Editorial

Journal of Targeting, Measurement and Analysis for Marketing (2008) **16**, 157–158. doi:10.1057/jt.2008.14

According to recent analysis, published by a market effectiveness tracking consultancy, of the US\$2bn likely to be spent on sponsorship and endorsement by worldwide and local companies on the Beijing Olympics, a record amount is likely to be wasted.¹ This is not just because this promotional technique is felt to be less effective than others available, but also that the ‘wastage rate’ appears to be considerably higher in China than elsewhere. Worldwide in 2007, some US\$37.7bn was spent on sponsorship, some two-thirds on sporting activities, but an increasing proportion on cause-related activities.² In the marketer’s toolkit, sponsorship is often regarded as a black hole for marketing’s promotional expenditure, or ‘a sixth or seventh goal in a match which has already gone 5–0 your way’. It can also be seen, however, as a way for the sponsoring organisation to gain credibility and trustworthiness by benefiting from a ‘halo effect’ through association with the sponsored activity. Research by the UK’s representative CSR organisation, Business in the Community (BiTC), suggests for example that some 80 per cent of consumers feel more loyal and positive about companies that choose to work with good causes in this way and that ‘if price and quality were equal, consumers would prefer to buy a brand associated with a charity rather than one that is not’ (www.bitc.org.uk).

Endorsement is held to work in a not dissimilar way. Organisations make use of celebrity endorsers in particular, because a consumer’s preconceived image of an appropriate celebrity may be capable of being transferred to the brand being endorsed.³ Again, however, proving a direct association with brand performance is challenging and considerations of congruence between the endorser and the product are also important.

Intuitively obvious findings aside, however, relatively little is known about how individual

consumers or other stakeholders (such as investors) process sponsorship or endorsement information and what the mechanism is that may lead to a positive outcome in terms of sales, and therefore properly tracking the effectiveness of campaigns is challenging.⁴ Two of the papers in this issue of the *Journal of Targeting* focus on sponsorship and endorsement. Jennifer Siemens and her colleagues examine the extent to which individuals can distinguish between profession-related expertise and product-related expertise in a situation of product endorsement. They conclude that the degree of congruence between product and endorser is critical, as we might expect, as is the extent of familiarity with the endorser. They also find, however, that respondents are able to distinguish between the professional expertise of the endorser and their product expertise and where there is no apparent congruence between endorser and product, the endorser’s professional reputation tends to suffer.

In a complementary piece, in this case examining the inter-relationship of effects between sponsor and sponsoring organisation, George Spais and George Filis focus on the financial sponsorship of football clubs and consider which party benefits most from the sponsorship, using the stock market as a proxy for performance. The study is distinctive in its inclusion of effects on the beneficiary organisation, since most prior studies have tended to focus primarily on the sponsoring organisation and the motives and consequences of their sponsorship. In this case study of Fiat and Juventus, it appears that the vehicle manufacturer benefited more than the football club in terms of stock price. Isolating the marketing intervention from other variables, which might have affected the stock price, is of course always challenging, but no different from determining an impact on

market share from a promotional campaign in the context of other factors.

Elsewhere in this issue, contributors range widely over issues in targeting, measurement and analysis, with a particular focus on marketing effectiveness. This theme is picked up by Mehir Baidya and Partha Basu, who examine the effectiveness of different marketing techniques in support of the Navratna brand in West Bengal. The effectiveness of online marketing communication in targeting web users is explored by Gladys Torres-Baumgarten and her colleagues in their examination of the consequences of language choice for web pages and e-mail messaging. The degree and incidence of acceptability of localised web content is significantly less straightforward than we might expect, they suggest. The use of conjoint analysis (CA) as a mechanism to determine business-to-business customers' communication and channel preferences form the basis of Morten Bach Jensen's paper on integrated marketing communication. In an excellent paper, he concludes that CA is a promising tool for fact-based marketing communications planning, where hard evidence is often difficult to come by.

Finally, two useful papers on techniques complete the issue. Dealing with a concern of direct relevance to both academics and practitioners, Mihai Calciu examines the

consequences of the choice of optimisation procedures for customer acquisition and retention costs. The paper shows that the optimal ratios between acquisition and retention spending are determined by a combination of responsiveness and saturation level in the customer response curve, compared to that of the prospect. Marko Sarstedt examines the particular challenges in employing mixture regression models, which have received increasing attention from firms. His attention is focused on the implications of the number of segments chosen for the model. Given that firms are now spending millions of dollars on targeting and positioning analysis, 'these problems' (like many facing those engaged in targeting, measurement and analysis) 'are therefore non trivial', observes Sarstedt.

JONATHAN REYNOLDS
Editor

References

- 1 Fournaise Marketing Group (2008) 'US\$1bn in marketing sponsorship could fail to deliver results at the Beijing Olympics', Press Release, 2nd June, http://www.fournaisgroup.com/beijing2008.asp?_fwaHound=8564482_1632_8564482_0_0_0_0.
- 2 According to IEG Inc (www.sponsorship.com).
- 3 Atkin, C. and Block, M. (1983) 'Effectiveness of celebrity endorsers', *Journal of Advertising Research*, Vol. 23, No. 1, pp. 57–61.
- 4 Cornwell, T. B., Weeks, C.S. and Roy, D.P. (2005) 'Sponsorship-linked marketing: opening the black box', *Journal of Advertising*, Vol. 34, No. 2, pp. 21–42.