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Ambushers vs. Sponsors: Does the Mouse Bite the Guarded Cheese?

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Abstract

In this study, we use the Resource Advantage Theory of Competition to understand the competitive interplay among three sets of firms: *sponsors*, *ambushers* and *others* (those who undertake neither strategy). We find that *sponsors* achieve greater communication effectiveness compared to *ambushers*, who fare better than *others*. *Ambushers* often impart false impressions in the hope of being mistaken as *sponsors*. In such a market situation, consumer cognition, affect and purchase intention regarding *perceived sponsors* are of paramount interest. As an exploratory investigation, we test the Hierarchy of Effects model to investigate consumer response towards brands that they *perceive* as *sponsors*. We find that consumers evince a significant positive affect towards these brands, but do not display a significant purchase intention towards them. Financial data available from publicly accessible sources are analyzed that further support our findings. Possible reasons for such findings are discussed along with managerial implications, limitations and future research directions.

Ambushers vs. Sponsors: Does the Mouse Bite the Guarded Cheese?

Introduction

Ambush marketing and sponsorship as strategy options in the context of a sporting event have generated significant interest in the advertising practitioner and academic communities (e.g., Farrelly et al., 2005). At the core of both strategies is the expectation that a brand's association (unofficial or official) with a sporting event will result in benefits that contribute towards building brand equity (e.g., Meenaghan, 1998). Interestingly, the majority of the buying public is not privy to information about whether a brand is an official *sponsor* or an *ambusher*, unless the *sponsor* communicates it strongly by staking its official claim to an association with the event (Farrelly et al., 2005). In extant research, attention has been focused on the issue of false impressions imparted by *ambushers* that hope to be mistaken for *sponsors*, with some research showing evidence that this perception makes consumers wary of disingenuous brands (McKelvey and Gladden, 2006). More recently it has been recognized that there is an urgent need to protect the rights of *sponsors* in the context of an increase in ambush marketing activities, the high investments made by *sponsors* and, the inability of the regular consumer to make a distinction between the two types of firms (e.g., Mckelvey and Grady, 2008).

The foregoing suggests that when ambush marketing and sponsorship are undertaken by separate firms in a marketplace, consumers usually *perceive both types of firms* as **official sponsors**, though they may expect some of these firms to be *ambushers*. We refer to such firms as *perceived sponsors*, i.e., firms that consumers think are sponsors. In reality, *perceived sponsors* might be *sponsors*, *ambushers* or *others* (firms not undertaking either strategy). Sufficient empirical studies in recent times have not been undertaken to determine the impact of ambush marketing and sponsorship on the communication effectiveness of these firms, or the *perceived sponsors*. Moreover, there is very little research that investigates overall consumer attitude and purchase intention towards brands of these firms. In this context, we ask: What is the communication effectiveness of *sponsors* vs. *ambushers* vs. *others*? What is the consumer's overall attitude towards the brands of *perceived sponsors*? What is the consumer's intention of purchasing brands of *perceived sponsors*?

The above questions are important as managers need to obtain an enhanced understanding of consumer attitude and intention to purchase brands in a marketplace occupied by fake "*sponsors*" as well as by real ones. Managers need a clear evaluation of the extent to which the objectives of firms' communication programs are achieved in a competitive context such as this. It is important to construct the study in this fashion so as to understand consumer responses towards *perceived sponsors* and what they intend to do about purchasing these brands.

Our study of ambush marketing and sponsorship activities is set in the backdrop of an international sporting event, the ICC Cricket World Cup – a setting different from that of the Olympics, the most often used context for studying the topic (Crimmins and Horn, 1996; Sandler and Shani, 1989). We measure the communication effectiveness of *sponsors* vs. *ambushers* vs. *others*. The hierarchy of effects (HOE) model predicts that consumers usually go through the stages of cognition, affect and purchase intention after watching an advertisement. In our study we empirically test whether the HOE model holds true for brands of *perceived sponsors* when firms undertake sponsorship and ambush strategies in the marketplace. Our purposes are exploratory in nature. The intention is not to test the HOE model separately for *ambushers* and *sponsors*; rather it is to test whether the association with a sporting event in the attempt to stand out as a distinct brand, continues to work with consumers as theoretically expected, even as the marketplace gets cluttered with *ambushers*.

In our analysis we find that *sponsors* have greater communication effectiveness than that of *ambushers*, who in turn are more effective than *others*. In our test of the HOE model, we find that it holds true partially in our study context. Of particular note is our finding that consumer awareness of *perceived sponsors* leads to a positive affect regarding the brands. However, we do not find support that positive affect leads to an intention to purchase these brands. In the process, we extend and add to current understanding of the literature on the topic. In sum, this study contributes to extant literature on ambush marketing and sponsorship by assessing the communication effectiveness of three types of firms. In addition, we test the HOE model, albeit the purposes are exploratory, in the context of consumer awareness of *perceived sponsors* in the marketplace during an international event.

The rest of the paper is organized as follows. First, we discuss the competitive scenario in which *ambushers* and *sponsors* exist, and through the Resource Advantage Theory of Competition try to obtain an understanding of their motivations for undertaking the different strategies. We then discuss the role of the Hierarchy of Effects model in the context of *ambushers* and *sponsors*, put forth the hypotheses, data collection and sampling methods, present the data analysis procedures, and discuss the results. Finally, we conclude with managerial implications and suggest directions for future research.

Literature Review

This study draws upon multiple research streams, including sponsorship and ambush marketing. The roles of sponsorship and ambush marketing within the context of a market structure are explored through the Resource Advantage Theory of Competition (Hunt and Morgan, 1995). Sponsorship has been defined as "a cash and/or in-kind fee paid to a property (typically a sports, entertainment, nonprofit event or organization) in return for access to the exploitable commercial potential associated with the property" (International Events Group – IEG – 2000). A *sponsor* chooses to invest in a property as part of its marketing and communication strategy (Farrelly et al., 2005). The *sponsor* and property enter into a contractual agreement that involves certain rights and exclusivity to undertake specific activities (e.g., rights to use the word "official," rights to particular event advertising, promotions, and publication inclusions) as circumscribed by the ambit of the contract (McKelvey and Grady, 2008).

Sponsorship effects have been studied at primarily four levels – exposure, awareness, cognition and behavior (Hansen and Scotwin, 1995). A large number of studies investigating awareness of *sponsors* have measured the variable through recall and recognition (Easton and Mackie, 1998; Nicholls, et al, 1999; Bennett, 1999). In addition, some studies have indicated that consumers prefer to purchase the products of *sponsors* or whoever they think are the *sponsors* (i.e., *perceived sponsors* in our study) and awareness often leads to hierarchies of effects like purchase (Schlossberg, 1996).

Consumer awareness of brands is found to increase when *sponsors* use broadcast (Lardinoit, 1999) or classical advertising (Du Plessis, 1997; Quester and Thompson, 2001; Barros et al., 2007) in conjunction with sponsorship. Classical advertising can help create the link between a *sponsor* and an event if it explains the logic of the association (Crimmins and Horn, 1996). Broadcast messages not only have an awareness effect on their own (Iordanov and Nobi, 1989) but seem to overwhelm most of the other messages from the *sponsor* (Millman, 1995).

These research findings provide insight into what probably serve as motivations for firms that cannot attain the status of a *sponsor* (i.e., official), but nonetheless want to associate themselves with the property in the hopes of deriving similar benefits as reaped by the *sponsor*. Such firms are referred to as practicing "ambush marketing", a term that was coined during the 1984 Los Angeles Olympic Games, in the wake of marketing activities undertaken by Kodak, a non-sponsor, attempting to "ambush" Fuji, an official *sponsor* of the event (Sandler and Shani, 1989). The term was introduced into marketing parlance by Bayless (1988) to describe the association that a company tries to establish with a property, albeit under false pretences, in order to take advantage of similar benefits as an official *sponsor* (Farrelly et al., 2005). The IEG defines ambush marketing as a promotional strategy whereby a non-sponsor attempts to capitalize on the popularity or prestige of a property by giving the false impression that it is a *sponsor* (Ukman, 2004). The non-sponsor engages in this by undertaking promotions and advertising that make use of the event or property's goodwill and reputation, "and that seek to confuse the buying public as to which companies really hold official sponsorship rights" (McKelvey, 1994, p. 20). Townley, et al. (1998, p. 1) also underscore the concept of "unauthorized association" in describing ambush marketing as an attempt on the part of firms to associate their names, brands and products with a sporting event through a wide range of marketing activities, where these associations have not been sanctioned by the governing body in charge of disseminating these rights to the appropriate firms. Thus far the discussion of ambush marketing provides a pejorative view of the strategy.

