factor to the respondent. Trust was stated as one of the factors especially strengthened by PEAB's sponsorship of Mentor and

Ronald McDonalds House. Primarily though, he declared PEAB's strategy to deal with a wide range of sponsorship to make it more trustworthy.

#### *5.6.4 Commitment*

Commitment was one factor which was less elaborated during the interview. Nevertheless, the respondent stated it as important in a relationship, and in the relationship with PEAB, signed papers was rather often replaced by a handshake. Furthermore, the respondent had no thoughts of commitment being mediated by PEAB's sponsorship.

#### *5.6.5 Credibility*

In particular the respondent thought the engagement in a mix of different sponsorship contexts made PEAB credible, hence, PEAB can in that way reach out to all kinds of people.

#### *5.6.6 Sincerity*

The respondent mentioned sincerity as important for a relationship to develop and thrive. Especially PEAB's local sponsorship was regarded as sincere by the respondent, since it felt more genuine.

#### *5.6.7 Reputation*

The interviewee stated reputation to be important in the relationship development, and could to some extent point out PEAB's sponsorship to have influenced reputation. The respondent also stated that sponsorship helps to enhance a brand image, even though it is important to choose the right sponsorship entities to evade negative effects.

### **5.7 Summary of results**

#### *5.7.1 Sponsorship*

All respondents were aware of PEAB's sport sponsorship. One respondent pointed out PEAB's sport sponsorship to have created great exposure, while another one directly associated PEAB with the sports movement. Furthermore, another interviewee mentioned the decision to turn to PEAB directly was affected by PEAB's sport sponsorship. The development of contacts and trust in the relation, were also affected by PEAB's sport sponsorship, according to one respondent.

Two respondents were aware of PEAB's sponsorship of Mentor and Ronald McDonald House, one knew briefly about it, while the other two were not aware of it. However, factors such as warmth, caring and the perception that PEAB has a heart were mentioned by most respondents when they took this kind of sponsorship into consideration. Other factors revealed by a separate respondent were humanity, commitment, positive corporate culture, and great reputation. The creation of goodwill was another aspect mentioned by one respondent.

About PEAB's local sponsorship, one respondent claimed it was impossible not to be aware of it, since PEAB supports a lot of different entities in the community. Another respondent stated it could influence regional- and community development, while another claimed local sponsorship to put together the big picture. The respondent also claimed PEAB's local sponsorship to emphasize minor sponsorship entities to be as important as large ones, which in turn yields trust and sincerity. Another opinion of local sponsorship was that it yields sincerity, since underlying economical motives is not that obvious.

Overall, most respondents mentioned that sponsorship could enhance PEAB's brand as well as awareness. A common opinion was also that the different sponsorship programs filled their specific purposes, hence, a mix of sponsorship was recommended. Moreover, most of the respondents assessed sport sponsorship to generate exposure to a larger extent, while charity and local sponsorship was in general told to yield a picture of sincerity.

#### *5.7.2 Business relation development*

The respondents mentioned different factors as important before entering a relationship, although competent resources was the most frequent answer. Moreover, the respondents gave away factors such as quality, well developed organization, morality, knowledge, openness, confidence, professionalism, trust, solidity, experience (especially laborers' experience), and good references.

In a relationship, most respondents answered trust, commitment, and that both parts fulfill their duties as the most significant factors. One respondent also mentioned credibility as important. Furthermore, in the choice of Construction Company, most of the interviewees look at earlier performed work and reputation. Additionally, factors such as trust, credibility, humanity, corporate culture, competence, openness, and morality were revealed as important.

### *5.7.3 Trust*

All respondents revealed trust as an important factor in relationship development. Three respondents considered sponsorship to have influenced their perception about PEAB as trustworthy. In particular, PEAB's mix of sponsorship, and the decision to sponsor national as well as local entities was considered as trustworthy. The other two respondents could not make up their minds whether PEAB's sponsorship had yielded a picture of trust.

### *5.7.4 Commitment*

All respondents revealed commitment as important in relationship development. However, four of the respondents could not see a direct link between sponsorship and the creation of commitment, while one respondent claimed he could not see a connection at all between sponsorship and the creation of commitment.

### *5.7.5 Credibility*

Most of the respondents stated credibility as important in the relationship development. One respondent had no opinion whether PEAB's sponsorship created any significant form of credibility. The other four respondents were split in half, two considered PEAB's sponsorship to have no effect on credibility, while the other two claimed the sponsorship had influenced credibility. Additionally, one respondent pointed out that he perceived PEAB as honest, and therefore perceived its charity sponsorship as credible. Another respondent also considered the mix of sponsorships to yield credibility.

### *5.7.6 Sincerity*

Most of the respondents mentioned sincerity as an important factor when it comes to relationship building. All respondents, except one, stated charity sponsorship like Mentor and Ronald McDonald House to yield sincerity. Further on, one of the respondents considered PEAB's mix of sponsorship to make it more sincere. Another respondent emphasized local sponsorship as the most sincere sponsorship alternative, since he thought it contained less underlying economical motives and felt more genuine. Moreover, some of the respondents stated PEAB to be a more honest company than its competitors.

