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# Enhancing Relationships

Strengthening customer relations through sport sponsorship

Master's thesis within Business Administration

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## Master's Thesis in Business Administration

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### Abstract

During the 1980s and 1990s, commercial sponsorship grew with a rapid pace with an increase in worldwide spending from \$2 billion in 1984 to \$18.1 billion in 1997. Also, when the sponsorship market grew the interest amongst business researchers grew and finally became an own topic within business. Further, within marketing there was also a change occurring during the same time. It was an evolutionary paradigm shift from the marketing mix and the 4Ps to Relationship Marketing and the focus on long-term relationships. The marketing mix and the 4Ps had been the dominating model since the 1950s however when industries matured, market demand changed, competition increased and customers became more sophisticated and demanded more. Both the rapid growth within sponsorship and move to Relationship Marketing can mainly be explained by the developments in Information Technology and globalization.

However, despite the increasing interest sponsorship and relationship marketing separately, few researchers have tried to combine these two even though several researchers have challenged others. In 2003, Farrelly and Quester studied the relationships between the sponsor and the sponsored. The intentions of the researchers are to extend this research to the relationships between the sponsor and their customers.

The purpose of this thesis is to explore how sponsors utilize sponsorship to build and maintain relationships with their customers. The intention is to create a foundation that can be later tested with the sponsors' customers through a series of propositions.

This study is done from the sponsors' perspective and in a B2B context. It is a qualitative research using six of the main sponsors as case studies for HV71, one of the largest ice hockey teams in Sweden. For the data collection the researchers used face-to-face interviews with managers from Husqvarna, Swedbank, Öhrlings PriceWaterhouseCoopers, Nybergs Bil, Ernst&Young and June Emballage.

The researchers have identified four different ways how sponsors utilize sponsorship to build and maintain relationships with their customers. The sponsors use sponsorship to create meeting places outside the business office, increase communication, add value to their offerings and predict customer needs. The goal is to increase trust and value because when they increase, the relationship between the sponsor and customer grows stronger.

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# 1 Introduction

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*In the introduction the researchers will with a funnel approach present the reader to sport sponsorship and relationship marketing. After that, the researchers are going to discuss what research has been done in the past and why the chosen topic is interesting to study. Finally, the researchers are going to present the purpose of the study, limitations and the research questions.*

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During recent decades commercial sponsorship has been developing into an important market. The worldwide spending on sponsorship was in 1984 estimated to \$2 billion. Within the next thirteen year period the global market for sponsorship had risen more than nine times, to \$18.1 billion (Meenaghan 1999). The leading regions of world sponsorship is Europe and North America, both holding approximately one third of the global sponsorship expenditures at the end of the previous millennia (Meenaghan 1999). The rapid growth of sponsorship can to large be credited to the fast development of communication technology which enables to reach a larger segment of a specific target audience with less cost in a shorter period of time (Meenaghan 1999).

The scientific field of commercial sport sponsorship has developed a lot since it first found its way into the world of academia in the late 1970's and early 1980's. Some of the early research on the topic focused mainly on describing the development of sponsorship in a given country or industry (Cornwell & Maignan, 1998). While these studies achieved little besides proving the fact that sponsorship activity had increased (without providing any real explanations for it), they were still vital in order to establish sponsorship as a worthy topic of research. Other research in the early days of sponsorship aimed towards finding a clear definition of the topic (Cornwell & Maignan, 1998).

Meenaghan (1983) gave one of the most commonly used definitions of sport sponsorship, saying that

*“Sponsorship can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization for the purpose of achieving commercial objectives.”*

*Meenaghan, 1983, p.9*

The Coca-Cola Company pays the International Football Federation (FIFA) vast sums of money in exchange for exclusive sponsorship rights of the World Cup tournament. In that sponsorship deal Coca-Cola provides a large part of the financial assistance needed for FIFA to carry out the World Cup. In return Coca-Cola achieve commercial objectives such as exposure, enhanced brand image, social goodwill etc. The exact sums are more often than not considered corporate secrets and are therefore not released. However the 2006 FIFA World Cup tournament received approximately 700,000,000 Euros in sponsorship fees, and as the main sponsor of that tournament Coca-Cola contributed with a large portion of that sum (BBC News 2006)

Most relationships between a sports organization and its sponsors functions in this way. The sponsors help the organization, usually with financial aid, and in return receive the means to fulfill their commercial objectives.

This thesis will focus on the sponsorship of sports, namely the Swedish Elitserien ice hockey team HV71. Therefore the use of the term 'sponsorship' is applied specifically to the field of sport sponsorship and not sponsorship in general.

## 1.1 Background

Relationship Marketing (RM) is an evolutionary paradigm shift from probably the two most known terms within marketing; “marketing mix” and the “4Ps” (Product, Price, Place and Promotion). Also called Transaction Marketing (TM), this framework was developed during the 1950s and had as purpose to increase the market demand. In this view the customer value is created in the factory and the marketing is only used for distribution, i.e. production-oriented. Furthermore, the focus was only on making a single transaction (Grönroos, 2002). The model was so dominating and unchallenged that Kent (1986) referred to it as “the holy quadruple...of the marketing faith...written in tablets of stone” (Kent, 1986, p. 146).