In contrast, a different view of the same strategy is simultaneously espoused, whereby Meenaghan (1994, p. 79), refers to it as a "variety of wholly legitimate and morally correct methods of intruding upon public consciousness surrounding an event". Some scholars hold that it is completely unrealistic to expect non-sponsors to make decisions about marketing activities that would not make use of regular promotional techniques designed to compete in the marketplace (Shani and Sandler, 1998), and can be justified as being nothing more than a part of the "normal 'cut and thrust' of business activity based on a strong economic justification" (Meenaghan, 1994, p. 85). The notion that such activities might be inadvertent, unintentional and undertaken with no malicious intent is also acknowledged (McKelvey and Grady, 2008). A group of scholars refer to it as "parallel marketing" (Glengarry, 2007). Therefore, whether ambush marketing is "immoral or imaginative practice… may well lie in the eye of the beholder" (Meenaghan, 1994, p. 85).

Extant literature on ambush marketing suggests that many companies try to cognitively associate with an event to exploit the marketing opportunity that the event provides (Se´guin and O'Reilly, 2008). A number of authors describe and analyze ambush strategy (Sandler and Shani, 1989; McDaniel and Kinney, 1998), while others examine the ethical (Meenaghan, 1994; O'Sullivan and Murphy, 1998) and the legal aspects (Townley et al., 1998; Hoek and Gendall, 2002; Crow and Hoek, 2003) associated with the strategy. Ambushing captures the attention of consumers while simultaneously cluttering the marketing environment. Studies on consumer reactions and attitudes towards ambush marketing point out that consumers perceive the unauthorized association negatively, and hold the *sponsor* in high esteem (Sandler and Shani 1989, 1993; Stotler, 1993; 1998; Shani and Sandler, 1998; Lyberger and McCarthy, 2001), leading to the possibility of an *ambusher* being mistaken for a *sponsor* (i.e., creating confusion among consumers). In other words, it is quite possible for a non-sponsor to undertake marketing activities such that it is incorrectly identified as a "*sponsor*" by the buying public, i.e., is a *perceived sponsor*.

Included in the gamut of activities associated with ambush marketing are purchase of advertising time within the event broadcast (McAuley and Sutton, 1999; Meenaghan, 1996), use of event-related themes in designing marketing promotions and in conducting consumer promotions (Shani and Sandler, 1998), presence of the *ambusher* in and around the event venue (McKelvey and Grady, 2008), and use of airwaves to broadcast congratulatory messages (McKelvey and Gladden, 2006). The first is deemed as being the most effective (McKelvey and Gladden, 2006).

A common approach to the establishment of objectives for communications programs is to view their impact on consumers as a hierarchy of effects (HOE), from awareness through purchase (e.g., Johnson and Messmer, 1991; Bendixen, 1993). The notion is that advertising may have a direct effect or an indirect effect on sales through its influence on intervening mental constructs. In their study, Lavdige and Steiner (1961) applied HOE directly to advertising, resulting in a seven-step model that begins with consumers who are completely unaware of the brand and then go through the steps of awareness, knowledge, liking, preference, conviction, and purchase. McGuire (1968) developed an HOE model that focused on the role that cognitive processes play in the persuasion process and proposed that the persuasive impact of messages could be viewed as the multiplicative product of six information processing steps: presentation, attention, comprehension, yielding, retention, and behavior. Though different authors include different steps in their specific HOE models, the stages included in the models have been generalized as always predicting a sequence of *cognition* (e.g., awareness) →*affect* (e.g., attitude) →*intentions* (e.g., to recommend or purchase the brand/intend to purchase a brand) (Smith et al., 2008).

Though the effects of sponsorship on consumer brand awareness have been the subject of several studies, very few have attempted to examine the impact of sponsorship and ambush marketing on consumer awareness and intention to purchase (Walliser, 2003). Researchers have, however, made an attempt to examine advertising that follows an ambush strategy. For example, Preuss, et al. (2008) analyzed the commercials aired during the broadcast of the Athens Olympics in 2004 and found that ambush marketing was rampant. But, they did not investigate the extent to which such advertising was effective. Sandler and Shani (1989) did compare the performance of *sponsors*, *ambushers*, and *others*, but did not find any significant difference between *ambushers* and *others*. However, their study has some limitations that we address in the present study, and thereby extend our understanding of the interplay among the three sets of firms. One of the major limitations is that, the authors restrict their analysis to only awareness measures. Additionally, the respondents chosen are confined to a university community, which raises questions about the generalizability of the findings.

We address the above issues in our study and ground the interplay among *sponsors*, *ambushers* and *others* in the theoretical framework of the Resource Advantage Theory of Competition (Morgan and Hunt, 1995). The scope of our study is the marketplace in India; data collection spans over eight cities and includes regular consumers. We adopt the IEG definitions (previously mentioned) of sponsorship and ambush marketing for the purposes of this study. In addition, we use the HOE model to examine the establishment of the objectives of communication effectiveness (cognition → affect → purchase intention) for brands of *perceived sponsors* (this issue is discussed in greater detail in the Hypotheses section). Note that the HOE model is not used to examine the achieving of communication effectiveness objectives of each of the three types of firms; rather it is applied to gauge the overall consumer response to the *perceived sponsors'* communication in the marketplace during a sporting event where consumers are aware that firms are undertaking ambushing and sponsorship activities. We also analyze financial data for some of the firms included in our study in order to further examine the possible impact of communication effectiveness on sales.

Resource Advantage Theory of Competition

The roles of *sponsors* and *ambushers* within the context of a market structure are next discussed through the framework of the Resource Advantage Theory of Competition (Morgan and Hunt, 1995). At the heart of the R-A theory are the concepts of resources, market position and financial performance (see Figure 1). A description of the schematic representation is best summed up in the words of the authors (italics added for emphasis):

"... (1) competition is the disequilibrating, ongoing process that consists of the constant struggle among firms for a comparative advantage in *resources* that will yield a marketplace position of *competitive advantage*, and thereby, superior *financial performance*; (2) firms learn through competition as a result of feedback from relative financial performance signaling relative market position, which in turn signals relative resources; and (3) competitive processes are influenced significantly by five environmental factors: the societal resources on which firms draw, the societal institutions that frame the rules of the game, the actions of competitors, the behaviors of consumers and suppliers, and public-policy decisions."

(Hunt and Madhavram, 2006)

Figure 1 here

Resources are the tangible and intangible assets available to a firm that enable it to efficiently and /or effectively produce a market offering that has value for certain market segment or segments (Barney, 1991; Wernerfelt, 1984). R-A theory categorizes resources as financial (e.g., cash reserves, access to financial markets), physical (e.g., plant, equipment), legal (e.g., trademarks, licenses), human (e.g., the skills and knowledge of individual employees), organizational (e.g., competencies, controls, policies, culture), informational (e.g., knowledge resulting from consumer and competitor intelligence), and relational (e.g., relationships with suppliers and customers) (Hunt and Morgan, 1995).

R-A theory posits that resources are both significantly heterogeneous across firms and imperfectly mobile (Hunt and Morgan, 1995). Resource heterogeneity means that every firm has an assortment of resources that is unique in some way. Immobility implies that firm resources, in varying degrees, are not commonly, easily or readily bought and sold in the marketplace (Collis, 1991; Dierickx and Cool, 1989). When a firm has a resource that is rare among competitors, then the resource has the potential for producing *comparative advantage* for that firm (Barney, 1991). A comparative advantage occurs when a resource enables a firm to produce a market offering, which, compared with existing offerings of competitors, is perceived to have superior value by some market segments and/or can be produced at a lower cost. A comparative advantage can then put the firm in a position of *competitive advantage* in the marketplace and lead it to superior financial performance. *Superior* implies that a firm seeks a level of performance exceeding some referent. For example, the specific measure of financial performance might be profits, return on assets, or return on equity, whereas the specific referent might be the firm's own performance in a previous time period or that of a set of rival firms, an industry average or a stock market average. Both the specific measure and referent will vary from time to time, firm to firm, industry to industry and culture to culture (Hunt and Moran, 1995). Since all firms seek superior financial performance, competitors of a firm that has *comparative advantage* will attempt to neutralize their rival's advantage by obtaining the same value producing resource. If the resource is mobile, and is readily available in the marketplace, then it will be acquired by competitors, and the comparative advantage is neutralized. If it is immobile, then competitors innovate. According to Barney (1991), the innovating behavior can be either imitating the resource or finding a substitute resource that is strategically equivalent.

The R-A theory also refers to a feedback loop through which firms learn about competition, relative market position and hence relative resources. In addition, the five environmental forces that the theory mentions, i.e., societal resources, societal institutions, competitors-suppliers, consumers and public policy significantly influence the competitive processes.

We extend the R-A theory to evaluate the comparative and competitive advantages of three groups of firms: *sponsors*, *ambushers* and *others*. Competition among firms is an ongoing process and consists of activities that usually lead to a comparative advantage in *resources*, eventually leading to competitive advantage, i.e., *market position*, and superior *financial performance*. The degree to which the competitive processes work is significantly influenced by the behaviors of consumers (Hunt and Madhavram, 2006). In this study, we concentrate specifically on exploring the relationships among **resources**, **market position, consumers** and **financial performance**, in the context of **societal resource** and **competition**. The other components of the framework, i.e., societal institutions, suppliers and public policy are beyond the scope of our study and are not discussed further.