### *5.7.7 Reputation*

All respondents assessed reputation to be a key factor in relationship development. When taking the sponsorship into consideration, three of the respondents claimed it certainly

influenced the company reputation, while the other two were doubtful, although they still thought it may have some effect. One of the respondents said reputation was related to people within the company, more than the company itself. Further on, one respondent pointed out that a good reputation could attract top workers which could enhance a company's competency. A couple of the respondents argued the importance to choose the right sponsorship entities, hence, reduce the risk of being associated with bad publicity, which may harm company reputation.



## 6. Analysis

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*In the sixth chapter the analysis of the results from chapter five is presented. Each interview and the summary of the results are analyzed.*

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### 6.1 Company A

#### 6.1.1 Sponsorship

The fact that the respondent was well aware of PEAB's sponsorship, confirms the generating of awareness as sponsorship's most fundamental objective (Shank, 2008). The respondent's opinion that PEAB had engaged in appropriate sponsorship entities and in that way maximized its outcome, can also be referred to previous research. The research pointed out sponsorship to be an effective tool to gain competitive advantage, if applied and used in the correct way (Lachowetz and Gladden, 2002; McAlister and Ferrell, 2002; Shank, 2008). Furthermore, as Jobber and Fahy (2006) declare, an audience exposed to a sponsor's name/logo, learns to relate sponsor and activity with each other. This theory is strengthened by the respondent as he revealed that he directly associates PEAB with the sports movement.

Furthermore, the interviewee mentioned PEAB's sponsorship of Mentor and Ronald McDonald House to be positive, since it is in resonance with PEAB's corporate culture. The resonance issue is mentioned as significant throughout the literature. For example, a CSR strategy needs to have resonance to reach the best effects (Gao, 2009); Also, the significance of finding coherence between sponsor and sponsored event is mentioned by various authors (Polonsky and Speed, 2001; Olson, 2010; Shank, 2008; Singh *et al.*, 2009). Hence, a sponsorship not in resonance with corporate culture can do more harm than good (Cann, 1998). Additionally, the respondent's view strengthens the theory by Lachowetz and Gladden (2002), when they say consumers need to perceive the company's commitment to a sponsored cause as authentic.

#### 6.1.2 Business relation development

We asked broad questions about business relation development, with the intention to see if the respondent reflected on similar factors as existed in our developed model. The interviewee mentioned that before entering a relationship, his company evaluates future partners' qualities and how well developed organizations they possess. Our conclusion is

that the quality of these factors could first be evaluated during a relationship. Consequently, the interviewee needs to take reputation into account to be able to assess the quality of the potential partners. Furthermore, the interviewee was positive to a future relation with PEAB, since he considered PEAB to possess a more honest, friendly and positive working environment than its competitors. The factors mentioned above indicate that PEAB has created commitment in the relationship, since small sacrifices to maintain relationships contribute to create commitment (Gil-Saura *et al.*, 2009).

### *6.1.3 Trust*

The interviewee mentioned trust as important in a relationship, but did not think that sponsorship had affected trust in the relation with PEAB. However, the interviewee pointed out that it is important that you can trust your partner to fulfill its duties. That comment strengthens Egan's (2008) thoughts of trust and commitment to be linked to each other in a relationship.

### *6.1.4 Commitment*

According to the interviewee, commitment was important in a relationship, but he saw no direct link between PEAB's sponsorship and the development of commitment. However, the fact that the interviewee said "no direct link" indicates there might be significance. Furthermore, the interviewee was positive towards future relationships with PEAB, which indicates that PEAB may have created commitment in the relation, a factor PEAB perhaps would not have been able to create, if its sponsorships would not have generated such awareness. The link is vague but even so an interesting reflection.

### *6.1.5 Credibility*

The respondent stated credibility to be important, but did not recognize any relation between sponsorship and credibility. This is a rather interesting statement since the respondent perceived PEAB's charity sponsorship as sincere. In our opinion, it should be quiet difficult to perceive something as sincere, without perceiving it as credibility.

### *6.1.6 Sincerity*

The interviewee assessed sincerity to be important in a relationship, and especially PEAB's charity sponsorship to have influenced the development of sincerity in the relation. Furthermore, the fact that the interviewee perceived PEAB as a company with a caring heart indicates PEAB's charity sponsorship to be in resonance with the corporate culture. Referring to Karlsen *et al.* (2007), sincerity can be seen as a key factor for

building trusting relations. This relation indicates that sponsorship can influence factors indirectly and opens up for the possibility that it can affect people on a subconscious level. The respondent also pointed out PEAB to yield sincerity to a larger extent than its competitors, which may indicate that PEAB have been successful in creating a brand image, as well as succeeded with its sponsorship programs. Consequently, PEAB has gained competitive advantage, which is supported by theory (Lachowetz and Gladden, 2002; McAlister and Ferrell, 2002; and Shank, 2008).

#### *6.1.7 Reputation*

The interviewee said there were no direct significance between sponsorship and development of reputation, since he regarded reputation to be more related to persons working within the company, rather than the company itself. Although, the interviewee mentioned that PEAB's sponsorship of Mentor and Ronald McDonald House had strengthened his perception of PEAB as honest and caring. We declare it to be a sign that PEAB's commitment in Mentor and Ronald McDonald house has created some form of reputation, or else, the respondent would not have had an opinion in the matter.