However, industries matured, market demand changed, competition increased and customers became more sophisticated and required flexibility, availability, price advantage and creativity (Payne, 2006; Swift, 2001). Globalization and the development of IT are two other factors that played a significant part since several markets had merged into one large market and consumers had become more aware of the market and alternative options with the help of for instance the Internet (Payne, 2006). Towards the end of the 20<sup>th</sup> century TM was being questioned since the market has radically changed from the 1950s when it was developed. Therefore, in the 1990s, the researcher Philip Kotler suggested that companies in order to be able to successfully compete in domestic and global markets, must create stronger bonds with all their stakeholders. Instead of putting pressure on suppliers, controlling distributors, viewing employees as cost and not as an asset, they should move from a short-term transaction view to a long-term relationship-building view (cited in Payne, 2006).

This was the start of the shift from TM to RM and away from the time of Henry Ford – “You can have the automobile in any color as long as its black” to addressing customer needs, preferences, loyalty and behaviors (Swift, 2001). Based on Kotler’s suggestion in the early 1990s, Grönroos (1994) and Kotler, Wong, Saunders and Armstrong (2005) defines RM as

*“Marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises” (Grönroos, 1994, p. 9).*

*“The process of creating, maintaining and enhancing strong, value-laden relationships with customers and other stakeholders” (Kotler et al, 2005, p. 11).*

Long-term relationships will eventually lead to an improved interaction between the company and the customer and result in decreased transaction costs for both parties. Further, a mutual satisfactory relationship leads to that the customer can avoid expensive switching costs and the company quality costs (Grönroos, 1994).



## **1.2 Problem Discussion**

During the 1990s and the beginning of the 21<sup>st</sup> century there was an increasing interest in sponsorship and relationship marketing separately. Despite the academic interest in these two fields few have tried to combine these two (Farrelly and Quester, 2003). Also researchers such as Cousens and Slack (1996), McDonald and Milne (1997) and Olkkonen (2001) have challenged researchers to study sponsorship from a relationship perspective (Farrelly and Quester, 2003).

Furthermore, when the researchers started to review the literature within sponsorship they found out that most of the literature only discussed benefits from increased market exposure. However, in a study made by Johansson and Utterström (2007), they identified that companies hardly ever measure formal effects such as increased brand awareness, sales and market exposure since it is too difficult. Instead they use more informal measurement tools to evaluate the effectiveness of sport sponsorship. These measurement tools include listening to employees and customers' opinions and percent of invited customers that appear at events (Johansson and Utterström, 2007). Furthermore, by only focusing on market exposure the sponsors were still stuck in transaction marketing and the 4Ps of marketing. Therefore, the researchers found it interesting to focus on how sponsorship can benefit their relationship marketing instead and how they use it.

Farrelly and Quester (2003) found this gap in theory and tried to combine these two by investigating the relationship between the sponsor and the sponsored. It is this research and approach that the researchers in this study are going to extend. Instead of studying the relationship between the sponsor and the sponsored as they did, the researchers are going to study the relationship between the sponsor and the sponsor's customers.

Therefore, the researchers' intention is to bridge the gap in sponsorship theory by studying this aspect more in-depth from a sponsor's point of view. This can later be tested by other researchers at the sponsors' customers to confirm that sponsorship has the effect on relationships that the managers at the sponsors think.

## **1.3 Purpose**

The purpose of this thesis is to explore how sponsors utilize sponsorship to build and maintain relationships with their customers. The intention is to create a foundation that can be later tested with the sponsors' customers through a series of propositions.

This study is done from the sponsors' perspective and in a B2B context, using six of the main sponsors of HV71 as case studies in a qualitative research. To fulfill the purpose the researchers intend to use theory from Sport Sponsorship, Relationship Marketing, Trust, Value, Satisfaction and Loyalty.

## **1.4 Research Question**

- How does sport sponsorship affect trust, value, satisfaction and loyalty respectively between the sponsor and their customers?

## 2 Theoretical framework

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*In the theoretical framework the researchers are going to present the theories and concepts that are most relevant to the field of interest. By doing so, it will facilitate for the reader and other researchers to better understand the chosen topic. The short section covering sport sponsorship is included as a foundation for the theories that will later serve to answer the purpose. Whilst it might not be needed for answering the purpose it is the authors firm belief that it will be extremely difficult for the readers to get a true insight into this research without understanding the meaning of sport sponsorship within this specific context.*

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The theoretical framework section will be a guideline for the structure of the remaining thesis and will be used when constructing the method and data collection, and finally analyzing the empirical findings. The researchers are going to start with the concepts about relationship marketing and sponsorship in a literature review. After that, the frame of reference will follow where the researchers have identified trust/commitment, value, satisfaction and loyalty to be the antecedents for profitable long-term customers.

### 2.1 Literature Review

After an extensive literature study about sport sponsorship the researchers concluded that little to none research had been done studying the direct cause for the benefits of sport sponsorship, i.e. improved relationships. In addition, there was a lack of scientific research where sport sponsorship had been combined with relationship marketing. It is this gap in theory that the researchers intend to bridge in their study.

#### 2.1.1 Sport Sponsorship

In their study, Cornwell, Roy and Steinard (2001) looked at the link between the length of a sponsorship relationship between a company and an event, and the perceived effectiveness of the sponsorship arrangement. Their findings suggested that the longer the duration of this relationship, the greater is the perceived contribution to the corporate goals with sponsorship. Higher contribution to corporate goals resulted in added financial value to the brand. Their explanation was to be found in the consumer's memory, more specifically in how the human brain functions. With a short-term sponsorship arrangement, maybe even as short as a single event sponsorship, the consumer will be exposed to the brand once. Only being exposed to this once will most likely make the consumers forget about the brand shortly after being exposed to it. A repeated sponsorship linkage will however increase the chances that the brand will stick in the memory of the consumers; a long-term sponsorship deal will function as a repetition and thus "stick" into the memory of the consumers (Cornwell et al, 2001).