During a sporting event, *sponsors*, *ambushers* and *others* vie for resources that will provide them with comparative advantage in the hope of ultimately achieving competitive advantage. Before the beginning of the event, it is assumed that the firms do not have any direct association with that specific sport. The event presents an opportunity for the firms to leverage a change in the environment. The event is an external stimulus that is expected to impact the behavior of specific consumer segments, leading to a heightened attention to the event. Hence, the sporting event is a *societal resource* that the three sets of firms can potentially take advantage of (i.e., "draw" upon) to attain a *market position* of competitive advantage. The event in itself is not a source of comparative advantage; rather, it is the same for all firms.

Firms might choose to associate themselves with the event by acquiring or deploying certain *resources* (which are different from *societal resources* that are equally accessible to all firms). It is expected that firms that have greater monetary power, are in a better position to acquire these *resources* (Se′guin, 2002). One such resource is the sponsorship rights to the event. This resource serves as a source of comparative advantage. Usually, only a limited number of firms are given exclusive sponsorship rights. Moreover, these firms also undertake event-related advertising that further strengthen their comparative advantage. Firms that are unable to obtain official sponsorship rights, undertake ambush marketing in order to exploit the opportunities created by the event and thereby reduce the comparative resource advantage of the *sponsors*. Both categories of firms (*sponsors* and *ambushers*), through their respective strategies hope to move to a *market position* of competitive advantage. The third category of firms does not undertake event-related communication and hence do not try to build comparative advantage or seek a position of competitive advantage. These firms, however, undertake regular marketing activities, that include advertising (albeit not event-related) over broadcast media.

We argue that if ambush marketing, like sponsorship, is attempting to create an association between the event and the advertiser, then *ambushers* should not only challenge the *sponsors* but also do much better than *others* in brand awareness measures. We further argue, as suggested by the HOE model, that consumers gain *cognition* (i.e., awareness) about advertised brands (by *sponsors*, *ambushers*, and *others*) in the market place, which leads to *affect* (e.g., attitude) towards these brands and, eventually consumers form an *intention to purchase*, which are the various objectives of any communications campaign. In order to examine the above, we include measures of awareness, attitude (specifically, towards brand image) and intention to purchase, in order to capture the pertinent constructs for *cognitive*, *affective* and *purchase intention* stages as suggested by the HOE model. The impact of advertising on these mental constructs ultimately influences sales, but typically is expected to do so over relatively longer time periods. Hence, financial data (over a period of time) for the firms included in our study are also analyzed to learn whether there is any significant difference in pre-post sales data.

Hypotheses

Sponsors are firms that seek to establish comparative advantage through an *official* association with a sporting event. These firms deploy substantial monetary resources to obtain official association. These firms also undertake extensive brand advertising through event-related themes. The *ambushers*, on the other hand, are firms that seek to establish competitive advantage through an *unofficial* association with the sports event by undertaking heavy advertising, also with special emphasis on event-related themes hoping to be mistakenly identified as *sponsors*. The *others* are firms that do not undertake event-related advertising. As posited by the R-A theory, competitor activity is one of the factors that might result in imitating the resource (Hunt, 1997), which is the association with the event. This behavior is detected on the part of the *ambushers*, who, attempt to imitate the *sponsors*, without officially associating with the sporting event, but by undertaking event-related advertising. *Ambushers* imitate the behavior of *sponsors* in order to avail of similar benefits, i.e., obtain comparative advantage and build competitive advantage. As discussed earlier, an indication of competitive advantage can be obtained from a measure of communication effectiveness and from consumer's awareness of the firm's brand.

To recapture what we said in literature review, we conceptualize ambush marketing as a strategy whereby a set of firms undertake marketing and communication activities that falsely impart the notion that they are the official *sponsors*. Therefore, the purpose of *ambushers* is considered served (i.e., the communication strategy can be deemed effective) when the buying public perceives them as being official *sponsors*. In other words, only if consumers mistakenly think of *ambushers* as being *sponsors*, can the ambush strategy be considered effective. In the context of the above discussion, and as suggested by the R-A theory, we believe that in a given market situation where firms are not restricted in their advertising behaviors, *sponsors* might have a greater impact on communication effectiveness than *ambushers*, though there might be situations in which there is no significant difference between the impact of the two groups. However, *ambushers* will have a greater impact on communication effectiveness than *others*. Therefore, we hypothesize that:

H1: An ambush strategy leads a firm to a position of parity such that communication effectiveness is not significantly different between *ambushers* and *sponsors*.

H2: An ambush strategy leads a firm to a position of competitive advantage such that communication effectiveness is significantly different between *ambushers* and *others*.

As per R-A theory, firms make use of resources to move from a position of comparative advantage to competitive advantage, which leads to superior financial performance. Also, how well the competitive processes work is influenced significantly by several environmental forces, such as the behaviors of consumers (Morgan and Hunt, 1995). It is reasonable to expect that the two types of firms (*sponsors* and *ambushers*) that make use of the *societal resource* (the sporting event), hope to achieve superior financial performance by building a greater consumer awareness for their brands that will translate into a high intention to purchase (as per the HOE model), and eventually actual purchase among consumers. In other words, the final objective for both types of firms is the same – to ensure that consumers intend to purchase (and ultimately purchase) their brands and products. It is also reasonable to expect that consumers in the marketplace are aware of sponsorship activities, but they might not always be accurate in their knowledge about the identities of *sponsors*, *ambushers* and *others*, i.e., they are aware of *perceived sponsors* – firms that in reality might belong to any of the three groups.

To elucidate further, consider a typical consumer viewing a television broadcast of a sporting event. The consumer is subject to advertisements and as per the hierarchy of effects, goes through the typical stages of *cognition* through *purchase intention* and ultimately, *purchase*. The consumer gains awareness regarding the *perceived sponsors*. In the process, he/she forms an *affect* towards these brands. Hence, to explore whether *sponsors* and *ambushers* achieve their objectives or not, it is important to evaluate the communication objectives of these brands. Therefore, we seek to understand consumer responses towards *perceived sponsors*. The overall consumer responses to advertisement exposure in the context of the event are considered.

Consumer awareness of *perceived sponsors* is measured. In our investigation we consider the awareness construct from two dimensions: delayed *recall* (after a period of time) and *recognition* (Nelson, 2002; Ha, 1996; MacKenzie et. al, 1986). These measures provide insights into the *cognition* stage in the HOE model. In addition, we are interested in finding out whether the promise of superior financial performance is fulfilled; or, if there is at least an indication from consumers that superior financial performance might be achieved. One way in which we can test whether consumers display any intention to purchase *perceived sponsors*' products, is to test whether the HOE model holds in the context of sponsorships and ambush marketing. Therefore, consumer *attitude* (*affect* stage) towards *perceived sponsors* (i.e., firms that consumers rightly or wrongly recall/recognize as *sponsors*) are appraised, and their *intention to purchase* (*purchase intention* stage) is measured that probe whether consumers would purchase the *perceived sponsor*'s product or not.

We perform a path analysis of the HOE model (Figure 2) in order to test whether it holds in the context of ambush and sponsorship activity in the present context. Though the HOE model is a widely accepted one, it has not been empirically tested in a context similar to that of the current study. This fact underscores the exploratory nature of our investigation. Given the exploratory purpose of our study, we consider the simplest form of the HOE model, conceptualized in terms of three stages as suggested in extant literature (Smith et al., 2008). As mentioned in earlier sections, the main stages that consumers go through upon being exposed to an advertisement are *cognition*, *affect* and *behavior*. We do not intend to test the various sub-stages that have been suggested in various versions of the model. Due to the lack of empirical research in this area, our hypotheses are exploratory in nature. Our purpose is to test whether consumers actually go through the stages of *cognition* through *intention* in the study context. Specifically, we are interested in testing the direction and the significance of the relationships, rather than the specific magnitudes of the relationships. It is in this perspective that our study is exploratory in nature. Therefore, we hypothesize that:

H3: Consumer awareness of *perceived sponsors*' brands and products positively impacts their affect towards these brands and products.

H4: Consumer affect towards *perceived sponsors*' brands and products positively impacts their intention to purchase these brands and products.

Figure 2 here

As per advertising literature, advertisement is expected to have direct impact on sales (Smith et al., 2008). We attempt to include financial performance data for the firms included in our study. Within the scope of our study, we are unable to obtain advertising or sales data from the companies themselves. Instead, we depend on publicly available data sources and manage to obtain figures (e.g., sales data) for only a subset of the companies included in our study. This constraint limits our capability for formulating a hypothesis that can be meaningfully tested. Nonetheless, however limited the nature of the data available, as per R-A theory, we posit the following propositions:

P1: An ambush strategy leads a firm to a position of parity such that financial performance is not significantly different between *ambushers* and *sponsors*.

P2: An ambush strategy leads a firm to a position of competitive advantage such that financial performance is significantly different between *ambushers* and *others*.