## **6.2 Company B**

### *6.2.1 Sponsorship*

As in previous interview, the respondent was familiar with PEAB's sport sponsorship, which once again emphasizes that PEAB is on the right track when it comes to generating awareness with its sponsorship. However, the respondent was not aware of PEAB's charity sponsorship, but was of the opinion that all kinds of sponsorships have its advantages. Hence, the use of different sponsorships opens up for a possibility to reach out to a wide range of people, which in PEAB's case may be an advantage. However, it is important that the implemented sponsorship is in resonance with the corporate culture. Otherwise, the outcome of sponsorship will do more harm than good.

Nevertheless, the interviewee continues saying sponsorship can affect reputation and influence region- and community development. This is interesting to know, since one of the indirect sponsorship objectives mentioned by Shank (2008), is reaching new target markets. That is why companies, in the progress of penetrating new markets, could benefit from assessing the most suitable sponsorship programs for each unique market. It can especially be an interesting knowledge in PEAB's case, because of the difficulties to gain market shares in Norway and Finland.

### 6.2.2 *Business relation development*

The interviewee mentioned that important factors to reflect on before entering a relationship are morality, knowledge, and competent resources. All these factors are difficult to know anything about before a relationship develops, hence, that is why reputation must have influenced the decision. In other words, before entering a relationship the respondent is actually influenced by reputation. That reputation can affect relationships is proved in the literature by Egan (2008). Furthermore, the interviewee mentioned previous relations with PEAB to influence the decision if to work with PEAB again. This indicates that PEAB may have created commitment in the relation, which probably made the respondent to perceive the relationship to have generated more pros than cons (Wetzels *et al.*, 1998).

### 6.2.3 *Trust*

The interviewee stated trust to be really important in a relationship. However, he was not certain if PEAB's sponsorship had affected it or not, which supports Karlsen's *et al.* (2008) theory of trust being a complex factor.

### 6.2.4 *Commitment*

Commitment was also regarded to be important in a relationship. However, the respondent could not see any clear connection between sponsorship and the development of commitment. Since Egan (2008) assesses a clear connection between trust and commitment, it is no surprise the respondent was doubtful that neither commitment nor trust was yielded by PEAB's sponsorship.

### 6.2.5 *Credibility and sincerity*

The interviewee was not certain if sponsorship contributed to enhance credibility or/and sincerity. However, since the interviewee had some doubts, it makes it possible that sponsorship actually had some kind of effect. It also emphasizes the measurement problem with sponsorship (Polonsky and Speed, 2001).

### 6.2.6 *Reputation*

The respondent mentioned that reputation probably affected the decision to turn to PEAB for construction work. Furthermore, he claimed PEAB's sponsorship programs to some extent influenced its reputation. However, there are a couple of indications referred to the interviewee's statements, which actually indicate that PEAB's reputation was affected by its sponsorship. First he stated he was well aware of PEAB's sport sponsorship. Later, he

stated reputation to be an important factor before entering a relationship. These statements indicate sponsorship to actually have had a larger effect on reputation than the respondent first claimed.

### **6.3 Company C**

#### *6.3.1 Sponsorship*

The interviewee was aware of all of PEAB's different sponsorships, which indicates that PEAB's sponsorship programs have enhanced the awareness level. The respondent noticeably considered PEAB's sponsorship, to more or less, have affected all tested factors in our model. The respondent's statement must be considered as serious positive feedback for PEAB and points towards successful sponsorship implementation. Consequently, if applying the right kind of sponsorship and using it in the correct way, it can be an effective tool to gain competitive advantage (Lachowetz and Gladden, 2002; McAlister and Ferrell, 2002; Shank, 2008).

That the respondent pointed out trust to be highly influenced by all PEAB's sponsorship was another noticeable fact. In addition, the respondent had a sincere picture of the company, and felt that PEAB's engagement in its sponsorship program was authentic, hence, Singh's *et al.* (2009) theory is supported, when they point out the importance of being honest with the sponsorship intentions, to be able to minimize the target group's skepticism towards sponsor's motives. Furthermore, the interviewee's thoughts that PEAB's sponsorship has contributed to yield a clear picture of the company, is an indicator that the sponsorships are in resonance with the core values of the company.

#### *6.3.2 Business relation development*

Before entering a relationship, the interviewee reflected on the following factors: confidence, competent resources, professionalism and trust. Confidence, competent resources and professionalism are difficult factors to know anything about before entering a relationship. That indicates that the interviewee's decision to turn to PEAB was influenced by PEAB's reputation. However, solid reputation is difficult to possess from the start, instead reputation grows from one user to another (Herbig and Milewicz, 1997). It also indicates that PEAB has created commitment in previous relationships, to ensure a positive reputation was spread. It is also supported by the interviewee's comment that he

can consider working with them again, since PEAB's corporate culture feels more authentic than other construction companies. Another indicator that emphasizes commitment as significant is the interviewee's comment that fulfilling duties are a key to a successful relationship.

