

# Effectiveness of Olympic sponsorship by foreign and domestic companies: the influential role of consumer ethnocentrism

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# **Effectiveness of Olympic sponsorship by foreign and domestic companies: the influential role of consumer ethnocentrism**

## **Keywords**

Olympic sponsorship  
event involvement  
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multiple mediation effects

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## **Abstract**

This study investigates Chinese consumers' responses to foreign and domestic sponsors engaged in the Beijing Olympic Games. It identifies direct causal relationships between consumer ethnocentrism, attitudes towards the sponsor and product judgement. Findings reveal that event involvement mediates the positive relationship between consumer ethnocentrism and attitudes towards the domestic sponsor. Attitudes towards foreign sponsors are found to be a significant mediator in the relationship between consumer ethnocentrism and judgements of the sponsors' products. Theoretical and managerial implications are discussed.

## **Executive summary**

Sponsorship is often used to create an emotional bond with consumers, improve brand image and awareness and create competitive advantage. Little research has addressed consumer responses to sponsorship from attitudinal and emotional perspectives or compared sponsorships of foreign and domestic companies.

Sports is closely linked to the construction of nationalism and the Olympic Games are frequently used as a vehicle to build national identity, promoting the nation-state and delivering cultural impacts to other regions. It is apparent that the Beijing Games represented a source of national pride for the Chinese people. However, what remains unclear is the extent to which the event boosted sponsorship effectiveness in mind of the consumer.

This study explores the reaction of Chinese consumers to Beijing Olympic sponsorship initiatives. It investigates responses towards foreign and domestic sponsors and identifies several factors that contribute to sponsorship effectiveness. Findings show that consumer ethnocentrism has a direct negative impact on attitudes towards the foreign sponsors and foreign product judgements and a direct positive impact on domestic product judgements. Consumer ethnocentrism is shown to have an indirect impact on attitudes towards the foreign sponsors via event involvement and economic animosity. In addition, event involvement mediates the positive relationship between consumer ethnocentrism and attitudes towards the domestic sponsor. Finally it is demonstrated that attitudes towards the foreign sponsors are a significant mediator in the relationship between consumer ethnocentrism and judgements about the foreign sponsors' products.

This study explores the application of intergroup emotions theory in the international sports sponsorship context and in so doing fills a gap in the literature. The findings not only suggest that consumers respond to foreign and domestic sponsorship differently, but also imply that consumers differentiate between foreign sponsors. A number of managerial implications are

addressed to help companies differentiate their sponsorship strategies and cater to consumers from various cultural backgrounds.

## **Introduction**

Given that sponsorship of global sports properties (such as the Olympic Games) has a significant impact on corporate operations in multi-cultural environments (Amis & Cornwell, 2005), it is important to understand how sports sponsorship works, how it can be used effectively as a component of global strategic planning and how consumers respond to the initiatives in relatively new markets (Cornwell, 2008).

Past research has investigated the cognitive outcomes of sponsorship based on brand awareness and/or recall (e.g. Nicholls et al, 1999), affective outcomes of sponsorship, which include attitude and preference (e.g. Lardinoit & Quester, 2001) and behavioural outcomes of purchase intention (e.g. Chanavat et al, 2009; Koo et al, 2006). Despite the contention that significant differences in the perception and acceptance of sponsorship exist in different cultural settings (Walliser, 2003), no research has made comparisons between sponsorships initiated by foreign and domestic companies.

It has been shown that sports and nationalism are related (Cronin, 1997) and the Olympic Games are often used to build national identity and promote national culture (Messner, 1992). The Beijing Olympic Games highlighted both China's economic modernisation and the new synergy of Chinese nationalism, while successfully engaging the whole nation (Watts, 2008). However, the extent to which nationalism related factors such as consumer ethnocentrism and economic animosity may influence attitudes to specific Olympic sponsors remains unclear.

Intergroup emotions theory (Mackie et al, 2000), developed on the basis of social identity research (Tajfel & Turner, 1986), postulates that group-based emotions are generated by appraisals of events or objects impinging on the group. It also indicates that in-group perceptions of out-groups can affect group members' reactions (and consequent behaviours) to out-groups. The Crisp et al (2007) research used intergroup emotions theory to explain fans' reactions to their team's success or failure. Their findings confirmed that overall dissociation of emotions and action tendencies is a function of in-group identification. This paper proposes that intergroup emotions theory may have implications for sponsorship outcomes in the international marketplace. For example, because Lenovo is a Chinese company and the Beijing Olympics a source of national pride for the majority of Chinese

citizens, the activation of recalling Lenovo as a sponsor of the Beijing Olympic Games may retrieve the association 'Chinese'. Hence, Lenovo is likely to be regarded as an in-group member by the Chinese audience, while foreign sponsors tend to be seen as out-group members. This raises the question of whether consumers perceive sponsorship initiatives by foreign and domestic companies in different ways and whether they identify the factors contributing to such differences. Additionally, relevant literature and theoretical development and application has largely focused on North American or European contexts, with little attention given to China. The purpose of this study is to address these omissions through the identification of factors influencing Chinese consumers' responses to sports sponsorship by both foreign and domestic companies. In order to generate a greater understanding of sponsorship effectiveness, this study identifies the direct and indirect relationships between event involvement, consumer ethnocentrism, economic animosity and attitudes towards the sponsor and product judgement. This is the first time these relationships have been investigated in a sponsorship context.