The same study also found that by creating long-term successful sponsorship relations, sponsorship can become a unique resource of the firm. The initial objectives of the managers within the study had been to create an awareness of their brand. However, the longer a company had been engaged in a specific sponsorship deal, the more likely was it that the objectives of the company had moved towards building an image. After an initial period of time the company had been successful in creating a desired image and could thus move even further to build a desired image. As the duration of a sponsorship increased, the harder it became for competitors to imitate the same arrangement by

sponsoring the same or a similar event. If the duration was long enough, that specific sponsorship arrangement would become imperfectly imitable. Competitors could try to imitate the arrangement, but the outcomes would simply not be as beneficiary (Cornwell et. al 2001).

As mentioned in the previous section, if properly executed sponsorship can become a unique resource for a company. Amis and Slack (1999) proposed in their study that not only can sport sponsorship be a unique resource; it could become a distinctive competence of the company.

They conducted semi-structured interviews with representatives of 28 national and multi-national Canadian firms involved in major sport sponsorship. What they wanted to see was if there were any connections between perceived successful sponsorship arrangements, and development of sponsorship as a distinct competence. They were able to identify ten successful companies, 12 unsuccessful and six which were unclassified (Amis and Slack 1999).

The main difference between those companies which were classified as successful and those that were not was that while the former did recognize the potential for sponsorship to be a valuable resource, the latter did not. Also, the successful companies had an active management involvement in all sponsorship arrangement. The successful companies always had a plan with their sponsorship arrangements and integrated them to their broader corporate strategy. The unsuccessful companies on the other hand seemed to make their decisions almost on an *ad hoc* basis (Amis and Slack 1999).

Furthermore, Amis and Slack (1999) were able to identify three crucial component parts which a sport sponsorship agreement must possess in order to develop into a distinctive competence. These components are interrelated, where changes in any one will ultimately show an effect on the other two. The components identified are:

1. Perceived customer value

A sponsorship can only be a competitive advantage if it offers benefits which are desired by the customers. Therefore both parties in a sponsorship agreement must enhance the perceived benefits by the customers.

2. Competitor differentiation

In order to achieve this, the sport sponsorship must be imperfectly imitable. To derive to this a sponsorship should produce a unique outcome which fits in well with the image that the sponsor is trying to convey. Resources unrelated to a firm's strategy are unlikely to convey a competitive advantage. The sponsorship should produce an image which is so superior that it clearly differentiates the firm from its competitors. The first step is a long-term agreement. Both parties must work at creating the desired image for the sponsoring firm

3. Extendability

There must be a constant strive towards developing new ways of leveraging sponsorship across the organization. The sponsorship agreement must be developed into something more than just an association between two parties, it must consist of an exploitation that benefits both sides while being impossible or unprofitable to imitate by others.

But to identify sport sponsorship as a resource, and to incorporate it within the framework of the corporate strategy, does not give a company a sustainable competitive advantage. To identify the resource and efficiently exploit it through the corporate strategy will help a firm achieve an advantage. However, as soon as this advantage is gained it will instantly be the object of scrutiny from competing firms which will eventually be able to draw the same benefits from a similar resources and strategies. In order to reap the benefits of sustainable competitive advantage the firm must constantly seek new positions of advantage and thereby create a unique link which cannot be easily copied by the competition. Those firms within the study which deemed their sponsorship agreements successful created this dynamic state of sustainable competitive advantage by making long-term commitments to the events and organizations which they sponsored. By viewing sponsorship as a long-term commitment, and implementing it as such within the overall corporate strategy, the firm will develop a relationship which cannot be easily imitated. Thereby the sponsorship program will become a resource rather than a fragment within the marketing department (Amis and Slack 1999).

There is always a risk involved with sponsorship agreements. The sponsoring firm never knows beforehand how the team, athlete or event sponsored will perform or be perceived by the public. The firm does for example not have total control over an ice hockey team. A poorly executed season by the team may lead to increased negative public perception of the team; a failed drug test by a star player will definitely be viewed upon as negative by the public. By sponsoring the team, and in extension the players, the firm will automatically be tainted by the negative perception. However the very same factors which are the risks associated with sponsorship are the very same which enables the creation of a sustainable competitive advantage. If all firms were able to create a successful sponsorship campaign by randomly choose a partner, there would be no advantage in such an agreement. The competitive advantage is derived by those who are able to pick the appropriate partner and create an effective long-term relationship with them (Amis and Slack 1999).