### *6.3.3 Trust*

As the interviewee stated, trust was, to a large extent, affected by PEAB's sponsorship. The respondent seemed to perceive PEAB as total trustworthy, which is appropriate for PEAB since trust was assessed as a key factor before entering a relationship.

### *6.3.4 Commitment*

The respondent also considered commitment to be an important factor, and especially pointed out the sponsorship of Mentor and Ronald McDonald House to yield commitment. However, the interviewee stated that commitment essentially develops during a relationship rather than before a relationship. Nevertheless, as theory assesses a clear connection between trust and commitment, and that trust referring to the respondent definitely was affected by PEAB's sponsorship, indicates that it helps to create a picture of commitment.

### *6.3.5 Credibility*

The respondent told his relationship with PEAB had made him perceive PEAB as sincere with a genuine caring corporate culture. Therefore, he said it was easy to perceive PEAB's charity sponsorship as credible. It may also indicate that PEAB's charity sponsorship has contributed to create a clear picture of the company.

### *6.3.6 Sincerity*

Sincerity was, as well as the other factors, mentioned as important in relationship development. The respondent also perceived a clear connection between sincerity and PEAB's sponsorship and, in particular the sponsorship of Mentor and Ronald McDonald House. He also stated that PEAB's local sponsorship yielded sincerity, which he saw as important to be able to put together the overall picture. That PEAB's sponsorship is perceived to yield sincerity indicates it to be in resonance with the corporate culture.

### *6.3.7 Reputation*

The interviewee stated reputation to be important in the development of a relationship, and as mentioned earlier, he also considered that sponsorship is a good way to improve reputation. Furthermore, the interviewee pointed out that a good reputation also can attract top-class workers within the construction industry. This may be an interesting view for companies to consider before implementing their sponsorship.

## **6.4 Company D**

### *6.4.1 Sponsorship*

The fact that the interviewee pointed out that he was highly aware of PEAB's sport sponsorship, and considered it had influenced his decision to turn to PEAB for construction work, is a strong statement. That indicates once again, that PEAB has succeeded in generating awareness, but also in meeting and beating competition. He also emphasized the difference in what is yielded, dependent on what kind of sponsorship entity the company decides to engage in. This supports the theory of how important it is for companies to analyze different alternatives, before implementing a particular sponsorship program.

However, the interviewee was not aware of PEAB's charity sponsorship, but when taking it into consideration he thought it was a good way to increase goodwill, which can be referred to theory as a sign of improved brand image. Nevertheless, it is important that the chosen sponsorship is in resonance with the corporate culture of the company, otherwise it can create more negative than positive associations (Cann, 1998). This is also an issue the respondent elaborates, when he claims that sponsoring a charity cause in general is perceived as a genuine and caring act, but sometimes he felt it could be the total opposite; an insincere act as it is something the company only does to look good.

### *6.4.2 Business relation development*

Before entering a relationship the interviewee reflected over following factors: solidity, competence, and experience (especially the personals' experience within the organization). Competence and experience are difficult factors to evaluate before entering a relationship, which indicates that reputation played a significant part in the decision to turn to PEAB. It is also strengthened when the interviewee mentions that he especially takes reputation into account when choosing Construction Company. Khalfan *et al.*

(2007) assessed individuals intend to trust people more than companies; consequently this is being strengthened as the respondent points out personal experience as an essential factor. Furthermore, the interviewee mentioned trust and commitment as important factors within a relationship. Once again a respondent assess trust and commitment as important factors in a relationship. It is an indication that a clear connection exists, and also verifies the theory that commitment and trust are highly connected to each other (Egan, 2008).

#### *6.4.3 Trust, commitment, credibility, sincerity, and reputation*

All the above mentioned factors were, according to the interviewee, very similar but crucial factors when to develop a successful relationship. Furthermore, he considered PEAB's sponsorship programs to more or less affect these factors, although he put extra emphasis on reputation, trust, and sincerity. That indicates clear significance between sponsorship and the factors revealed as important in the development of a business relation. Furthermore, the interviewee had difficulties explaining why he felt sponsorship had affected the relation. That is a sign of how complex, and how difficult sponsorship effects are to evaluate, which is explained in the literature by Polonsky and Speed (2001).

### **6.5 Company E**

#### *6.5.1 Sponsorship*

As Shank (2008) states, maybe the most fundamental objective with sponsorship is the generating of awareness it gives. The respondent confirmed this statement as he pointed out PEAB's sponsorships to be highly visible. Above all, he mentioned its sport sponsorship to generate awareness, which is no surprise as Bennet (1999) assessed sport sponsorship to account for at least three quarters of all sponsorship spending.

Regarding the interviewee's thoughts of PEAB's charity sponsorship, he drew attention to yielded factors as warmth and caring, which was in line with the picture he had of PEAB. This can be related to the kind of values that is said to be associated with a company if it engages in sponsorship of social causes (Jobber and Fahy, 2006). It also confirms the theory that when supporting a cause, there needs to be genuine commitment throughout the organization, in order for consumers to perceive the commitment as authentic (Lachowetz and Gladden, 2002).