### **Theoretical background and hypotheses development**

The proposed conceptual models are presented in Figure 1. Both direct and indirect relationships between consumer ethnocentrism, event involvement, economic animosity, attitudes towards foreign and domestic sponsors and product judgements are proposed.

Insert Figure 1 here

### **Consumer ethnocentrism and related outcomes**

Consumer ethnocentrism represents "the beliefs held by consumers about the appropriateness, indeed morality, of purchasing foreign made products" (Shimp & Sharma, 1987, p.280).

Although the role of consumer ethnocentrism has seen little research in a sponsorship context, studies confirm that consumer ethnocentrism can lead to overestimation of the virtues of locally made products, a preference for domestic products and, consequently, nationalistic preferences in terms of purchase behaviour. At the same time, moral obligation may lead

ethnocentric consumers to underestimate the quality of foreign products, dislike imports and resist foreign product purchase (Ouellet, 2007).

Social identities are the aspects of a person's self-concept that are based upon their group memberships (Hogg & Abrams, 1988). Social identity theory indicates that social behaviour varies along a continuum, which ranges from interpersonal behaviour at one end to intergroup behaviour at the other. Interpersonal behaviour is mainly under the control of personological variables (including individual characteristics and interpersonal relationships), whereas intergroup behaviour is largely determined by category-based processes: a person is likely to behave as a group member when social categorisation is made salient. An example of this is identification with organisations (Dutton et al, 1994), online communities (Code & Zaparyniuk, 2009) or sports teams (Wann & Branscombe, 1993). A central tenet of the theory is that "group affiliation is motivated by a desire for positive distinctiveness from other social groups and that group members' display discrimination and in-group bias to achieve this" (Madrigal, 2001, p.148). In other words, people tend to create in-group self-categorisation and positive identities that favour the in-group, while maximising inter-group distinctiveness (Hogg & Abrams, 1988). In a sponsorship context, an attempt to differentiate their nationality based social group might cause an individual to respond more positively to domestic companies than foreign companies.

Furthermore, within social psychology the principle of cognitive consistency (Heider, 1946) remains one of the most influential approaches in the study of attitudes. At the heart of this principle is the idea that people are motivated to retain consistency in their own cognitions (beliefs, attitudes and self-perceptions). This notion has been applied to consumer behaviour studies, which indicate that consumers strive to be consistent in their attitudes, beliefs and behaviours in order to reduce feelings of discomfort and cognitive dissonance (Hawkins et al, 2001). Previous research on country-of-origin effects has found interaction between consumer ethnocentrism and consumer attitudes to domestic and imported products. For example, it has been shown that positive attitudes towards their home country have a significant impact on consumer's evaluations of domestic products and purchase intentions (favouring domestic products over imports) (Han, 1988; Sharma et al, 1995). Within a sponsorship context, this paper argues that ethnocentric Chinese consumers have a tendency to support domestic sponsors. The underlying reason is that they identify domestic sponsors as in-group members and, with consideration of cognitive consistency theory, such

nationalistic attitudes are less likely to create conflict in their cognitions. It is also important to note that identifying foreign sponsors as out-group members can lead to negative consumer attitudes towards their products and brands. Hence, it is proposed that:

**H<sub>1a</sub>:** Consumer ethnocentrism will be negatively related to attitudes towards the foreign sponsor.

**H<sub>1b</sub>:** Consumer ethnocentrism will be positively related to attitudes towards the domestic sponsor.

**H<sub>2a</sub>:** Consumer ethnocentrism will be negatively related to judgements of the foreign sponsor's products.

**H<sub>2b</sub>:** Consumer ethnocentrism will be positively related to judgements of the domestic sponsor's products.

The model also suggests three potential mediation effects<sup>1</sup>: the effect of consumer ethnocentrism on attitudes towards the sponsor could be indirect via event involvement, the effect of consumer ethnocentrism on attitudes towards the foreign sponsor could be indirect via economic animosity and the effect of consumer ethnocentrism on product judgements could be indirect via attitudes towards the sponsor. None of these mediation relationships have previously been investigated.

### **Mediating effect of event involvement**

Increasingly, with the popularity of fan behaviour studies, the concept of involvement has been applied to sports (e.g. Funk et al, 2004). In this context event involvement describes the extent to which consumers identify with and are motivated by their engagement in and affiliation with particular sports events (Meenaghan, 2001). As a motivational construct involvement is generated, to some extent, by a person's values and needs. The antecedents-involvement-consequences model of involvement suggests a number of antecedents of involvement, including two dimensions of risk as well as interest, sign value and hedonic

value (Laurent & Kapferer, 1985). Hence, it would be logical to assume that personal values may have a significant impact on involvement. Past research also indicates that consumer ethnocentrism is closely linked to individual cultural values (Yoo & Donthu, 2005).

International sports events could promote national comparisons, maximise intergroup differences, minimise intragroup differences and reinforce a group or nation's social identity (Turner, 1987). Therefore, it is proposed that an individual's involvement with the Olympic Games could be influenced by consumer ethnocentrism: those who are less ethnocentric would have a wider view of the world and so would be more involved with out-groups and more willing to be involved with the Games. This concept was confirmed by a number of respondents during the qualitative stage of this research, which showed that consumer ethnocentrism may be negatively related to event involvement.