### **2.1.2 Relationship Marketing**

As mentioned in the background, the trend in marketing has been to move away from transaction marketing to become more relationship marketing orientated. The first main principle with RM is to move from focusing on customer acquisition to emphasize customer retention of profitable customers (Payne, 2006). For companies to be competitive in today's market space they have to be market-oriented to satisfy the customers' needs and to deliver superior value (Kotler et al, 2005). The purpose is to build profitably long-term relationships with customers to create loyal customer and to maximize their lifetime value (Grönroos, 1994; Payne, 2006). A loyal customer is an intangible asset for the company and for instance Ford Motors values a loyal customer to \$142.000 over their lifetime and Domino pizza franchise values a loyal customer to \$5000 over a 10-year period. Furthermore, a loyal customer reduces the acquisition costs of new customers by word-of-mouth (Payne, 2006). Reichheld (1993) suggests that building loyal customers is not an add-on tool but has to instead be integrated in the company's overall business strategy. Therefore, marketing should be viewed as a continuum with RM at one end and TM at the other (Reichheld, 1993). A summary of the implications from the continuum is illustrated in Figure 1.

<i>The strategy continuum</i>	Transaction marketing	Relationship marketing
Time perspective	Short-term focus	Long-term focus
Dominating marketing function	Marketing mix	Interactive marketing (supported by marketing mix activities)
Price elasticity	Customers tend to be more sensitive to price	Customers tend to be less sensitive to price
Dominating quality dimension	Quality of output (technical quality dimension) is dominating	Quality of interactions (functional quality dimension) grows in importance and may become dominating
Measurement of customer satisfaction	Monitoring market share (indirect approach)	Managing the customer base (direct approach)
Customer information system	<i>Ad hoc</i> customer satisfaction surveys	Real-time customer feedback system
Interdependency between marketing, operations and personnel	Interface of no or limited strategic importance	Interface of substantial strategic importance
The role of internal marketing	Internal marketing of no or limited importance to success	Internal marketing of substantial strategic importance to success
<i>The product continuum</i>	Consumer packaged goods	Consumer durables
		Industrial goods
		Services
<i>Source:[12]</i>		

Figure 1 -The marketing strategy continuum (Grönroos, 1994)

The second principle is to focus on multiple stakeholder markets. Six groups are identified; customer markets, influencer markets, referral markets, recruitment markets, internal markets, and supplier/alliance markets (Payne, 2006).

The third key principle is that marketing has to be cross-functional in order to be able to manage multiple stakeholders. Marketing departments are usually focused on maximizing the use of inputs, i.e. budget, than maximizing outputs and be more market driven (Payne, 2006). This means that all the organization's departments have to co-operate with the marketing department as a unified team to serve their customers (Kotler et al, 2005). It is then the purpose of Customer Relationship Management (CRM) to facilitate the co-operation and information sharing between departments. The first three principles are being illustrated in Figure 2.

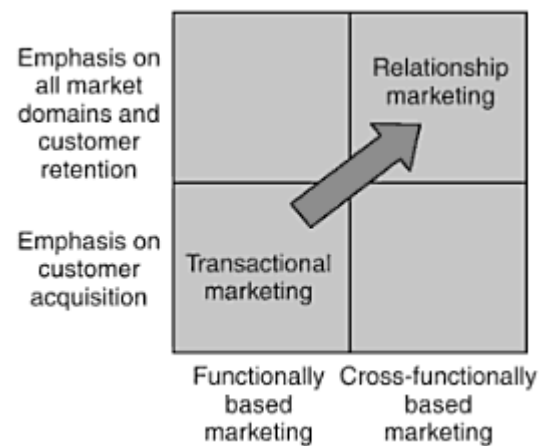


Figure 2 -Transition to RM (Payne, 2006)

Furthermore, according to Calonijs (1988), another key principle within RM is the “promise concept” which means that promises are made by the company to the customer to attract and build relationships. However, if the company does not keep their promises the relationship can never be maintained and enhanced. Therefore, fulfilling their promises is of utmost importance to achieve customer satisfaction, customer retention and long-term profitability (Calonijs, 1988).

Trust between the company and the customer is another important principle. Resources such as personnel and technology have to be used so that the customer can trust the resources and the company so that it can be maintained and strengthened (Grönroos, 1994).

Finally, the customer should not be viewed as a competitor that has to be overcome. Instead the company should strive towards a win-win relationship where both parties feel like winners. If these conditions are fulfilled it will increase the success rate of a profitable and long-term relationship (Gummesson, 2002).

## **2.2 Frame of Reference**

In order to create profitable long-term customers the company needs to first create trust/commitment, value, satisfaction and loyalty. These cornerstones to relationship marketing are all linked together and act as mediating variables and the intentions of the researchers are to explore how these are affected when a new variable is added, namely sport sponsorship.

### **2.2.1 Trust**

Trust is the first cornerstone and is a dependent variable in a relationship since it can lead to higher levels of cooperation, reduce conflict, increase channel member satisfaction and firms are more willing to stay in a long-term relationship (Doney and Cannon, 1997; Farrelly and Quester, 2003). Furthermore, commitment is a good indicator for long-term relationships (Farrelly and Quester, 2003). In 2002, Sirdeshmukh, Singh and Sabol made an extensive study about trust, value and loyalty in the retail clothing industry and airline industry. Consumer trust was divided into trust in frontline employees and trust in management policies and practices. One purpose with the study was to find out the role of customer value in the trust-loyalty relationship. The conclusion of the study was that value played an important role as mediator between trust and loyalty. Trust in frontline employees had a significant importance in retail clothing while trust in management policies was more important in the airline industry (Sirdeshmukh, Singh and Sabol, 2002). Further, Morgan and Hunt (1994) defines trust as

*“Willingness to rely on an exchange partner in whom one has confidence” (Morgan and Hunt, 1994, p.23).*

The definition states that there has to exist belief on trustworthiness between the parties and assumes that there exists uncertainty and vulnerability. If the latter two factors do not exist then trust is unnecessary (Moorman, Deshpandé and Zaltman, 1993).