Additionally, the respondent perceived PEAB's local sponsorship as sincere, because of as he said, no obvious economical motives. This can be referred to existing theory, which assesses the importance of supporting a cause/event that matches the core values of the company to reduce skepticism (Singh *et al.*, 2009, Polonsky and Speed, 2001).

Reaching out to the right target markets are according to McAlister and Ferrell (2002) crucial, hence, most common reason to sponsorship failure is that companies simply reach out to wrong audiences. In PEAB's case it could be quite complicated since there is no clear target group. However, the interviewee stated PEAB to have a preferable mix of sponsorship, and is therefore able to reach a wide range of people.

#### *6.5.2 Business relation development*

Good references, in general referred to people rather than the company itself, where important when entering a relationship according to the respondent. The interviewee did not say it himself, but good references could in other words be interpreted as good reputation. Also the respondent's view regarding people's significance supports Khalfan *et al.* (2007) statement that individuals intend to trust people above companies.

#### *6.5.3 Trust*

Heffernan (2004) talks of initial trust to be of importance in relation development, and also points out company reputation to affect this early stage of trust. As noted, the respondent regarded trust as crucial for a relation to work, and also claimed PEAB's sponsorship to have influenced it. Since he also considered the sponsorship to have created a reputation, consequently strengthens the theory.

#### *6.5.4 Commitment*

Commitment was less elaborated by the respondent, and he could not see any connection to PEAB's sponsorship. Although, he considered it to be an important and well developed factor in the relationship with PEAB. Nevertheless, as assessed in the previous paragraph, the respondent stated PEAB's sponsorship to have influenced his view of PEAB as trustworthy. According to Egan (2008), commitment is definitely linked to trust, but it is unclear which one of the concepts that occurs first. This is merely an indication, but still it is interesting as it illustrates that sponsorship effects are not always apparent and that it may influence on a subconscious level.

### *6.5.5 Credibility*

The interviewee claimed PEAB's mix of sponsorship to yield credibility. As revealed below, the respondent also perceived PEAB's sponsorship as sincere, hence, it supports our earlier statement that if something is perceived as sincere, it ought also to be perceived as credible or vice versa.

### *6.5.6 Sincerity*

The respondent claimed sincerity to be a key factor in relationship development, and he also stated PEAB's local sponsorship to yield sincerity. The reason to the respondent's view was the absence of underlying economical motives, which also is in line with the developed theory by Singh *et al.* (2009) and Polonsky and Speed (2001).

### *6.5.7 Reputation*

As interpreted earlier, the respondent pointed out good references alias reputation to be a significant factor to take into account before entering a relationship. Moreover, the respondent mentioned PEAB's sponsorship to have influenced the company awareness, as well as sponsorship has the power to enhance brand image. Consequently, he did not directly mention PEAB's reputation to be affected to a large extent, but he actually did say it in other words.

## **6.6 Summary analysis**

### *6.6.1 Sponsorship*

The fact that all respondents were aware of PEAB's sponsorship, confirms creation of awareness as sponsorship's most fundamental indirect objective (Shank, 2008). Above all, the respondents considered PEAB's sport sponsorship to generate awareness to the largest extent, which is not remarkable, as Bennet (1999) assesses sport sponsorship to account for at least three quarters of all sponsorship spending.

Moreover, Jobber and Fahy (2006) declare, an audience exposed to a sponsor's name/logo, learns to relate sponsor and activity with each other. This theory was also strengthened by the majority of the respondents, as they assessed PEAB's sponsorship to have contributed to yield a clear picture of the company. In general, this is as well an indicator that the sponsorship is in resonance with the company's core values. In addition, one of the respondents revealed he directly associated PEAB with the sports movement.

Furthermore, near all of the respondents acknowledged PEAB as sincere, and felt that PEAB's engagement in its sponsorship programs was authentic. Hence, Singh's *et al.* (2009) theory is supported, as they point out the importance of being honest with the sponsorship intentions, in order to minimize the target group's skepticism towards sponsor's motives. Moreover, Cann (1998) argues it is important that implemented sponsorship programs are in resonance with the company's corporate culture, otherwise it can create more negative than positive associations. This is also an issue one of the respondents elaborated, when he claimed sponsorship of a charity cause in general is perceived as a genuine and caring act. Nevertheless, he sometimes felt it could be the total opposite, an insincere act, and something the company only does to look good. The respondent's view also gives credit to the theory by Lachowetz and Gladden (2002); when supporting a cause there needs to be genuine commitment throughout the organization, in order for consumers to perceive the commitment as authentic.

Another point, often discussed during the interviews, was that PEAB in general had put emphasis on the right sponsorship contexts, hence, maximized the outcome of its sponsorship. A connection to previous research can also be assessed, as various authors declare sponsorship to be an effective tool to gain competitive advantage, if applied and used in the correct way (Lachowetz and Gladden, 2002; McAlister and Ferrell, 2002; Shank, 2008).