Method

Data Collection

We explore the above-mentioned relationships for three kinds of firms in the context of an international sporting competition, the ICC Cricket World Cup held in South Africa, in 2003. Sponsorship investment has been historically directed more towards sports (compared with any other category of event) as it ensures electronic media exposure through the broadcast of the event on cable and satellite television (Amis and Slack, 1999), which justifies our choice of the backdrop for this study. Cricket is a popular sport in several countries including the UK, Australia, South Africa and India. Fourteen cricketing nations (Australia, India, Zimbabwe, England, Pakistan, Holland, Namibia, Sri Lanka, Kenya, New Zealand, South Africa, West Indies, Canada, Bangladesh) participated in the event that took place over a period of about one and half months: the opening ceremony was held on Feb 08, 2003; the first match was played on Feb 09, 2003; and the final was on March 23, 2003. Being the biggest cricket tournament in the world, and one that takes place only every four years, the event attracts huge sponsorships. The cricket boards of South Africa, Zimbabwe and Kenya jointly organized the ICC World Cup 2003.

In our study, we specifically examine the competition dynamics among the *sponsors*, *ambushers* and *others* in the context of the Indian market. Even though the event took place outside the country, cricket as a sport demands a high level of attention from consumers as well as firms that engage in advertising. The Indian team was an important entrant and went on to play the final match (which they lose to the Australian team), which ensured a large viewership throughout the entire event. In addition, *all* matches were broadcast live by Set Max and Doordarshan (DD), two satellite channels that were the official broadcasters of the event in India.

For the purposes of the study, *sponsors*, *ambushers* and *others* are identified through the following procedure. Two judges undertook the identification process independently. First, the official *sponsors* in various product categories were identified based on the firms' official and declared associations with the event. The kinds of advertising undertaken by these firms for their flagship brands were tracked to detect whether there was an attempt to associate the brands with event-related themes. Second, firms that were not the *sponsors* of the event, but nonetheless undertook event-related advertising or purchased heavy advertising time during the event broadcast were identified. Third, firms that were not official *sponsors*, were not involved in event-related advertising and did not advertise heavily during the broadcast of the matches, were also identified. These three sets of firms constitute the *sponsors*, *ambushers* and *others* in our study. The inter-rate agreement was 78.56%. The two judges met and unanimously decided to include only those firms that appropriately fit into the three above-mentioned categories.

Hence, of paramount interest to us are those brands that consumers *rightly* or *wrongly* recollect or identify as *sponsors*, i.e., the *perceived sponsors*. We also attempt to understand consumer attitude towards brand image and their purchase intention towards these firms' products. It should be noted that the categorization of the firms according to their roles as *sponsors*, *ambushers*, and *others*, in the marketplace, is an exercise undertaken by the researchers (and is not known to the consumers). Therefore, while the consumers identify the *perceived sponsors*, the analysis undertaken on consumer awareness is based on the categorization described above. The effectiveness of the communications programs undertaken by the three kinds of firms is then obtained through a post-hoc analysis to understand the respective positions of competitive advantage of the firms, as reflected through consumers' awareness of their brands (i.e., only for H1/H2; and not for H3/H4, which is dealt with at the level of *perceived sponsors*).

Therefore, firms in each of the three categories are identified, with further sub-divisions in terms of products and services (e.g., Soda, Consumer Electronics, Motorcycles, Airlines, Telecommunications, and Television Channels). We also track the airtime devoted to advertising, for the flagship brands of the companies included in the study (see Table 1). The airtime (or amount spent on advertising), unfortunately, is not available for all firms included in the study. Pepsi, Hero Honda, LG, Hutch, South African Airways and two television-channels (Set Max and DD), are the official *sponsors* of the event.

Table 1 here

The respondents selected for the study are viewers of ICC World Cup matches broadcast by Set Max and Doordarshan in India. All respondents were approached within a specific period (between April 15-30, 2003), after approximately one month of the closing of the event. A total of 683 respondents were approached to participate in the study, and a total of 527 usable responses were obtained from eight cities across India (Delhi, Mumbai, Kolkata, Bangalore, Chennai, Lucknow, Ahmedabad and Hyderabad; with 2 cities situated in the North and West respectively, 1 in the East and 3 in the Southern part of the country), and are included in our analysis. All respondents had satellite cable connection in their households and watched the ICC World Cup matches. Trained student volunteers administered questionnaires to the respondents. Purposive sampling was used to ensure proper representation of respondents across gender groups and three age groups (between 15 and 45). All participants are under 45 years of age, the mean 33.8 years. All respondents have at least a high school education, with almost 86% being college graduates and 45.92% females. The average number of matches watched by respondents is 16.5. A respondent must have watched a match for at least two hours to be able to report it as equivalent to watching it.

Description of Measures

As already discussed earlier, recall and recognition are established measures for evaluating communication effectiveness (Sandler and Shani, 1989). Testing recall requires the subject to name the brand (that the respondent recalls as a *sponsor*) strictly from memory with no outside influence. Recognition testing offers the subject a list of brands and asks the subject to identify the brand (that the respondent recognizes as a *sponsor*) with the correct response always included in the list of potential responses. Both these operationalizations are included in the study to measure awareness (see Table 2). Data are collected through a structured questionnaire. For free recall data, respondents are asked one open ended question (Sandler and Shani, 1989), while for recognition data, respondents are asked one close ended question. In the second question, the same set of response categories are provided to all respondents (Sandler and Shani, 1989). The order of the responses is counterbalanced to avoid bias.

Table 2 here

Consumers' attitude towards the image of brands that are recalled and recognized as being that of *sponsors* is evaluated by two statements (adapted from Osgood et al., 1957). Consumers' intention to purchase is measured through three items (adapted from Rodgers, 2005).

It is expected that an examination of pertinent sales data for the companies included in our study will provide a more complete understanding of whether a sponsorship or an ambush strategy impacts actual net sales. Hence, we examine sales data for the companies included in the study, from publicly available sources. We attempt to obtain net sales figures, at an all-India level, for the companies included in the study. Six product categories prominently feature in our analysis. Of these, four – soda, consumer electronics, airlines, telecommunications – include companies (i.e., Pepsi, Coca Cola, LG, Samsung, South African Airways, and Hutch) that do not release financial statements for their operations in India, and hence are not included in this section of the analysis. One of the service categories, satellite TV channel, is not amenable to analysis of sales data and cannot be considered. Therefore, we concentrate on one product category: Motorcycles. Interestingly, all the three types of firms – *sponsors*, *ambushers*, *others* – in this case are Indian companies, and though multinational in dealings they do release financial statements for all India operations. The data used in our analysis have been obtained from www.equitymaster.com and www.valuenotes.com (accessed last on March 20, 2009).

Results

To evaluate the impact of ambush strategy on awareness (as an indicator of communication effectiveness), brand recall and brand recognition measures across the three sets of firms are compared with each other through a series of t-tests (see Table 3). For example, the brand names recalled by consumers (for *perceived sponsors*) are categorized post-hoc according to the three sets of firms they actually belong to: *sponsors*, *ambushers* and *others*. Analysis is undertaken across each product category, such that the number of times specific brands are mentioned for each of the three categories of firms, the following comparative analysis is undertaken: *sponsors* vs. *ambushers* and *ambushers* vs. *others*. For instance, if a respondent recalls 4 brands as '*sponsors*' out of which 2 belong to *sponsors*, 1 to *ambushers* and 1 to *others*, then the recall scores for *sponsors* is 2, *ambushers* is 1 and *others* is 1.

Table 3 here

An examination of the paired t-tests for both recall and recognition between the brands for *sponsors* and *ambushers* confirm that there is a significant difference between the two sets of firms, for each product category, with a positive bias for the *sponsors*. However, there is a significant positive bias for *ambushers* (compared to *sponsors*) in Telecommunications, with both recall and recognition higher in this product category. Overall, we do not find support for H1. The discrepant finding for the Telecommunications category is further examined. Advertising expenditure data for this specific category shows that the Reliance Infocom's monetary investments are greater than that of the *sponsor* (Table 1), which could be a possible reason for the finding.

Companies often want to know the extent to which a brand is associated with the event it is sponsoring. According to Crimmins and Horn (1996) this association or *strength of the link* can be measured by the formula: 'Percentage of target market which recognizes the link between the sponsoring brand and the event' minus 'percentage of target market which mistakenly believes there is a link between a non-sponsoring competitor and the event'. The larger the percentage that recognizes that a particular brand, and not its competitor, is a *sponsor*, the stronger is the link. A successful link between a brand and the event is one where the level of target awareness of sponsorship is at least 10-15 percentage points higher than the nearest competitor (Crimmins and Horn, 1996). In the present study, we identified Coca Cola, Samsung and Bajaj as the nearest competitors of Pepsi, LG and Hero Honda respectively. On applying the formula to recall data, we find that the link is strongest for Hero Honda (64.6%), followed by Pepsi (50.44%) and LG (46.65%). On applying the same formula to recognition data, we find that the link is strongest for Pepsi (51.24%), followed by LG (50.88%) and Hero Honda (38.45%). Hence for all the three *sponsors* the link is successful as it is much more than 10-15 percentage points, further providing no support for H1.