Crimmins and Horn's (1996) Olympic study found that association between a brand and a sponsored event may cause gratitude in the consumer's mind, especially for fans of the event. A number of studies have indicated that event involvement plays a fundamental role in determining consumer responses to sponsorship in terms of more positive thoughts and attitudes towards a sponsor (Roy & Cornwell, 2004; Alexandris et al, 2007), better sponsor recognition, high perception of corporate image and likelihood of purchase (Smith, 2004; Ko et al, 2008).

This study examines the correlational relationships between these three constructs. It is hypothesised that event involvement mediates the relationship between consumer ethnocentrism and attitudes towards the sponsor by creating an emotional attachment with event sponsors.

**H<sub>3a</sub>:** Event involvement mediates the effect of consumer ethnocentrism on attitudes towards the foreign sponsor.

**H<sub>3b</sub>:** Event involvement mediates the effect of consumer ethnocentrism on attitudes towards the domestic sponsor.

### **Mediating effect of economic animosity**

Literature concerning consumer behaviour and international marketing suggests that marketers should take consumer ethnocentrism and animosity into consideration when creating marketing strategies within a global marketplace. Consumer animosity represents “the remnants of antipathy related to previous or ongoing military, political, or economic events” (Klein et al, 1998, p.90). Consumer animosity and ethnocentrism are distinct constructs: consumer animosity is related to choices between foreign goods, while consumer ethnocentrism is related to choices between domestic and foreign goods (Klein, 2002). Although the Klein et al (1998) study acknowledged the potential interrelationship between these two constructs, no empirical research has established any causal relationship. It is arguable that consumer ethnocentrism could serve as an antecedent of animosity. Considering intergroup emotions theory, strongly identifying as a group member makes emotions experienced on behalf of the group more intense. Therefore, the more a person cares about their in-group benefits, the more likely they are to feel hostility towards the offending out-groups, in this case, certain foreign nations.

A series of empirical studies have been conducted to examine consumer animosity and its effects. The results indicate that consumers may avoid buying goods from a particular country because of hostility towards that country that stems from military and diplomatic events (Klein & Ettenson, 1999). In addition, consumer animosity can be aroused through significant economic competition between nations. Economic animosity, a type of consumer animosity based on economic competition and conflicts at a national level, is relevant to this study. China’s rapid economic growth and increased openness has brought economic sanctions and trading issues with other countries, which may cause consumer negativity towards certain foreign countries and avoidance of their products. However, no research has investigated the effect of economic animosity in an international sponsorship context.

This study attempts to identify the mediating role of economic animosity in the relationship between consumer ethnocentrism and attitudes towards foreign sponsors. The level of economic animosity was expected to increase in line with ethnocentricity, generating more negative attitudes towards the foreign sponsor as a result of hostile feelings towards that sponsor’s country of origin (COO).

**H<sub>4</sub>:** Economic animosity mediates the effect of consumer ethnocentrism on attitudes towards a foreign sponsor.

### **The mediating effect of attitudes towards the sponsor**

The primary objective of sponsorship is to generate positive attitudes towards the sponsor (Cornwell & Maignan, 1998). Purchase behaviour appears to be related to consumer attitudes towards sponsors (Speed & Thompson, 2000; Madrigal, 2001), although whether consumers' attitudes towards a sponsor influence their evaluations of the sponsor's products remains unclear.

Previous research has identified a number of factors that affect product judgements, including store image, price, brand, advertisement and country-of-origin (Hong & Wyer, 1989; Maheswaran, 1994). These information sources serve as indicators of product benefits and generate feelings towards the product (Nguyen et al, 2008). Therefore, product judgement could be the emotional effects that consumers generate after exposure to sponsorship stimuli. Hence, it is suggested that consumers' judgements of a sponsor's products might be affected by their evaluation of the sponsor's image.

No empirical work has focused explicitly on the indirect effects of consumer ethnocentrism on product judgements. It is hypothesised that consumer ethnocentrism affects consumers' judgements of sponsors' products by influencing attitudes towards the sponsor. As argued in the previous section, when the consumer is highly ethnocentric, judgements of the foreign sponsor's products are likely to be more negative and judgements of the domestic sponsor's products are likely to be more positive. However, attitudes towards foreign and domestic sponsors could serve as a mediator in this direct relationship. A higher level of ethnocentric tendency may reinforce positive attitudes towards the domestic sponsor and negative attitudes towards the foreign sponsor. In turn, when a consumer dislikes or cannot relate to a sponsor, their judgement of the sponsor's products will tend to be less favourable. In other words, consumer ethnocentrism can influence product judgements indirectly via attitudes towards the sponsor. Therefore, two mediation effects are proposed:

**H<sub>5a</sub>:** Attitude towards the foreign sponsor mediates the effect of consumer ethnocentrism on judgements about a foreign sponsor's products.

**H<sub>5b</sub>:** Attitude towards the domestic sponsor mediates the effect of consumer ethnocentrism on judgements about domestic sponsor's products.

## **Research methodology**

The focus of this study were the twelve corporations involved in the Olympic Partner (TOP) programme at Beijing 2008 Games: Coca-Cola, Kodak, McDonalds, Visa, GE and Johnson & Johnson (all U.S.), Atos Origin (France), Manulife (Canada), Panasonic (Japan), Samsung (South Korea), Omega (Switzerland) and Lenovo.