Additionally, most of the respondents agreed PEAB's different sponsorship programs all had their advantages, whether it dealt with national-wide or local sponsorships, or if the aim was philanthropic. A common opinion was that PEAB's sponsorship mix, made it possible to reach out to wide range of people. Also reaching out to the right target markets are according to McAlister and Ferrell (2002) crucial, hence, most common reason to sponsorship failure is that companies simply reach out to wrong audiences. In PEAB's case it could be quiet complicated since there is no clear target group. Nevertheless, something that must be able to facilitate the problem is that PEAB can reach a broad audience, referred to the respondents.

Additionally, companies in the progress of penetrating new markets, could benefit from assessing the most suitable sponsorship programs for each unique market. It can especially be an interesting knowledge in PEAB's case, because of the difficulties to gain market shares in Norway and Finland.

### *6.6.2 Business relation development*

Overall, when it came to assessing important relationship factors, the respondents were often of similar opinion. We can also clarify that all business relationship factors included in our model, were almost by each one of the respondents considered important features in a relationship, thus prove theory relevant. Nevertheless, some of the respondents' answers stood out, as well as we could see that some factors intended to be more or less significant depending on the relationship status.

First, competent resources were by far the most emphasized aspect before entering a relationship. Although, as interpreted in the separate interviews, in order to assess whether a possible partner possesses competent resources, the reputation must be essential to reflect on.

Second, trust and commitment were perceived as crucial factors for a relationship to develop and thrive. The theory also points out commitment to be highly connected to trust, but argues which one initially emerges.

### *6.6.3 Trust*

It may not be revolutionary, but the interviews revealed trust to be a key factor in a relationship. In contrast, more extraordinary was that PEAB's sponsorship was perceived to more or less yield a picture of trust. Above all, the majority pointed out PEAB's mix of sponsorship to create trust. Furthermore, the fact that PEAB sponsors national exposed entities, as well as local less exposed contexts, made PEAB even more trustworthy. Only one respondent could definitely not see any connection between sponsorship and creation of trust, thus, if taking into consideration that trust being a key factor in relations, indicates that PEAB has been successful in its sponsorship implementation.

Consequently, we consider there is enough proof to assess a causal relationship between sponsorship and the creation of trust in business relation development.

### *6.6.4 Commitment*

To begin with, only one respondent could directly say PEAB's sponsorship to have affected commitment, since he thought the sponsorship of Mentor and Ronald McDonald House was a sign of commitment. However, both theory, and the majority of the respondents, assessed a clear connection between commitment and trust. Hence, since we concluded PEAB's sponsorship to affect trust, it may also yield commitment to a larger

extent than it appears to do. Additionally, we know as a fact that sponsorship, as the marketing tool it is, influences on a subconscious level, which consequently makes its' effects even more complex to measure.

Nevertheless, it would be too optimistic to assess PEAB's sponsorship to yield enough commitment to support our developed model. In one way or another, the model has to be modified.

#### *6.6.5 Credibility*

Regarding the credibility factor, opinions were split whether it was affected by PEAB's sponsorship or not. Although, credibility as commitment, could with interpretation be regarded as more significant than it appeared to be. As previous research pointed out, implementing sponsorship programs in resonance with corporate culture is a key to sponsorship success. The perception that PEAB had fulfilled this theory, were something that was highlighted by the respondents. For example, PEAB was by one respondent perceived as sincere with a genuine corporate culture, hence, stated it was easy to perceive PEAB's charity sponsorship as credible.

However, when summarizing we could see signs indicating sincerity and credibility to be closely connected. As a respondent said, if a firm does not engage in sponsorship with honest intentions, it is difficult to perceive it credible. Nevertheless, as in the case of commitment, the evidence is not strong enough to assess it as an individual factor in the developed model.

#### *6.6.6 Sincerity*

Most of the respondents could be assessed to have a sincere picture of PEAB, hence, perceived PEAB's engagement in its sponsorship programs as authentic. When further analyzing the interviews, we noticed the majority especially perceived PEAB's charity sponsorship as sincere. Also the local sponsorship was regarded sincere of two reasons. The first reason was that no obvious underlying economical motives existed. The second reason was that local sponsorship was told to be an important part of the big picture. Furthermore, since PEAB's sponsorship was regarded sincere, it reduces the possible skepticism towards PEAB's sponsorship motives, proved by theory. Finally, the fact that PEAB, referred to some of the respondents, yielded sincerity to a larger extent than its competitors, indicates PEAB has gained competitive advantage.

Consequently, we consider, as in the case of trust, there is enough proof to assess a causal relationship between sponsorship and the creation of sincerity in business relation development.

#### *6.6.7 Reputation*

The fact that one respondent claimed he directly associated PEAB with the sports movement, highly supports sponsorship's capability to create reputation. In addition, all respondents stated, or were interpreted, to have perceived PEAB's sponsorship to create reputation. Respondents also indicated the yielded reputation to have contributed to create a clear picture of the company, as well as it was assessed to have influenced the company awareness and brand image. Furthermore, reputation was by the majority considered as a key factor in the relation development.

For the respondents to perceive PEAB's sponsorship as trustworthy, sincere, and so on, we earlier assessed that initially a reputation must be created. Consequently, the last factor in our developed model must be considered to have, to the largest extent, been affected by PEAB's sponsorship, hence, there is enough proof to assess a causal relationship between sponsorship and the creation of reputation in business relation development.