An examination of the paired t-tests for both recall and recognition for the brands of *ambushers* and *others* show that there is a significant difference between the two, across product categories, with a positive bias for *ambushers*, with an exception of the Motorcycles product category (see Table 3). Therefore, overall, we find support for H2.

The *strength of the link* between *ambushers* and the event vis-à-vis *others* can be calculated by extending the logic of the above formula. Hence, for recall data, we find that the link is strongest for Sahara Airlines (27.73%), followed by Samsung (17.04%) and Coke (16.46%), while for recognition data we find that the link was strongest for Sahara Airlines (26.4%), followed by Bajaj (15.83%). Hence for most of the *ambushers* the link is successful, providing further support for H2.

In our study, we operationalize *cognition* through two measures of awareness, recall and recognition. While these two measures are widely accepted and applied to capture awareness, they are not part of a validated scale. However, conceptually the measures capture the latent construct awareness, which represents *cognition*. Hence, in our test of the HOE model, we treat the two as separate observed variables that together contribute to the latent variable *cognition*. In other words, in our model, awareness is tantamount to *cognition*. *Affect* is measured by two items that capture consumers' attitude towards the image of sponsored products (note that when asking consumers, we refer to *perceived sponsors* as simply "*sponsors*". Additionally, the distinction is not made in post-hoc analysis for H3 and H4), while *intention* is measured by a three-item scale.

To assess the unidimensionality of each scale (for *cognition*, *affect* and *intention*), some preliminary analysis is carried out to ascertain the reliability and validity of measurements. Following Churchill's (1979) recommendation, we first examine the reliability of each scale. Coefficient alphas are higher than the generally recommended benchmark of 0.60 for exploratory purposes (Nunnally, 1957): 0.76 for *affect* and 0.602 for *intention* (Table 3). Hence, the values of Cronbach's alpha reveal an acceptable internal consistency for the two constructs in the study. Though the alpha value is lower than the recommended benchmark for *cognition* (.503), we have strong theoretical reasons for measuring this construct with recall and recognition, which is an acceptable one for operationalizing the construct thus (Byrne, 1998). Second, a principal component factor analysis (for exploratory purposes, i.e., exploratory factor analysis) is performed on each of the three scales. The scales and the items factored as expected with loadings for items being in excess of 0.7 for all except one (.679 for one of the items measuring *intention*) (Table 4). Recall and recognition measures load strongly on the same factor (.806 and .821) indicating unidimensionality for the construct *cognition*. The descriptive statistics, Cronbach's alphas and the pair wise correlation coefficients of the factors are computed and are reported in Tables 3 and 5. Overall, the factor analysis results suggest unidimensionality for the three constructs in the study.

Tables 4 and 5 here

Factor structure was assessed by factor analysis for each construct using principal component extraction and varimax rotation (i.e., an orthogonal rotation). Specifically, the scree test and the eigenvalue-one criterion were both used to identify the number of factors. If an item in a proposed dimension shows a significant loading (the absolute value of factor loading higher than or equal to 0.4) on more than one factor, then that item would be deleted because it confounds the notion of a unique construct. None of the items had a factor loading of more than 0.4 (Olorunniwo et al., 2006) on any factor other than the ones expected. This procedure resulted in a three-factor solution (see Table 4). A total of 66.668% of underlying variance was explained by these three factors. The confirmatory factor analysis procedure (CFA) and the structural path model are discussed below.

Subsequently, confirmatory factor analysis (CFA), is employed to assess the dimensionality and validity of the measures. In particular, a CFA can assess the convergent and discriminant validity of the studied constructs in the measurement model. The AMOS (version 16.0) is used as the analytical tool for the estimation of the measurement model.

Composite reliability, similar to the concept of Cronbach alpha, reflects the internal consistency of the indicators measuring each CFA construct (Fornell and Larcker, 1981). Results show that two factors have composite reliability scores greater than the commonly recommended 0.6 benchmark (Tseng et al., 2006) (see Table 7), and this suggests adequate evidence of internal consistency. *Cognition* has a lower composite reliability. This can be because of the two items measuring the construct are not part of a validated scale. However, theoretically, both are measures of awareness, and therefore, we have a strong reason for including them in the study (Byrne, 1998).

Convergent validity (i.e., the degree of association between measures of a construct) is assessed by reviewing the *t*-statistics of the factor loadings. The loading items for each construct were set exactly as suggested by the earlier EFA outcome. All indictors have a loading higher than 0.45 with the highest being 0.81. The fact that eight *t*-statistics are significant at the 0.001

level and one is significant at 0.05 level (see Table 6) suggest that the indicator variables provide good measures to their respective construct (Anderson and Gerbing, 1988), which offers supportive evidence to the convergent validity of the model. Convergent validity also requires that Squared Multiple Correlations (SMEs) be equal to or greater than .5 along with path coefficients equal to or greater than .7 (Table 6). Though the findings for some of the loadings are lower, overall, convergent validity is achieved.

Table 6 here

The discriminant validity (i.e., the degree to which items of constructs are distinct) was empirically assessed by using the variance extracted test. The criteria to examine the discriminant validity is to check whether the variance shared between measures of two different constructs (the squared correlation) is less than the amount of average variance extracted (AVE) by the items measuring each construct (Fornell and Larcker, 1981; Netemeyer et al., 1990). Empirical results (see Table 4) indicate that each AVE is greater than all the squared correlations, establishing that discriminant validity is achieved in our study. Therefore, initial scale validity and reliability are achieved for our constructs, an acceptable benchmark for exploratory purposes (Zahay, et al., 2004).

To assess the overall fitness of the measurement model, we reviewed a number of goodness-of-fit indices, including RMSEA (.049), CFI (.971), TLI (.927), and a $\chi^2_{(11)}$ value 25.064 with p=.009. Though the chi-square value is significant, it is relatively small compared to the degree of freedom, a condition that suggests that the model tested is indicative of good fit (Jöreskog and Sörbom, 1993; MacCallum et al., 1996). Together, a battery of fit indices, reveal a good fit.

Next, we examine the hypothesized causal model as shown in Figure 2. The goodness-of-fit indices, for the path model including RMSEA (.046), CFI (.973), TLI (.937), and a $\chi^2_{(12)}$

value 25.092 with p=.014, once again, reveal a good fit. Observation of the model fit indices and the relative magnitude of the r^2 lead us to reach a conclusion that the results of the structural path model lend support to hypothesis H3 (Figure 3). Overall, the proposed model provides a good explanation of *cognition* leading to customers' *affect* towards the image of sponsored brands. The standardized coefficient is significant ($p < .05$) and positive (0.233) as expected. However, the regression coefficient leading from *affect* to *Intention*, though displaying the hypothesized direction (0.028), is not significant and hence, we do not find any support for H4. We can say that given the exploratory nature of our study, the HOE model partially holds in the context of ambush and sponsorship strategy.

Figure 3 here

In the context of the above findings, it is meaningful to explore whether we can obtain support for the propositions, for the purposes of which we turn our attention to analyzing sales data for the Motorcycles product category. An appropriate measure for financial performance is growth in net sales (Hertenstein et al., 2005), among others. It is important to examine the data over the quarters preceding and following the event. Therefore, specific brand-related sales figures (Million Rupees) are obtained for the quarter ending in June 30, 2002 through quarter ending in Dec 31, 2003. Of specific interest to us are the changes in sales percentages and net profit percentages for the companies during the 3 quarters in the year 2003 compared with the 3 quarters preceding the event.

Percentage change in net sales and profit (for the *sponsor*, *ambusher*, *other*) are reported in Table 7, while the number of motorcycles sold are reported in Table 8 (for the *sponsor*, *ambusher*, *total market* – we are not able to obtain the number of vehicles sold for TVS. Hence, the rest of the market serves as a proxy for the *others*). We track the percentage change in net sales over the previous quarter (OPQ), against the same quarter in the previous year (SQPY) as well as between Mar '03 and Dec '03 (MtoD). We find that the *sponsor* (Hero Honda) experienced positive changes in the quarter following the closing of the event for both OPQ and SQPY, the percentage changes being 8.94% and 3.9%. The OPQ over the June '03 quarter decreases in the next quarter (-4.76%), but increases substantially by December '03 (25.41%). The last quarter in 2003 also witnesses high growth compared to the last quarter of 2002 (14.9%). The overall change in net sales over the three quarters (MtoD) is 30.11%.

Tables 7 and 8 here

Turning to Table 8, we are able to track the volume growth of the total Motorcycles market in India from June '02 to Dec '03. To minimize the effects of industry-specific factors of production and structure, the performance of each firm was analyzed relative to the average for its industry (Platt and Platt, 1990, 1991). We note that the size of the total market has grown by 12.22%, 0.5% and 13.3% respectively over the last three quarters of 2003 (i.e., during the three quarters following the closing of the event). The *sponsor*'s growth during these three quarters has been 15.22%, -2.69% and 28.16%, suggesting that in two quarters, the *sponsor* has grown faster than the market. The *ambusher*'s growth rates during the same period have been 7.82%, 5.3% and 7.93%, suggesting slower growth rates for two quarters as compared to the market, but a faster than market growth rate during the quarter ending in September '03. The *Rest* (a proxy for *others*) has also grown faster than the overall market in one quarter but slower during other two, mirroring the pattern displayed by the *ambusher*. However, none of the findings are significant.