And commitment is defined as

*“enduring desire to maintain a valued relationship” (Morgan and Hunt, 1994, p.23).*

In 1994, Morgan and Hunt identified commitment and trust to be two important key mediating factors in order to successfully practice relationship marketing (Morgan and Hunt, 1994). Trust and commitment are usually jointly investigated since according to

theory since trust precedes commitment. This means that the level of commitment in the relationship reflects the level of trust that exists between the members (Morgan and Hunt, 1994; Farrelly and Quester, 2003). To be able to be an effective competitor on the global market they also have to be a trusted cooperator and that they have to collaborate to compete (Morgan and Hunt, 1994). The reasons why commitment and trust are key factors are because they encourage marketers to preserve relationship investments by cooperating with exchange partners and favoring long-term benefits with existing partners instead of attracting short-term alternatives. When both commitment and trust exists it will promote efficiency, effectiveness and productivity, and lead to a cooperative behavior that will facilitate relationship marketing (Morgan and Hunt, 1994). In this part the researchers will present three different theories on trust that are important when building and maintaining the relationship between the seller and buyer. The first theory is the Commitment-Trust Theory (also known as Key Mediating Variable model), where Morgan and Hunt have placed commitment and trust as two mediating factors between five antecedents and five outcomes (Figure 3).

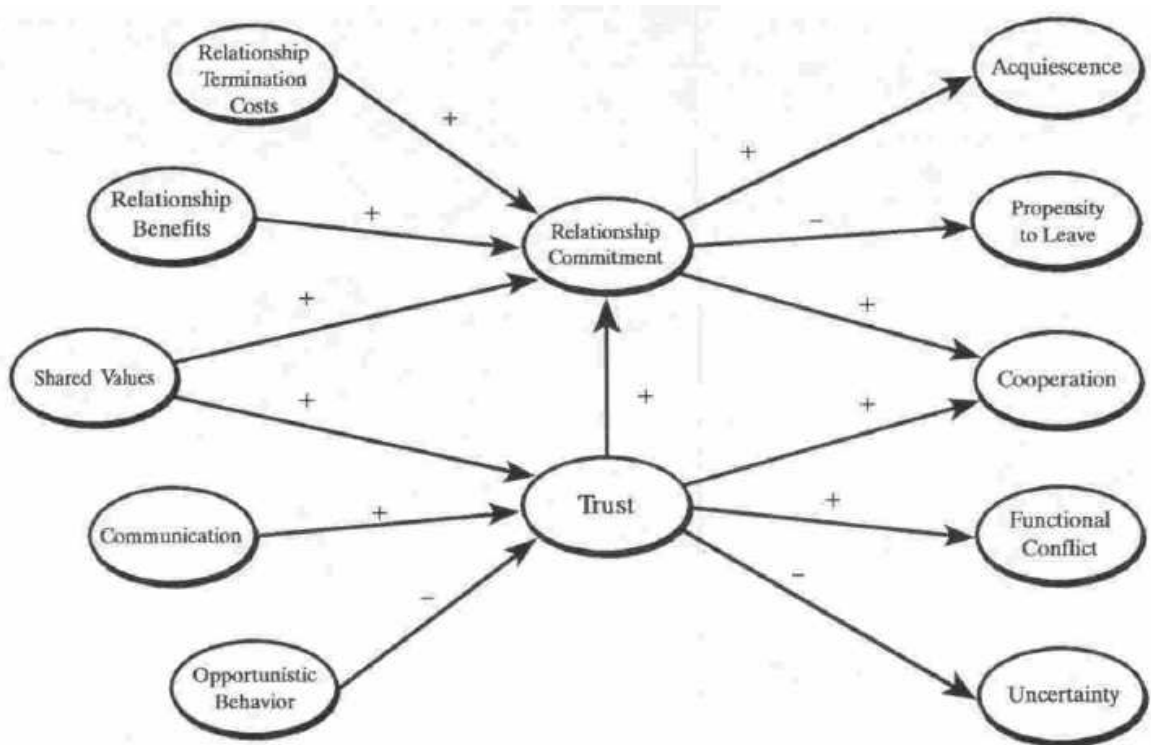


Figure 3 -The KVM model of Relationship Marketing (Morgan and Hunt, 1994)

The five antecedents for relationship commitment and trust are

- Relationship termination costs – when an existing relationship is being terminated and another is going to be rebuilt in that place there will be a “switching cost” and this cost will create dependence between the parties. These are investments that are difficult to switch to another relationship and high switching costs results in the buyer’s interest in maintaining a quality relationship. There-

fore, the awareness of the costs involved will lead to relationship commitment (Morgan and Hunt, 1994).

- Relationship benefits – for companies to be competitive in today’s global market they have to always add more value to their offerings and deliver superior value to their customers. If a company can do this they will be highly valued and others will commit themselves to establish, develop and maintain relationships with this company. Therefore, a company that receives superior benefit from their partner will be committed to the relationship (Morgan and Hunt, 1994).
- Shared values – is to what extent both partners have similar goals, behavior and policies. It is also important that they agree on what is important, appropriate and right (Morgan and Hunt, 1994).
- Communication – is the sharing of informal and formal information between two firms and helps trust by resolving disputes and aligning perceptions and expectations. If the communication is relevant, timely and reliable there will exist more trust between the two firms (Morgan and Hunt, 1994).
- Opportunistic behavior – is when one party seeks alternative options and fulfilling their own self-interest and betraying the ongoing relationship. If one party believes that the other party will act opportunistically the trust between these two will decrease (Morgan and Hunt, 1994).