## 7. Conclusions

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*Chapter seven begins with a presentation of our conclusions, followed by practical implications and critical reflections. In the end we give suggestions for future investigations.*

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### 7.1 Conclusion of findings

From the theories, we constructed a model. The model was developed with the intention to look at five essential factors in the business relation development, and to the extent they were affected by sponsorship.

We adopted an exploratory research design, since we needed to be flexible in our interpretations of the limited investigated field of how sponsorship affects business to business relation development. Furthermore, as concluded more than once, sponsorship is a complex phenomenon, hence, the interpretations and connections made in the analysis, can be perceived as more or less apparent. Consequently, it led to the following conclusion.

First of all, we can assess that there is a difference in created values referred to the type of sponsorship the company decides to engage in, thus, we can state it is crucial for companies to analyze different alternatives before implementing a particular sponsorship program, in order to be able to enhance its relations.

Concerning the relationship factors in our developed model, three of them could, in accordance with our findings, be verified as affected by sponsorship, while the other two factors were not as obviously affected. Hence, a modification of our developed model needs to be done.

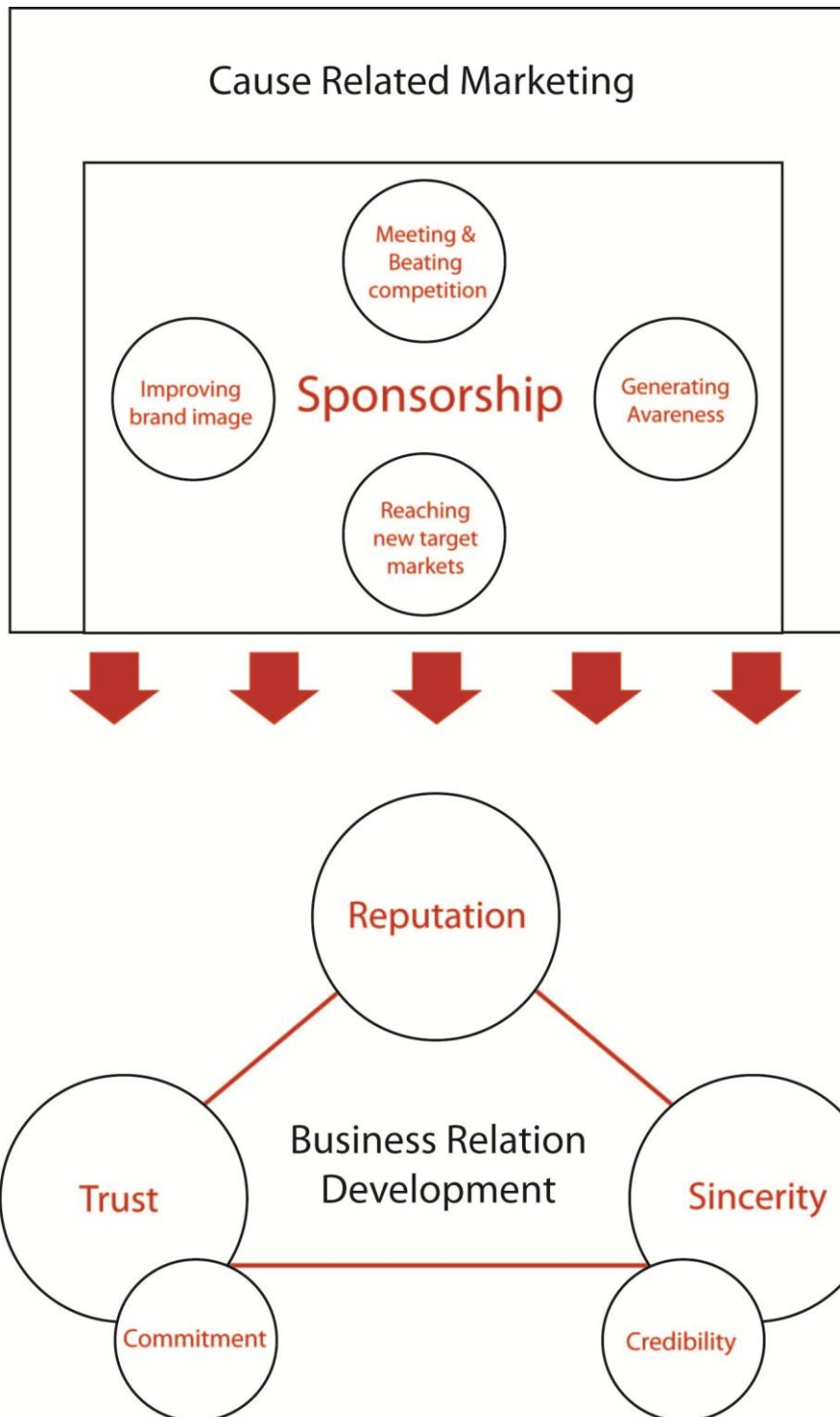


Figure 3: Per-Joh model

As previously stated, three of the relationship factors in our developed model, were undoubtedly affected by sponsorship. These were trust, sincerity, and reputation.



However, as revealed in the model above, the two remaining tested factors have been modified.