Questionnaires were developed for foreign and domestic assessments using two groups of respondents<sup>2</sup>. A filter question was included in the questionnaire to assess participants' recall of the TOP sponsors, their COO, main business and product category. Only when they had correctly recalled the sponsor and their COO and demonstrated knowledge of the sponsor's products were participants given a full questionnaire, which was designed based on the sponsor's COO. The questionnaire was piloted among twenty respondents to confirm the appropriateness of the measurement instruments. The pilot study was used to solicit various responses about length, layout, response formats, interpretability and comprehensiveness of the instructions and the questionnaire. Minor revisions to instructions and translations were made based on respondents' feedback.

Quota sampling based on age, gender and level of education was used to ensure demographic equivalence between participant groups. Data collection was completed in a variety of commercial and industrial locations in the city of Zhengzhou, China<sup>3</sup>. Four research assistants were employed to distribute the questionnaires and two questionnaire formats were used. The questionnaire relating to foreign sponsors, which included additional questions about economic animosity, generated 811 valid responses. The questionnaire relating to domestic sponsors generated 461 valid responses. Male and female respondents were represented approximately equally, 90% were educated to at least college level, 57% were aged between 16 and 25 and 37% were mid-level income (approximately US\$160-\$650 per month).

## **Analysis and results**

### **Descriptive analysis**

Generally, respondents' ethnocentric level was very close to the neutral point ( $\bar{x}_{\text{foreign}} = 3.63$  and  $\bar{x}_{\text{domestic}} = 3.68$ ). The mean values of consumer ethnocentrism for the two groups were not statistically different ( $t = -.79, p > .05$ ). This implies that the majority of Chinese consumers held unbiased attitudes towards imports. Facing wider choices of foreign and locally made products, they were more likely to make unbiased purchase decisions. Although, on average, respondents did not hold hostile feelings towards TOP sponsors' COOs ( $\bar{x} = 4.03$ ), more detailed mean comparisons are presented and discussed later. There was a very high level of involvement in the 2008 Olympic Games ( $\bar{x}_{\text{foreign}} = 6.18$  and  $\bar{x}_{\text{domestic}} = 6.21$ ) and the mean values were not significantly different ( $t = -.52, p > .05$ ). The respondents also held positive evaluations of both foreign made and domestic products ( $\bar{x}_{\text{foreign}} = 4.41$  and  $\bar{x}_{\text{domestic}} = 4.40; t = .08, p > .05$ ). It was clear that Chinese consumers had significantly more positive attitudes towards the only domestic TOP sponsor, Lenovo ( $\bar{x}_{\text{foreign}} = 4.66$  and  $\bar{x}_{\text{domestic}} = 5.77; t = -15.55, p < .001$ ). A significant t value was found for the attitudes construct, indicating that there was a significant mean difference between consumer attitudes towards the domestic and foreign sponsors.

### **Construct measurement**

The 10-item 7-point version of CETSCALE developed by Shimp and Sharma (1987) was adapted to measure consumer ethnocentrism. The items included: "Purchasing foreign-made products is un-Chinese"; "Chinese should not buy foreign products, because this hurts Chinese business and causes unemployment"; and "It is not right to purchase foreign products, because it puts Chinese out of jobs". Zaichkowsky's (1994) 10-item 7-point semantic differential scale of Product Involvement Inventory (PII) was used to measure the construct of event involvement. The items included: "the Beijing Games to me are unimportant/important"; "irrelevant/relevant"; and "unappealing/appealing". Speed and Thompson's (2000) 4-item 7-point semantic differential scale was used to assess attitudes towards the sponsor. The items were "bad/good"; "dislike/like"; "unpleasant/pleasant"; and "unfavourable/favourable". The 5-item 7-point economic animosity and 6-item 7-point

product judgement measures of the Klein et al (1998) study were modified. The former included items such as “...(the country where the sponsor originates) is not a reliable trading partner”; “... (the country) is taking advantage of China”; and “... (the country) is doing business unfairly with China”. The product judgements scale assessed the perception of the products from “workmanship”; “product quality”; “technological advancement”; “design”; “reliability” and “value for money” perspectives. The measurement scales were refined by eliminating the items with poor item-total correlations (below .60) or high inter-item correlations (above .75).

The psychometric properties of the constructs were examined by confirmatory factor analysis using AMOS. The values of the fit indices are illustrated in Table 1. For the foreign country group,  $\chi^2/df = 4.08$ , GFI = .89, AGFI = .87, TLI = .90, CFI = .91, RMSEA = .06; for the domestic country group,  $\chi^2/df = 2.8$ , GFI = .90, IFI = .93, TLI = .92, CFI = .93, RMSEA = .06. In general, the data fit both refined measurement models well.

**Insert Table 1 here**

The validated measures show good internal consistency reliability with Cronbach’s alpha values ranging from .83 to .92. Composite reliability was calculated based on the standardised indicator loadings and measurement errors of each construct<sup>4</sup>. As shown in Table 1, all constructs had composite reliability values greater than the recommended level of .75.