The five outcomes of relationship commitment and trust are

- Acquiescence – is to what degree a party will accept another party’s requests or policies. Commitment will therefore increase the acquiescence (Morgan and Hunt, 1994).
- Propensity to leave - is the likelihood that one partner will terminate the relationship in a near future. Commitment will decrease the propensity to leave a relationship (Morgan and Hunt, 1994).
- Cooperation – is when two parties cooperate and work together to achieve mutual goals. When there is commitment in a relationship the parties will work together to maintain the relationship, and when trust exists they will learn that joint efforts lead to greater outcomes than what they can achieve on their own (Morgan and Hunt, 1994).
- Functional conflict – is when a conflict or disagreement can be solved in a friendly manner. Trust will lead to that future conflict will be perceived as functional and that past conflicts will result in increased functionality of conflict (Morgan and Hunt, 1994).
- Decision-making uncertainty – exists when one partner does not have enough information to make key decisions, cannot predict future consequences of the decisions and does not have confidence in the decisions. Trust will decrease the uncertainty because the firm has confidence in the other party and that they can be relied on (Morgan and Hunt, 1994).

The second theory is called the “Trust building process” and consists of five processes from where trust can be built between the buyer and the seller. These five processes are later used to explain the buyer-seller relationship more in detail. In Figure 4 all the five processes are presented together with their definitions. Furthermore, the critical drivers for the processes can be viewed and their factors that affect the impact on trust development. These five processes are



- Calculative process – is when the cost of cheating is compared to the benefits of staying in a relationship. One way of avoiding cheating is for the buyers’ to pay a premium price and in that way raise the cost of cheating since if the supplier would cheat, they would lose a premium income from future purchases.
- Prediction process – is that the development of trust depends on the ability to forecast the other party’s behavior. The longer the relationship goes on the more experiences they will share and increase the trust among them. This will further lead to that they can better predict the other party’s behavior.
- Capability process – refers to credibility and the supplier’s ability to fulfill their obligations and promises. If there are any doubts on the supplier and their capabilities then it will be difficult to develop trust in the relationship.
- Intentionality process – is when one party tries to determine the other party’s motives and intentions. Trust will develop when one party also looks after the other party’s interest and also when they have shared values and norms and can understand the other party’s objectives and goals.
- Transference process – means that trust can be transferred from a third party. For instance, a buyer has contact with a new salesperson but has already a good experience and trust of the company and the previous salesperson they had contact with (Doney and Cannon, 1997).

<b>Trust-Building Process</b>	<b>Generic Driver of the Process</b>	<b>Factors that Invoke the Trust-Building Process</b>
<i>Calculative:</i> Trustor calculates the costs and/or rewards of a target acting in an untrustworthy manner	Costs are higher when a target makes larger and/or relationship-specific investments	<ul style="list-style-type: none"> <li>*supplier firm reputation</li> <li>*supplier firm size</li> <li>*supplier firm willingness to customize</li> <li>*supplier firm confidential information sharing</li> <li>*length of relationship with supplier firm</li> <li>*length of relationship with salesperson</li> </ul>
<i>Prediction:</i> Trustor develops confidence that target’s behavior can be predicted	Trustor learns more about the target through repeated and broader experience	<ul style="list-style-type: none"> <li>*length of relationship with supplier firm</li> <li>*salesperson likability</li> <li>*salesperson similarity</li> <li>*frequent social contact with salesperson</li> <li>*frequent business contact with salesperson</li> <li>*length of relationship with salesperson</li> </ul>
<i>Capability:</i> Trustor assesses the target’s ability to fulfill its promises	Evidence of the target’s ability to fulfill its promises	<ul style="list-style-type: none"> <li>*salesperson expertise</li> <li>*salesperson power</li> </ul>
<i>Intentionality:</i> Trustor evaluates the target’s motivations	Target’s words and/or behavior indicates concern for the trustor	<ul style="list-style-type: none"> <li>*supplier firm willingness to customize</li> <li>*supplier firm confidential information sharing</li> <li>*salesperson likability</li> <li>*salesperson similarity</li> <li>*frequent social contact with salesperson</li> </ul>
<i>Transference:</i> Trustor draws on “proof sources,” from which trust is transferred to the target	Identification of trusted sources closely associated with the target	<ul style="list-style-type: none"> <li>*supplier firm reputation</li> <li>*supplier firm size</li> <li>*trust of supplier firm</li> <li>*trust of salesperson</li> </ul>

Figure 4 -Trust building processes, drivers and factors that affect each process (Doney and Cannon, 1997).

The third and final theory on trust describes the antecedents and consequences of trust between the buyer and the supplier firm and the salesperson at the supplier firm.