To begin with, credibility could not be assessed as a separate part in our modified model; despite that credibility is to some extent influenced by sponsorship. Nevertheless, we noticed a close connection to sincerity, which on the contrary is a factor highly affected by sponsorship. Hence, we have tried to visually show how we conclude credibility to be affected by sponsorship.

Secondly, the obvious indications were also too few for commitment to be assessed as a separate factor. However, commitment according to Egan (2008) is definitely linked to trust, and a majority of the respondents concluded sponsorship to create trust. This indicates that commitment may have been affected to a larger extent than it first appeared.

Consequently, the Per-Joh model illustrates that sponsorship's effects are not always apparent, and indicates that sponsorship, to more or less extent, influences customers on a subconscious level.

## **7.2 Practical implications**

As stated in the introduction, sponsorship is an emerging marketing tool, predicted to play an even more significant part for companies in the future. However, investigations about sponsorship and its effects on business to business relationships are limited, and the findings of this dissertation are a contribution to the subject.

The values different sponsorship entities create, and what factors sponsorship affects in the relation development, are findings that can be useful for companies in the business to business sphere. However, it is vital that the implemented sponsorship is in resonance with the company's corporate culture, otherwise it could create more negative than positive associations.

Furthermore, in PEAB's case, the findings indicate that its sponsorship activities have influenced the development of its relations. Hence, the information can support PEAB in its strive to penetrate the Nordic market to a larger extent.

### **7.3 Critical reflections**

A bachelor dissertation can seldomly be considered perfect. Therefore, in this part of the conclusion chapter, we will criticize parts that could have been done in more appropriate ways.

We are aware of that other aspects than just sponsorship can affect business to business relation development, where state of the market and price are two examples. Individuals and personal encounters are also aspects that influence the relation development. Hence, there is a risk these aspects may have affected the result. Another criticism to this dissertation is that we did not take the length of the relationships into account, which also may have influenced the result.

Finally, the translation of our interview questions into Swedish can have led to that the questions have been misinterpreted.

### **7.4 Future research**

Sponsorship's effects on business to business relation development are, as mentioned before, an uninvestigated field that needs further research. While collecting information to this dissertation, some thoughts of future research in this area emerged. First, an interesting case would be to do the same investigation, but on a larger scale and with a bigger sample. For example, keep PEAB as a case and conduct some of the interviews with companies in Finland and Norway, since it would reveal information of their reflections on appropriate sponsorship context and sponsorship in general. Second, to investigate the new trend of company sponsored arenas would be interesting, since it is up to date and implemented by companies all over the world. Finally, one thought that arose during one of our interviews, to be exact, when one of the respondents said that a well established company reputation can also attract top workers. Hence, an interesting case would be to investigate if sponsorship actually contributes to attracting the best workers.

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## Appendix A- Interview questions translated into Swedish

1. Vilka faktorer anser ni vara viktiga innan man ingår ett samarbete/företagsrelation?
2. Vad anser ni vara viktigt i valet av byggföretag?
3. Vilken faktor(er) anser ni vara viktiga i ett samarbete?
4. Vad betyder förtroende för dig?
5. Vad betyder uppriktighet/ ärlighet för dig?
6. Vad betyder åtagande/ förpliktelse för dig?
7. Vad betyder trovärdighet för dig?
8. Vad betyder ett företagsrykte för dig?
9. Har ni lagt märke till Peabs sponsring?
10. Peab sponsrar Mentor. Om ni har det i åtanke, hur påverkar det er syn på Peab?
11. Peab sponsrar Ronald McDonalds hus. Om ni har det i åtanke, hur påverkar det er syn på Peab?
12. Peab sponsrar .....! Om ni har det i åtanke, hur påverkar det er syn på Peab?
13. Man sponsrar även lokalt förankrade föreningar. Vad anser ni om Peabs lokala sponsring?
14. Anser ni att Peabs sponsring bidrar till en bild av förtroende. Om ja, varför?
15. Anser ni att Peabs sponsring bidrar till en bild av uppriktighet/ärlighet. Om ja, varför?
16. Anser ni att Peabs sponsring bidrar till en bild av åtagande/ förpliktelse. Om ja, varför?
17. Anser ni att Peabs sponsring bidrar till en bild av bild trovärdighet. Om ja, varför?
18. Anser ni att Peabs sponsring bidrar till en ökad ryktesspridning (varken positiv eller negativ laddad). Om ja, varför?
19. Inom vilka områden anser ni att Peab ska satsa på sponsring för att öka till exempel: förtroende, rykte etc.
20. Varför valde ni att ingå samarbete med Peab?
21. Vad var era första tankar om Peab innan ni ingick samarbete med dem?
22. Har er uppfattning om Peab ändrats under tiden ni samarbetat med dem?
23. Beskriv för- och nackdelar med att jobba med Peab?
24. Hur många gånger har ni jobbat med Peab?
25. Kan ni tänka er att arbeta med Peab i framtiden?
26. Har ni samarbetat med andra byggföretag? Om ja, uppfattade ni att det var skillnad mellan dessa företag angående rykte, tillförlitlighet etc.
27. När började ni känna..... i samarbetet med Peab?