Validity of the measures was assessed by the critical ratios (CRs) and the average variance extracted (AVEs). All of the constructs’ indicators met the recommended criteria, where the CRs were larger than 2.00, statistically significant at the .05 level (Bollen, 1989). Moreover, with the exception of the consumer ethnocentrism construct (which had a slightly lower AVE), the remaining constructs all had AVE values higher than .50, demonstrating adequate convergent validity (Fornell & Larcker, 1981). Discriminant validity was assessed by comparing the AVE for each construct to the square of the correlation between the one construct and each of the others. All AVE values were greater than the squared correlations,

indicating that the measures met the criterion of discriminant validity (Lehmann, 1988) – see Table 2.

Insert Table 2 here

### **Structural model assessment and test of hypotheses**

Structural models for the foreign and domestic country groups were tested in order to examine the hypothesised relationships. Results showed that the data fitted both models well. For the foreign country group RMSEA=.06,  $\chi^2/d.f.= 4.06$ , GFI=.90, AGFI=.87, CFI=.91 and TLI=.90. H<sub>1a</sub> ( $\beta= -.14$ ,  $p<.05$ ) was supported and H<sub>2a</sub> ( $\beta= -.04$ , NS) was rejected. For the domestic country group RMSEA=.06,  $\chi^2/d.f.=2.80$ , GFI=.90, AGFI=.87, CFI=.93 and TLI=.92, indicating a good model fit. Both H<sub>1b</sub> ( $\beta= .12$ ,  $p<.05$ ) and H<sub>2b</sub> ( $\beta= .16$ ,  $p<.01$ ) were supported for this group (see Table 3).

Insert Table 3 here

### **Testing the mediators**

Shrout and Bolger's (2002) bias-corrected bootstrap method was performed to test the significance of the mediation effects in the two models. Although Baron & Kenny's (1986) causal steps strategy is the most commonly used approach for testing mediation, a number of limitations have been acknowledged in recent years and the significant shortcomings in the multiple mediation context could not be neglected (Zhao et al, 2010). Bootstrapping, a 'nonparametric' way of computing a sampling distribution, was used in this study as it has been proven to be the most powerful method of testing multiple mediation effects (Preacher & Hayes, 2008). 1,000 bootstrap samples were generated from the original data sets (N = 811 and 461 respectively) based on random sampling with replacement. The models were tested 1,000 times with these subsamples and the estimation of the mediation effect was calculated

by multiplying 1,000 pairs of the indirect effect, path coefficient  $ab$ <sup>5</sup>. If the 95% confidence intervals for the estimates of mediation effect do not include a zero, it suggests the significance of the mediation effect is at the .05 level (Shrout & Bolger, 2002).

For the foreign group model there are two indirect effects between consumer ethnocentrism and attitudes towards the foreign sponsor, one via event involvement and one via economic animosity. Shrout and Bolger's (2002) macro command for assessing the indirect effects in SPSS was used to test the strength of each specific indirect effect. The bias-corrected bootstrap output shows that the total indirect effect, combining mediation effects of event involvement and economic animosity, is significant at  $p < .05$ . Furthermore, it is important to compare the separate strengths of the two specific indirect effects on the dependent variable. The bootstrapping output indicates that both event involvement and economic animosity are significant mediators of consumer ethnocentrism and attitudes towards the foreign sponsor relationship, supporting  $H_{3a}$  and  $H_4$ . Additionally, a pairwise contrast of the indirect effects through event involvement and economic animosity was conducted. Results indicate that these indirect effects are significantly different from each other in terms of magnitude. More specially, economic animosity has a greater mediating effect on the consumer ethnocentrism and attitudes towards the sponsor relationship, as the examination of the pairwise contrasts of the indirect effects through economic animosity was larger (.03) than the specific indirect effect through event involvement, with a BC 95% CI of .01 to .06 (see Table 3). Similarly, the mediation effect of attitudes towards the foreign sponsor in the relationship between consumer ethnocentrism and product judgements was tested. For the foreign group the indirect effect was statistically significant and  $H_{5a}$  was supported.

For the domestic group model the bootstrapping results indicate that the only significant indirect effect on the relationship between consumer ethnocentrism and attitudes towards the domestic sponsor is event involvement. Hence, it can be claimed that event involvement significantly mediates the positive relationship between consumer ethnocentrism and attitudes towards the domestic sponsor, supporting  $H_{3b}$ . Furthermore, according to MacKinnon et al (2000), event involvement serves as a suppressor in the relationship between consumer ethnocentrism and attitudes towards the domestic sponsor. This strengthens the impact of consumer ethnocentrism on attitudes towards the domestic sponsor. The suppressor model corresponds to an inconsistent mediation model where the mediated

and direct effects have opposite signs (MacKinnon et al, 2000). (See Table 3:  $H_{3b}$ ,  $ab = c - c' = -.04$  had an opposite sign to the direct effect  $H_{1b}$ ,  $c' = .12$ .)

In the relationship between consumer ethnocentrism and product judgements the indirect effect of attitudes towards the domestic sponsor was not significant and  $H_{5b}$  was rejected (see Table 3).

## **Discussion**

Consumer ethnocentrism was found to have a significant negative impact on attitudes towards a foreign sponsor and a significant positive impact on attitudes towards a domestic sponsor. In the context of sports sponsorship, where sports is linked with nationalism, it seems that an increase in the level of consumer ethnocentric tendencies causes the consumer to generate more positive attitudes towards the local sponsor and relatively less positive towards foreign sponsors).