Figure 5 is illustrated from a buyer's perspective in a B2B market and their trust of the supplier firm and salesperson. The factors that affect the trust of the supplier firm are dependent on the characteristics of the supplier firm and relationship. The reputation of the supplier firm is to what extent they are perceived as being honest and caring about their customers. The theory of transference is among others one of the five processes that can be used for the relationship between supplier reputation and trust. The size of the supplier is the firms overall size and their market share and gives the image that larger firms can be more trusted. From the calculative view larger firms have more costs since if they would act opportunistic they would have a hard time building economies of scale and market share. If a supplier are willing to customize their offerings to better met the customer's need it would decrease the likelihood for opportunistic behavior and increase trust. Further, it gives the impression that the supplier cares about the relationship and are willing to make sacrifices for the sake of the relationship. The final two factors are how willing the supplier is to share confidential information to their customers and the length of the relationship. The longer the relationship often means more trust and from the prediction process, a longer relationship would result in more experience and better understanding of the other firm (Doney and Cannon, 1997).

Expertise and Power are the two factors that affect the trust in the supplier's salesperson. To build trust from the capability view the salesperson must fulfill the promises that have been made to the buyer. Furthermore, if the buyer believes that the salesperson can fulfill the promises it will increase salesperson power and trust between the two parties. In addition, to build trust, it is important that the salesperson is friendly, nice and pleasant (likability), share common interest and values with the buyer (similarity), has frequent contact with the seller (business and social) and the length of the relationship. In a more long-term relationship there will exist more trust then in a newly established relationship (Doney and Cannon, 1997).

Other variables that affect the buying decision are the supplier's performance including delivery performance, price/cost, product/service performance and previous experience with the supplier (Doney and Cannon, 1997).

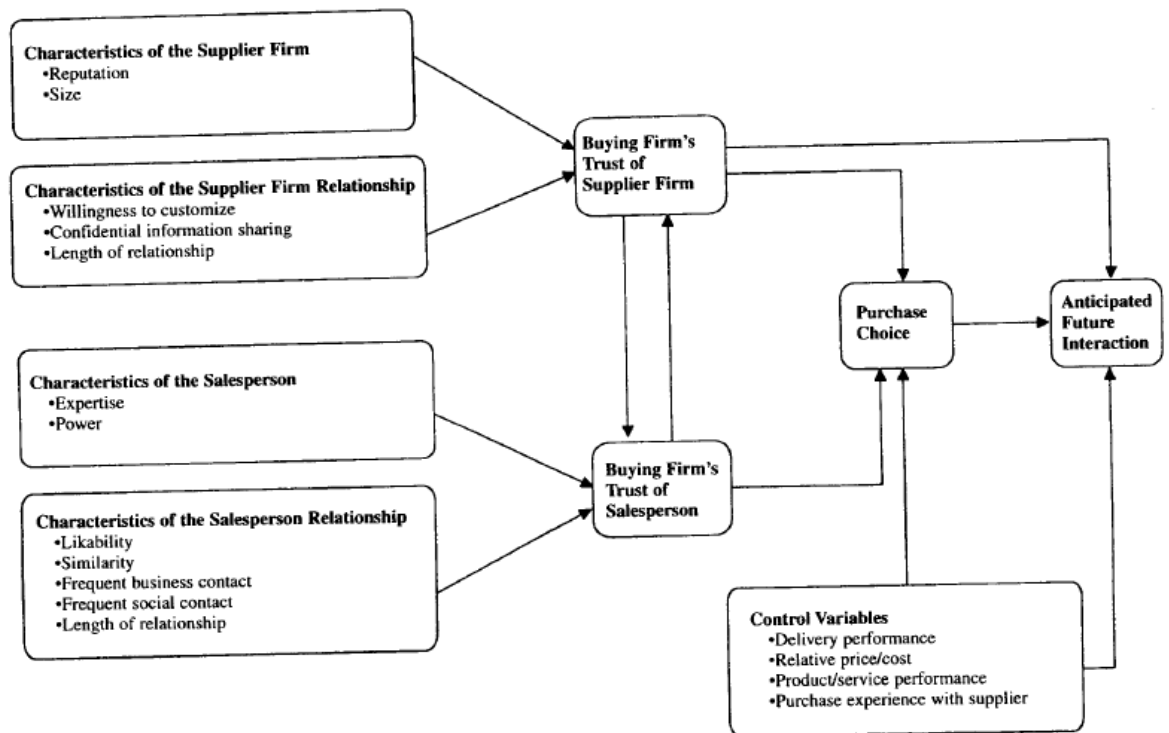


Figure 5 -Antecedents and consequences of trust of a supplier firm and salesperson (Doney and Cannon, 1997).

### 2.2.2 Value

Value is the second important cornerstone for relationship marketing and according to Heskett, Jones, Loveman, Sasser and Schlesinger (1994) value is one of the most important criteria's to create loyal customers (Heskett et al, 1994).

The ability to provide superior value to their customers is a real competitive advantage and differentiates the company from their competitor (Ravald and Grönroos, 1996). According to Kotler et al (2005), customers chose their supplier based on the delivered value. Customer delivered value is the difference between total customer value and total customer cost. Customer delivered value represents the value of the product, service, personnel and image. Total customer cost represents the total monetary, time, energy and physic costs involved in making the purchase (Kotler et al, 2005). The total customer value is a function of the technical solution (technical quality) and interactions with the firm (functional quality). Regarding to customer value, the TM view restricts the value benefits to the technical solution provided by the product. On the other hand, the RM view has the opportunity to provide the customer with added value since the customer contact is broader. Therefore, how the interaction process is perceived becomes more important when competitors can offer the same technical quality. To sum up, the functional quality dimension grows and often becomes the dominating one in RM (Grönroos, 1994).