The *ambusher*'s (Bajaj) changes in percentage sales over the last three quarters of 2003 follow a checkered pattern (10.94%, 18.22% and 4.34%), though substantial improvement is noted here as compared to the previous year's performance (13.98%, 37.82% and 32.76%). Comparing the *sponsor*'s and the *ambusher*'s performances, the change during the last quarter of

2003, suggests a superior performance by the *sponsor*. However the MtoD figure for the *ambusher* suggests that it has grown by 36.84%, a figure that is higher than that of the *sponsor*. A close examination of the MtoD figure for *others*, suggests that its overall growth has been slower (21.17%) compared to the *sponsor* and the *ambusher*.

Overall, the quarter ending in September 2003 seems to have been favorable for the *ambusher*, while the next quarter seems to have been favorable for the *sponsor*. It should also be noted that the penultimate quarter of year 2003 was also favorable for *others*. The period following the event saw an overall growth in net sales for all three firms. Therefore, based on the net sales, net profit and market size data, we do find some support for P1, but do not find any clear support for P2.

An examination of monthly sales data over 24 months (Jan 2002-Dec 2003) for the *ambusher* (Figure 4) displays a cyclical pattern. During two cycles (January to December for two years), the lowest sales for each year is realized in the month of April (for both years). Further, similar patterns are discerned for the months of June, July and August. We are not able to obtain similar data for *sponsors* and *others*. It is, however, reasonable to assume that sales in this product category probably follow a cyclical pattern. In the context of the cyclical nature of sales in this industry, from the relevant data obtained after the sporting event, it is difficult to come to any specific conclusions regarding whether there is any significant difference in sales among the three types of firms, strengthening our conclusion that there is no support for P2.

Figure 4 here

Discussion and Implications

There is little to support the stance that *ambushers* pose a serious threat to *sponsors* all the time. Out of the six product categories included in our study, five show that communication effectiveness of *sponsors* is significantly different in the positive direction compared to that of *ambushers*. However, for the sixth product category, Telecommunications, we find that *ambushers* present some challenges for *sponsors*. Of particular note is the fact that the *ambusher* (Reliance Communications, in this case), chose the sporting event as the perfect opportunity to enter the Telecommunications market in India. Market entry was accompanied by the usual introduction of new products, promotions, deals and an increased advertising expenditure, some possible reasons that explain the finding. In the R-A theory parlance one could say that, *sponsors* usually achieve positions of competitive advantage vis-à-vis *ambushers*, though the latter might perform better by undertaking carefully planned event-related marketing and consumer promotion activities. This seems to indicate that if *ambushers* design their campaigns thoughtfully, spend more on advertising and, intelligently time the introduction of new products, then more effective communication might probably be achieved by making use of the societal resource – a sporting event.

Compared to *others*, our results indicate that *ambushers* achieved greater communication effectiveness, and this holds across all but one product category – Motorcycles – included in our study. Therefore, an ambush strategy probably helps the firm achieve a position of competitive advantage vis-à-vis *others*, though exceptions might remain. A reason for this finding might be that the three brands included in our study as representing the three types of firms, are the major players in the Indian market, with about 80% of the market share among them. All three players enjoy strong presence, which might have influenced consumer awareness of the firm representing *others*. In other words, the entire sector probably grew in terms of volume following the event. This observation is borne out by figures reported in Table 8, which points out that the entire market grew by about 12 percent in the quarter following the closing of the event.

These findings indicate that *ambushers* use the societal resource to minimize the gap with *sponsors*, even though they are not able to close it, which suggests that there is a possibility that more and more of *others* might get converted into *ambushers* propelled by fierce competition. As fallout, *sponsors* might increasingly become reluctant to spend more to acquire sponsorship rights if an increasing number of firms choose to pursue an ambush strategy. The foregoing also suggests that sponsorship as an activity might not be perceived as a resource by competing firms if ambushing is not discouraged. Managers of all types of firms need to take the foregoing into cognizance when deciding on what strategy to pursue during a major sporting event.

In our study, all *sponsors* purchased advertising time around the broadcast of the event. There seems to be a relationship between advertising-spend and brands perceived as *sponsors*, though we are not able to formally test it in our study due to the exploratory nature of our endeavor. Pepsi had the highest consumer awareness among all the brands and had the maximum advertising budget during the event. Reliance Infocom and Coca Cola were large airtime buyers and had tremendous awareness as *perceived sponsors* even though they were not official *sponsors*. Reliance Infocom (Telecommunications) purchased 52505 seconds of airtime on television, while Hutch purchased only 15005 seconds even though it was a *sponsor*, which was probably a reason why consumer awareness of the *ambusher* (and not the *sponsor*) was stronger in this product category. Our findings seem to bear out Quester and Thompson's (2001) finding that awareness scores increase when sponsorship is used in conjunction with broadcast sponsorship. As Crimmins and Horn (1996) suggest, if the brand cannot afford to spend to communicate its sponsorship, then the brand cannot afford sponsorship at all.

Communication effectiveness is found to be similar across different product categories in our study, i.e., we find no difference in the pattern of significance across high involvement and low involvement product categories. Soda and Airlines are probably low involvement product categories, while Consumer Electronics, Motorcycles and Telecommunication are high involvement product categories. Therefore, communication effectiveness of brands in a market context such as this is probably influenced by factors other than product category (high involvement vs. low involvement). Some such factors might be advertising budget, indirect association with the event by themed advertising, and promotions related to the event.

In our study, we find that consumer awareness (*cognition*) of *perceived sponsors*' brands lead to a positive *affect* towards these brands. Our results provide relatively strong support for our exploratory hypotheses and underscore certain strategic implications. Our analyses for the hypotheses provide significant results for H3 as well as very good fit for the overall HOE model. A part of the HOE model is significant in the context of the situation against which we frame our study. Specifically, consumers display a positive affect towards the brands of *perceived sponsors*. A surprising finding is the indication from consumers suggesting that positive affect does not impact their intention to purchase the *perceived sponsors*' products. Hence, the part of the HOE model that suggests that affect leads to intention to purchase, is not significant. R-A theory suggests that firms will deploy internal resources to further acquire more resources to attain positions of competitive advantage, which is meant to lead to a state of superior financial performance. Such performance by firms might be expected only when consumers of products from these firms acquiesce to buying more of these products. In our study, in spite of positive affect consumers intention to purchase *perceived sponsors*' brands is not significant. Therefore, we cannot conclusively aver that superior financial performance is achieved in this market context.

We do not investigate the underlying reasons for such a finding due to the exploratory nature of our study, but provide some possible explanations that we think the findings might be ascribed to. However, before turning to the possible reasons, it should be noted that this finding in itself is probably worrisome for managers who design and execute elaborate campaigns during a sporting event with the objective of achieving superior financial benefits. If the benefits are not in line with the expectations, as our initial findings suggest, potential *sponsors* might not find compelling reasons for pursuing a sponsorship strategy. At the very least, the underlying reasons should be investigated.

There are several possible reasons for the findings relating to the test of the HOE model that we identify. For one, it is possible that when consumers are exposed to communication from firms during a sporting event, they perceive the association of brands with the event as the norm and not the exception. Hence, ambush marketing or sponsorship fails to impact them in a manner predicted by the HOE model. This means that such an association does not cut through the myriad brands vying for consumers' attention. If this is an underlying reason, then the questions that need to be raised are: What are the ways in which *sponsors* can reach out to consumers while still associating with the event? How should firms design their communications in the context of such a marketplace?

It is also possible that consumers are wary of sports-related marketing during a sporting event as they expect *ambushers* to pose as official *sponsors*, further diluting the brand equity of *sponsors*. This reason then makes it increasingly important for the *sponsor* to ensure that the buying public is aware of the official status the brand has been granted. Managers in charge of such campaigns need to make arrangements to publicize their legitimate association with the event. Co-branding with the event, as a long term strategy, may be pursued.

Another possible reason for our findings might be that purchase intention is not adequately explained by the HOE model in the context of the current study. A low r^2 indicates that there probably are other factors that contribute to consumers' purchase intention in such a market scenario. Some of such factors might be brand prominence, creativity in communications, and perceived fit of the *ambusher* and *sponsor* with the event, among others. In this case, managers need to pay attention to how these factors affect consumer purchase intention instead of assuming that exposure to advertising sets in motion the hierarchy of effects.

A less likely, but possible explanation might be that the sample included in the study is specific to a particular region of the world and that our study captures only regional variations. This, as we mention, is rather unlikely, because the respondents in our study come from urban settings, specifically the leading metropolitan cities in the country, whose lifestyles, attitudes and expectations are comparable to similar consumers from other countries.