In this study consumer ethnocentrism was only positively related to judgements on domestic products and no significant relationship between consumer ethnocentrism and judgements on foreign products was found. These findings are inconsistent with research conducted in the U.S. and Western European countries (e.g. Shimp & Sharma, 1987; Klein, 2002), however, it has been argued that the quality differences between foreign and domestic products may result in different effects of consumer ethnocentrism on product evaluations. It is common that the foreign and domestic products used in studies carried out in Western developed countries are of a similar quality. Contrastingly, studies of consumer ethnocentrism in developing countries like the former Eastern Bloc (Supphellen & Rittenburg, 2001) use examples in which foreign brands are considered superior to domestic brands. In these cases, only positive effects of consumer ethnocentrism on judgments of domestic products were obtained. The underlying theoretical explanations are related to social identity theory and the social desirability effect (Paulhus, 1986). This study supports such findings in that the degree of Chinese consumer ethnocentrism and attitudes towards imports are separated from the evaluations of foreign products (since foreign products may be considered better than domestic ones in a Chinese consumer's mind). The findings also imply that foreign brands have an advantage over domestic brands as a result of positive product evaluation in China.

Marketers of foreign brands can exploit these favourable attitudes and focus on encouraging positive word of mouth marketing among Chinese consumers.

The positive link between consumer ethnocentrism and domestic product judgments is crucial for marketers of domestic brands, who must improve product quality in order to change consumers' traditional perceptions of domestic products. Domestic companies might also improve sales if managers understood the social psychology of consumer ethnocentrism and used marketing activities to inspire consumers to support national products.

Event involvement also mediates the positive impact of consumer ethnocentrism on attitudes towards the domestic sponsor. From a theoretical perspective, Keller (1993) indicates that brand associations can be influenced when a brand aligns itself with a sporting event through sponsorship. Consumers' pre-existing associations of the event become linked with the sponsoring company or brand. In essence, the event image is transferred to the brand (Smith, 2004). The 2008 Olympic Games provided an opportunity for Lenovo (the only Chinese TOP sponsor) to prove its credibility by securing the computer technology equipment category, which involved supplying all IT facilities. Association with Olympic brand values and the ability to demonstrate products capable of performing at the highest level may well have enhanced consumer perceptions of the brand.' Additionally, pride in the achievements of Lenovo ('flying the flag' for China) may have engendered reciprocity through intentions to support the brand.

The findings indicate that economic animosity mediates the relationship between consumer ethnocentrism and attitudes towards the foreign sponsor. They also suggest that consumer ethnocentrism could have a negative impact on attitudes towards the foreign sponsor via animosity.

Attribution theory (Heider, 1958) might provide theoretical support for why respondents displayed affirmative attitudes towards the sponsors, thereby overriding their hostility towards certain foreign countries. According to Heider (1958), all human behaviour can be explained by internal or external causes. The internal attribution of a sponsor supporting an event or cause may be regarded as goodwill, whereas the external attribution could be self-promotion or profit-oriented. Sponsoring companies expect consumers to perceive their internal attribution and judge sponsor credibility positively (Rifon et al, 2004). Given the importance of a successful Olympic Games to both the Chinese population and the State, it is

conceivable that consumers appreciated the willingness of international companies to support the event through sponsorship.

This study found that attitudes towards the foreign sponsor are a significant mediator on the relationship between consumer ethnocentrism and judgements of that sponsors' products. In other words, the magnitude of the relationship between consumer ethnocentrism and foreign product judgements was reduced because the attitudes mediator explained all of the relationship. Therefore, establishing positive attitudes in consumers' minds is important as it can overcome the potential negative effects of consumer ethnocentrism on sponsorship perceptions.

### **Contributions and limitations**

By examining differences in Chinese consumers' responses to foreign and domestic sports sponsorship, this study fills a gap in the literature. The findings not only suggest that consumers respond to foreign and domestic sponsorship differently, but also imply that consumers differentiate between foreign sponsors. This study also contributes to sponsorship literature by establishing the direct and indirect relationships between consumer ethnocentrism, economic animosity, event involvement, attitudes towards the sponsor and product judgements. This is the first attempt to include the construct of consumer ethnocentrism and animosity and explore its impact within a sports sponsorship context.

For companies operating in a competitive environment, differentiating sponsorship strategies and catering to consumers from different cultural backgrounds is key. A number of suggestions for both Chinese and international companies are provided. First, consumer ethnocentrism and animosity are important antecedents of attitudes towards the sponsor and product judgments in an international sponsorship context. Findings indicate that, when a global event is being used to exhibit a nation's pride, consumers may become more patriotic, supporting the local sponsor and displaying less positive attitudes towards certain foreign sponsors. Those participating in this research held Lenovo in high esteem. This may have been because they broke the foreign giants' monopoly of worldwide sponsorship for large-scale sports events (Wang, 2004). Considering this, it is suggested that domestic sponsors of a major international event should attempt to intensify patriotism and national solidarity. For

foreign sponsors considering event sponsorship as a marketing communications tool in China, it is necessary to be aware of the potential negative impacts of consumer ethnocentrism and animosity, which might weaken sponsorship effectiveness for foreign companies. Promoting globalisation and cross-cultural communication may help social integration (Appadurai, 1996) and, consequently, the negative effect of consumer ethnocentrism may be less important. For example, sponsoring or participating in local cultural or arts related events might help to promote positive attitudes towards a foreign sponsor. Furthermore, foreign companies can enhance their position by publicising contributions to the host nation and its political, social and economic development. Marketing initiatives that are considered to be for the benefit of the State or community (for example, engaging in philanthropic events) may also generate reciprocal support for the foreign company through increased ethnocentric tendencies.

The results demonstrate that event involvement is an important mediator of the relationship between consumer ethnocentrism and attitudes towards both foreign and domestic sponsors. Hence, managers need to consider the mechanisms through which consumers can become more involved with events. Examples of this might be the endorsement of national athletes or teams to produce intensive media exposure or the organisation of small-scale competitions within communities to boost participation in local sports.

There are also limitations to be addressed. Past empirical research indicates that the degree of consumer ethnocentrism varies between countries, meaning that different results may be obtained if this study is replicated in a different country. Also, considering the long-term nature of sponsorship, longitudinal studies should be carried out to explore any changes in product judgments and attitudes towards the sponsor over time. Another possible bias may be associated with the number of sponsors for each respondent group. It should be acknowledged that respondents evaluated eleven foreign brands against only one local brand (this is the bias). Finally, this research assesses consumer responses to sponsorship at the attitudinal level. Future research should integrate the conative measurement (such as purchase intention and repurchasing) into measuring sponsorship effectiveness.

Notes:

<sup>1</sup> This study proposes a number of mediation effects (rather than any moderation effects) based on an extensive sports and event sponsorship literature review, which indicates potential causal sequences

among these constructs. It attempts to further examine why and how a direct association may occur between the independent variable (CE) and the dependent variables (AS and PJ). In other words, how the mediators (i.e. EI, EA and AS) might indirectly influence the causal effects of the independent variable on the dependent variable. The interaction effects (i.e. CE × EI, CE × EA and CE × AS) are considered less relevant in this context, as there is no distinction between the different levels of EI, EA and AS. [Kate check!](#)

<sup>2</sup> During questionnaire development the most significant issue arose with the attempt to assess all six foreign countries in a single questionnaire: respondents indicated that the large number of assessments led to an excessively lengthy document. Consequently, separate questionnaires were developed using different groups of respondents, each one completing a questionnaire specific to an identified sponsor.

<sup>3</sup> Because the most developed, modern cities (Beijing, Shanghai, Shenzhen etc.) were the first areas to implement China's 'opening up' policy and have been largely influenced by the West, they do not fully represent the lifestyle and purchase behaviour of the majority of the Chinese population. Therefore, a city from Middle China, an area more representative of the social-economic diversity of China as a whole, was chosen for this study.

<sup>4</sup> Composite reliability was calculated based on the formula:  $CR = \frac{\text{(sum of standardised loadings)}^2}{\text{(sum of standardised loadings)}^2 + \text{(sum of indicator measurement errors)}}$

<sup>5</sup> Path coefficient  $ab$  is the indirect effect, which is also the amount of mediation considering Total Effect = direct effect + indirect effect, or using symbols:  $c = c' + ab$ , where  $a$  is the path from the independent variable to the mediator,  $b$  is the path from the mediator to the dependent variable, and  $c$  is the direct impact of the independent variable to the dependent variable.

<sup>6</sup> A suppressor is "a variable which increases the predictive validity of another variable (or set of variables) by its inclusion in a regression equation" (Conger, 1974, pp.36-37), where predictive validity is assessed by the magnitude of the regression coefficient. In other words, suppression indicates the situation where the magnitude of the relationship between an independent variable and a dependent variable increases when a third variable (the mediator or suppressor) is included.

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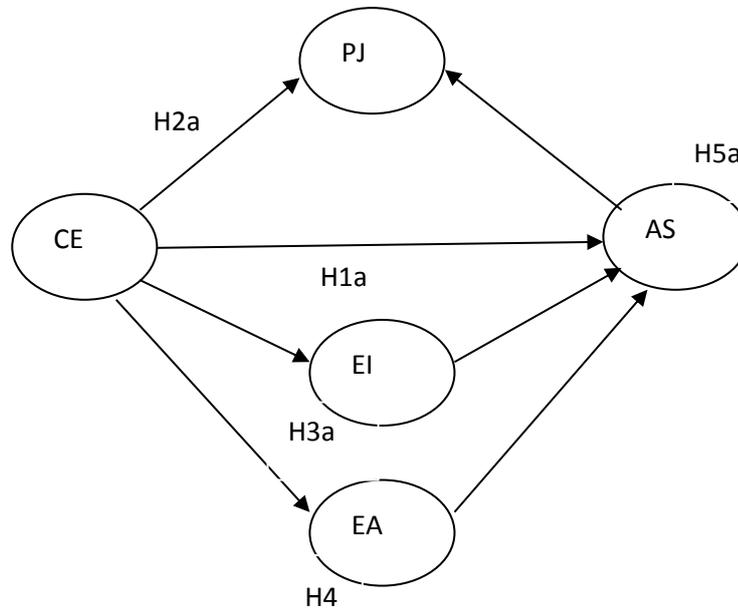
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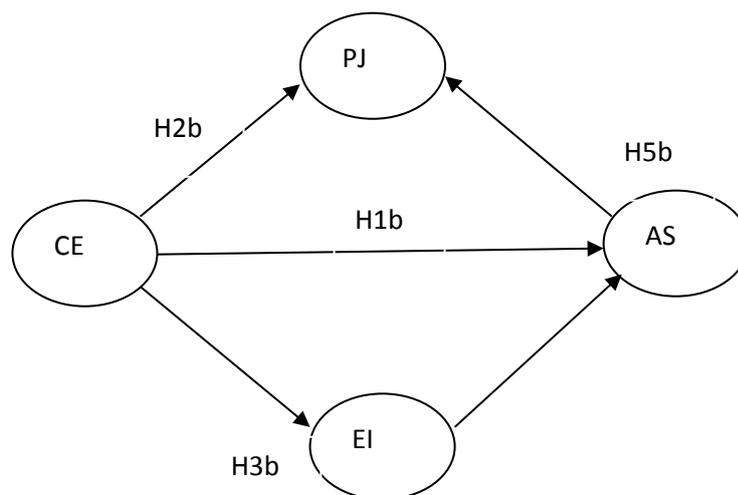
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**Figure 1**