Financial performance analyses show no significant difference among *sponsors*, *ambushers* and *others*. A possible reason for this might be that by the end of Dec 2003, the Indian Motorcycles industry was dominated by three major players – Hero Honda, Bajaj and TVS – that accounted for around 80% of the market share (Financial Times 2004). Financial returns are lower in industries with strong competitors (Porter 1980). The Motorcycles industry in India is probably one such instance, which is also evidenced in the recall and recognition scores.

This research also provides preliminary evidence that sponsorship as well as ambush marketing enhances communication effectiveness in terms of cognitive and affective components but does not impact sales. Managers may thus design promotions and programs in such a way that sales is one of the avowed objectives. After the closing of the event, marketers need to systematically track return on investments (ROI), customer lifetime value and repeat purchase patterns to follow-up on the sales objectives.

Our study will reduce the anxiety of *sponsors* as it proves that they are much more effective than *ambushers* in awareness measures. But at the same time it indicates that the threat of ambush marketing is real as the latter is more effective than *others* in creating awareness. Moreover, consumers' purchase intention of *perceived sponsors'* brands is not significant, and financial performance does not show any significant difference among the three types of firms either. Hence *sponsors* must realize that there is little room for complacency and must leverage sponsorship not only through advertising but also other means of integrated communication to block *ambushers* from associating with the property.

Sponsorship may be viewed as a resource that may give comparative advantage thus leading to competitive advantage. But for sponsorship to be a source of competitive advantage it is imperative that *sponsors* defend their flanks from attacks by *ambushers*. Hence marketers can either disparage ambush marketing or consider it a competitive response in an era of unprecedented competition.

Limitations and Future Research

Any survey based method, including the one used in this research, involves measurement errors. However, all measures used in the study are within acceptable limits as suggested in literature. Moreover the survey method does not allow for control of variables as experimental research does. Hence it is difficult to isolate the effects of intervening/extraneous variables like fit, ad spend, theme of advertising, product category, brand prominence and relatedness on dependent variables like communication effectiveness. Our research is based on a real event, which posed a limitation on the number of brands for which the impact of ambush marketing could be measured. Our research was conducted in the context of an event which happened outside the country and hence was experienced only through broadcast media. This could affect consumer responses to communication effectiveness measures like awareness and image, though such a possibility is low since most sporting event (in most countries) in recent times are experienced through broadcast media (e.g., the NFL Superbowl in the United States, the Olympics across the world). We could not find financial data for most of the companies except for in one product category, as the companies in all the other product categories were multinational corporations and did not release data for India operations. This restricted our ability to draw conclusions about the impact of sponsorship and ambush marketing on financial performance. Moreover our study was post-hoc but more value could have been added to the image measures of communication effectiveness if the study had investigated changes in image perceptions of *ambushers* and *sponsors* after the event, compared to pre-event measures.

Our research finds that overall the HOE model fits the data well. However, these results can only be considered preliminary given that we test only the very general version (three stages) of the model. Moreover, we test the model in the context of overall consumer responses to *perceived sponsors*. Future studies might test the model for specific groups of firms: *sponsors*, *ambushers* and *others*. In addition, more complex versions of the model exist, which can be tested in future studies.

Although this research finds that ambush marketing provides competitive advantage over *others*, the robustness and limits of this finding should be explored under different ambushing scenarios. For example the case of ambush marketing in different cultural contexts (U.S., Europe, Asian, Oriental) remains to be addressed directly, as does the case of ambushing in the context of event properties of different scale and magnitude like global vs. national. Future studies may want to take more heterogeneous consumer samples spread across different countries and cultures, which may capture the effects of culture specific constructs on ambush effectiveness.

The present research though studies the impact of ambush marketing across multiple product categories and finds consistent results; in future, researches may study the impact across other products and services. Differences in the effectiveness of sponsorship and ambushing across different product and service classifications might be an interesting area of study. Some of the possible classifications that can be investigated in future research are: low involvement vs. high involvement products; convenience goods vs. shopping goods; utilitarian vs. hedonic goods.

Future researches may look at identifying boundary conditions for effectiveness of ambush marketing by incorporating pertinent variations in the types of brands associated with the event. Such conditions might negatively impact consumers to such an extent that any potential positive effect from association with the event might be hindered. These boundary conditions may be captured by including controversial or stigmatized brands as well as unacceptable (e.g., shocking) brand-event combinations in the study. Another avenue for future research is studying the impact of brand-event fit on sponsorship and ambush marketing effectiveness, which will constitute an extension of our work. A study of the impact of brand-event *fit* under different conditions can be investigated. For example, some of the conditions might be *low sponsor fit with event*, *high sponsor fit with event*, *low ambusher fit with event*, and *high ambusher fit with event*, which will extend the idea of *fit* to the domain of ambush marketing and give potentially useful insights. Functional and image based similarity espoused by Gwinner (1999) and personality based similarity (Aaker, 1997) can be applied in the context of such research. These studies will also help us address questions such as those raised by Simonin and Ruth (1998) about why and how a brand might be affected by the company it keeps in its brand alliance relationships. Future research can also probe Johar and Pham's (1999) reflections about the impact of heuristics of prominence and familiarity on *sponsor* identification.

In addition, financial performance analyses including other indicators such as net income, earnings before interest, taxes, depreciation, and amortization (EBITDA), and operating cash flows (including cash flow from operations and net cash flows) with respect to net sales need to be undertaken. A wider selection of industries and product categories also need to be studied.

Our research considers all the constructs in the HOE model including cognition, affect and purchase intention. However, some studies suggest that consumer learning from sponsorship-type communication may take a more implicit form (Johar and Pham 1999). Questions may be raised as to whether proper identification of *sponsors* is really necessary for achieving the image enhancement objectives that most *sponsors* pursue? Though our research does not find enough support for the impact of sponsorship and ambush marketing on financial performance, further investigation in this regard may be useful since marketing in general and sponsorship in particular is under pressure to be more performance driven. Our research suggests that sponsorship can be viewed as a resource that gives competitive advantage, and hence ambushing can be a competitive response to nullify the advantage of *sponsors*. There seems to be a need for redefining the concept of ambush marketing. If marketers are engaging in activities that are perfectly within the ambit of law, how fair is it to term ambush marketing as illegal? Should purchasing advertising time legitimately around the broadcast of an event be considered as ambushing? Should distinction be made among advertisers, based on their intent of ambushing? If yes, how do we measure the intent? Although some research, like ours, explores the effectiveness of ambush marketing, a useful extension would be to investigate the extent to which ambush marketing negatively impacts the effectiveness of sponsorship.

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Table 1
Airtime: Sponsors and Ambushers associated with ICC World Cup 2003

Category	Advertiser (S/A/O)*	Airtime (MN Rs.)
Soda	Pepsi (S)	76259 (241)
	Coca Cola (A)	25016 (82)
	Thums-Up (O)	16321
Consumer Electronics	LG (S)	NA**
	Samsung (A)	NA
	Videocon (O)	NA
Motorbike	Hero Honda (S)	28724 (143)
	Bajaj (A)	19349 (86)
	TVS (O)	NA
Mobile Telecom	Hutch (S)	15005
	Reliance Infocom (A)	52505
	Airtel (O)	NA

* S=Sponsor; A=Ambusher; O=Others
** NA=Not Available

Table 2
Description of Measures

Construct	Measure	Description	Reliability (Cronbach 's α)	Mean* Scores (Std. Dev)	Scales Adapted From
Cognition	Recall	Name the companies/brands that you think are sponsors of ICC Cricket World Cup 2003?	0.503	5.169 (1.88)	Sandler and Shani (1989)
	Recog	Which of the following companies/brands do you think are sponsors of ICC Cricket World Cup 2003? Please tick all that are applicable.			
Affect	Attitude1	During the ICC World Cup, sponsors have improved the image of their brands in the minds of consumers through sponsorships.	0.760	2.589 (.987)	Osgood, Suci and Tannenbaum (1957)
	Attitude2	During the ICC World Cup, sponsors have improved the image of their brands in my mind through sponsorships. (5 point scale: No Improvement = 1 Very Strong Improvement = 5)			
Intention	Intent1	I will consider ICC World Cup sponsor companies' products for my next purchase.	0.602	2.443 (.728)	Rodgers (2005)
	Intent2	I will buy ICC World Cup sponsor companies' products.			
	Intent3	If ICC World Cup sponsor companies launch new products, I will consider those products for my next purchase. (3 point scale: 1=Agree; 2=Neutral; 3=Disagree)			

* For the scale (not for each item)
*** p < .000 (Two-tailed)

Table 3
Communication Effectiveness: Awareness

Product Category	Sponsors Vs. Ambushers Recall Recognition	Ambushers Vs. Others Recall Recognition
Soda	Pepsi Vs. Coca Cola 18.613*** 21.567***	Coca Cola Vs. Mountain Dew 8.479** * 2.567**
Consumer Electronics	LG Vs. Samsung 15.505 *** 13.808***	Samsung Vs. Videocon 7.979 *** 7.470***
Motorcycles	Hero Honda Vs. Bajaj 14.805 *** 17.693***	Bajaj Vs. TVS .816 .500
Airlines	South African Airways Vs. Sahara Airlines 5.239 *** 7.608***	Sahara Airlines Vs. Air India 6.219 *** 10.945***
Telecommunications	Hutch Vs. Reliance InfoCom -9.601 *** -10.514***	Reliance Infocom Vs. BSNL 10.723 *** 3.273**
Satellite Television Channel	Set Max Vs. ESPN -1.735* 28.267***	ESPN Vs. Zee 1.000 6.297***

T-tests reported
*** p < .000; ** p < .005; * p < .05

Table 4
Factor Loadings

		Cognition	Affect	Intention
Cognition	Recall			.806
	Recognition			.821
Affect	Attitude1		.893	
	Attitude2		.897	
Intention	Intent1	.794		
	Intent2	.764		
	Intent3	.679		
	Eigenvalue	1.227	1.670	1.769
	Cumulative percentage of explained variance	23.819	47.075	66.668

Extraction Method: Principal Component Analysis (EFA).
Rotation Method: varimax with Kaiser Normalization.
Factor loadings less than .4 are not shown.