**The proposed conceptual model: foreign country group**



**The proposed conceptual model: domestic country group**



**Table 1: Results of measurement models**

<b>Constructs</b>	<b>Respondent Groups</b>	<b><math>\alpha</math></b>	<b>CR<sup>a</sup></b>	<b>Mean</b>	<b>SD</b>	<b>N<sup>b</sup></b>
Consumer ethnocentrism	Foreign	.83	.84	3.26	1.30	6
	Domestic	.85	.85	3.33	.98	6
Event Involvement	Foreign	.89	.90	6.27	.96	7
	Domestic	.92	.92	6.28	.98	7
Economic animosity	Foreign	.86	.86	4.06	1.44	4
Attitudes to the Sponsor	Foreign	.85	.85	4.66	1.24	4
	Domestic	.89	.90	5.77	1.22	4
Product Judgements	Foreign	.83	.86	4.41	1.09	5
	Domestic	.86	.89	4.40	1.32	5

a Composite Reliability

b Number of items in each validated measure

**Table 2: AVEs and standardised correlations of constructs**

<i><b>Foreign group</b></i>					
<i><b>Construct</b></i>	<i><b>CE</b></i>	<i><b>EI</b></i>	<i><b>EA</b></i>	<i><b>AS</b></i>	<i><b>PJ</b></i>
<i><b>CE</b></i>	<b>.46<sup>a</sup></b>				
<i><b>EI</b></i>	-.07* (.00)	<b>.55</b>			
<i><b>EA</b></i>	.29*** (.08)	-.09** (.01)	<b>.60</b>		
<i><b>AS</b></i>	-.21*** (.04)	.16*** (.03)	-.24*** (.06)	<b>.59</b>	
<i><b>PJ</b></i>	-.15*** (.02)	.06 (.00)	-.17*** (.03)	.52*** (.27)	<b>.55</b>
<i><b>Domestic group</b></i>					
<i><b>Construct</b></i>	<i><b>CE</b></i>	<i><b>EI</b></i>	<i><b>AS</b></i>	<i><b>PJ</b></i>	
<i><b>CE</b></i>	<b>.49<sup>a</sup></b>				
<i><b>EI</b></i>	-.12** (.01) <sup>b</sup>	<b>.62</b>			
<i><b>AS</b></i>	.08 (.01)	.33*** (.11)	<b>.68</b>		
<i><b>PJ</b></i>	.18*** (.03)	.14*** (.02)	.18*** (.03)	<b>.61</b>	

<sup>a</sup> bold face letters on the diagonal are the values of AVEs.

<sup>b</sup> the numbers in the brackets are the squared correlations.

\*  $p < .10$ , \*\*  $p < .05$ , \*\*\*  $p < .01$

**Table 3: Assessment of research hypotheses by the structural model**

<b>Hypothesis</b>	<b>Construct pair</b>			<b>Hypothesis status</b>
		<i>Standardised regression weights</i>	<i>p-value</i>	
<i>Direct effects</i>				
H <sub>1a</sub>	Consumer ethnocentrism → Attitudes towards the foreign sponsor	-.14	p<.05	Accepted
H <sub>1b</sub>	Consumer ethnocentrism → Attitudes towards the domestic sponsor	.12	p<.05	Accepted
H <sub>2a</sub>	Consumer ethnocentrism → Foreign product judgements	-.04	NS	Rejected
H <sub>2b</sub>	Consumer ethnocentrism → Domestic product judgements	.16	p<.01	Accepted
		<i>Point estimate</i>	<i>BC 95% CI</i>	
<i>Indirect effects</i>				
H <sub>3a</sub>	Event involvement mediates CE → Attitudes towards the foreign sponsor	-.01	(-.02, .00)	Accepted
H <sub>3b</sub>	Event involvement mediates CE → Attitudes towards the domestic sponsor	-.04	(-.07, .00)	Accepted
H <sub>4</sub>	Economic animosity mediates CE → Attitudes towards the foreign sponsor	-.04	(-.06, -.02)	Accepted
<i>Contrast in multiple indirect effects</i>				
	Event Involvement vs. Economic animosity	-.03	(.01, .06)	
H <sub>5a</sub>	Attitudes towards the foreign sponsor mediates CE → PJ	-.11	(-.15, -.05)	Accepted
H <sub>5b</sub>	Attitudes towards the domestic sponsor mediates CE → PJ	.01	(-.01, .03)	Rejected