Table 5
Descriptive Statistics, Average Variance Extracted, and Intercorrelations among the Latent Variables

	Mean	S.D.	Cognition	Affect	Intention
Cognition	5.169	1.88	**.37**		
Affect	2.589	.987	.236	**.62**	
Intention	2.443	.728	-.008	.028	**.35**

Average variance extracted (AVE) in the diagonal

Table 6
Properties of the Measurement Model (CFA)

Construct and Indicators	Standardized Loading	Square Multiple Correlation	Composite Reliability
Intention			.61
Intent1[a]	.454***	.207	
Intent3	.592***	.350	
Intent3	.709***	.503	
Affect			.76
Attitude1[a]	.810***	.656	
Attitude2	.758***	.574	
Cognition			.53
Recall[a]	.709***	.503	
Recog	.483*	.233	

*** indicates significance of *t*-statistic at $p < .001$ level.
* indicates significance of *t*-statistic at $p < .05$ level.
[a] Item was fixed to 1 in the original solution

Table 7
Change is Net Sales and Net Profits (%)

Brand		2002 Sep	2002 Dec	2003 Mar	2003 Jun	2003 Sep	2003 Dec	Sponsor vs. Ambusher^	Ambusher vs. Other^
Sponsor	**Change in Net Sales**								
(Hero Honda)	*	-3.02	11.34	-11.67	8.94	-4.76	**25.41**	n.s.	
	**				3.9	2	14.9	0.039	
	Mar '03 to Dec '03						**30.11**		
	Change in Net Profit	1.38	9.3	-3.67	7.21	-0.84	**29.46**	n.s.	
Ambusher	**Change in Net Sales**								
(Bajaj)	*	-2.24	8.32	-2.99	10.94	18.22	**4.34**		n.s.
	**				13.98	37.82	32.76		n.s.
	Mar '03 to Dec '03						**36.84**		
	Change in Net Profit	9.91	2.29	12.62	6.8	20.06	**-6.34**		n.s.
Other	**Change in Net Sales**								
(TVS)	*	11.92	0.24	-6.15	-0.12	15.4	**5.12**		
	**				5.16	8.43	13.71		
	Mar '03 to Dec '03						**21.17**		
	Change in Net Profit	15.3	5.18	15.38	-14.4	15.2	**-23.66**		

* % Change over the previous quarter (OPQ)
** % Change over the same quarter in the previous financial year (SQPY)
^ p-value: Only the figures for the last three quarters have been considered for t-tests (one-tailed, unequal variance)

Table 8
Quarterly Sales: Motorcycles Sold (Number)

Quarter	*Sponsor* HH (No.)	*Sponsor* Growth %	*Ambusher* Bajaj (No.)	*Ambusher* Growth %	*Other* Rest (No.)	*Other* Growth %	Total Market (No.)	Total Market Growth %	Spon vs. Ambu^	Ambu vs. Other^
June '02	421,679		227,628		255,693		905,000			
Sep '02	407,613	-3.34	196,319	-13.75	271068	6.01	875,000	-3.31		
Dec '02	452,050	10.90	229,643	16.97	353307	30.34	1,035,000	18.29		
Mar '03	398,193	-11.91	220,317	-4.06	281490	-20.33	900,000	-13.04		
June '03	458,779	15.22	237,551	7.82	313670	11.43	1,010,000	**12.22**	n.s.	n.s.
Sep '03	446,454	-2.69	250,133	5.30	318413	1.51	1,015,000	**0.5**		
Dec '03	572,196	28.16	269,978	7.93	307826	-3.32	1,150,000	**13.30**		

^ p-value: Only the figures for the last three quarters have been considered for t-tests (one-tailed, unequal variance)

Figure 1
Resource Advantage Theory of Competition

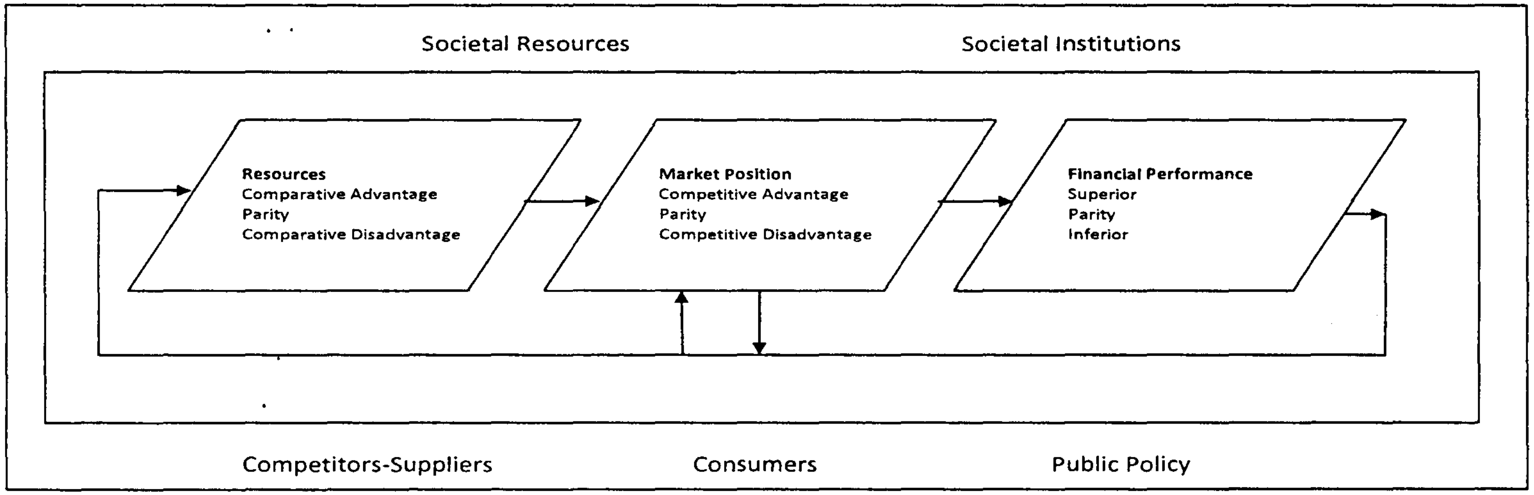


Figure 2
The Hierarchy of Effects Model: Hypotheses

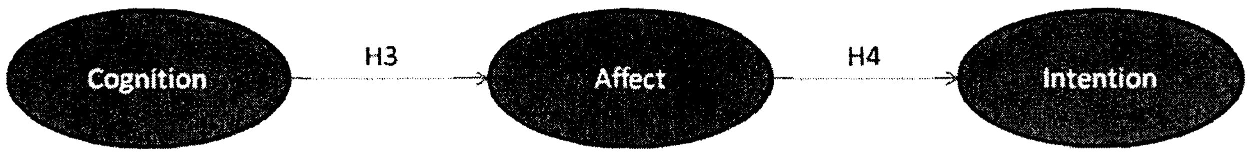
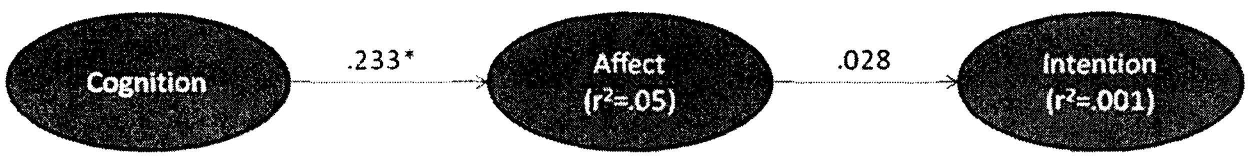


Figure 3
The Hierarchy of Effects Model: Path Coefficients



* indicates significance at $p < .05$ level.

Figure 4
Ambusher: Month-wise Sales (Jan 2002-December2003) (in Million Rupees)