Customer satisfaction and customer loyalty is achieved by adding more value to their core product and increasing the total value offered to the customer. These are the most common strategies and are called value-adding strategies. However, often these value-

adding efforts have nothing to do with the customer's goals and do not help them fulfilling their needs. These strategies are more short-term and may help attracting new customers but will not improve the long-term relationships if they are not customer oriented. Instead the focus should be on what the customer sacrifices and provide value by reducing the perceived sacrifice and decreasing relationship costs (Ravald and Grönroos, 1996). According to Monroe (1991), perceived value is the benefits divided by the sacrifice (Monroe, 1991).

Perceived benefits are the physical attributes, service attributes and technical support, while the perceived sacrifice are all the costs the buyer encounters when making a purchase such as acquisition, installation, transportation, maintenance etc (Ravald and Grönroos, 1996). Zeithaml (1988) defines perceived value as

*“Consumer’s overall assessment of the utility of a product based on a perception of what is received and what is given” sacrifice (Zeithaml, 1988, p. 14)*

However, Ravald and Grönroos (1996) believe that perceived value cannot only be the core product and the supporting services but should also include the effects of the buyer-seller relationship. They call it total episode value and are derived from this formula

$$\text{Total episode value} = \frac{\text{Episode benefits} + \text{relationship benefits}}{\text{Episode sacrifice} + \text{relationship sacrifice}}$$

This formula states that occasional poor performances can be balanced by having a high perceived relationship. A high perceived relationship means that the supplier knows the customer's needs and preferences and is effective in delivering and leads to decreasing customer sacrifice (Ravald and Grönroos, 1996).

Furthermore, after a few successful transactions the supplier will learn the buyer's specific needs and preferences and a relationship starts to establish. The result will be that the buyer feels safe and secure and they start to trust the supplier. It is also here when loyalty starts to emerge when the customer sacrifice reduces and increases the total value for the buyer (Ravald and Grönroos, 1996). The relationship is further illustrated in Figure 6.

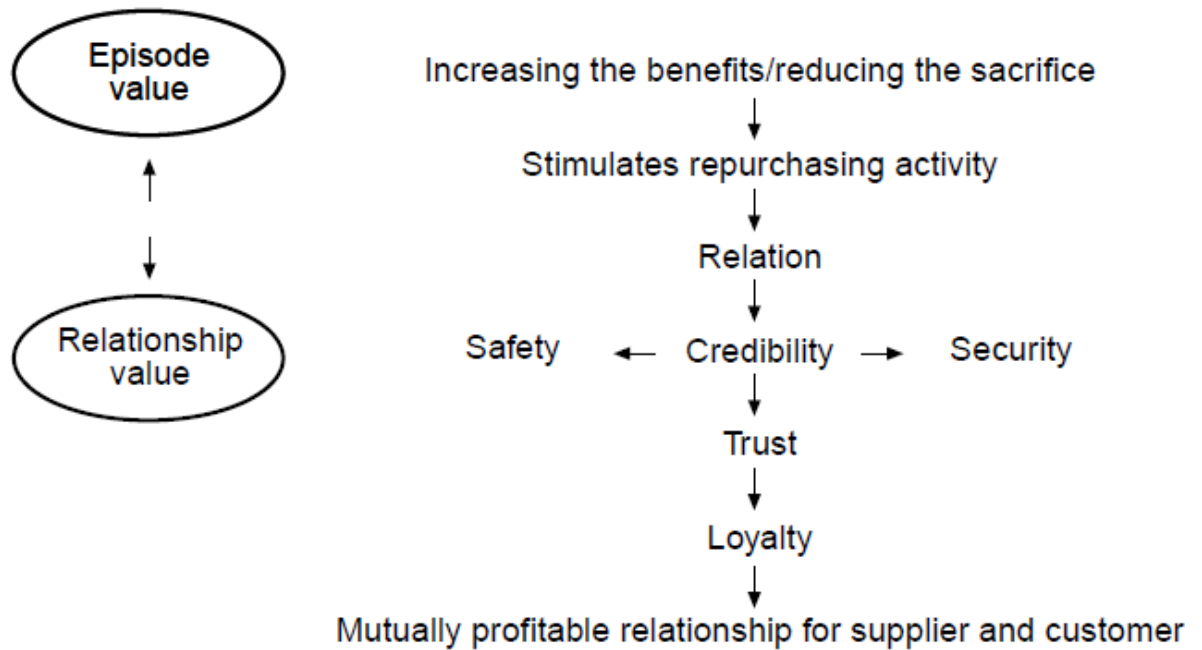


Figure 6 -The effect of value-adding strategies in a long-term relationship (Ravald and Grönroos, 1996)

### 2.2.3 Satisfaction

The third important cornerstone for relationship marketing and important factor for creating loyal customers is customer satisfaction which is the difference between the product's performance and the buyer's expectation. The expectations are usually based on previous experience, other people's opinions, and information and promises from the company and competitors (Kotler et al, 2005). In 2004, Lam, Shankar and Erramilli, showed with their research that value, satisfaction and loyalty are highly interrelated and in particular that customer satisfaction is a mediating variable between value and loyalty. This means that the higher the customer value, the higher is the customer satisfaction and customer loyalty (Lam, Shankar and Erramilli, 2004).

However, the researcher Reichheld was the first one to coin the concept of "Satisfaction trap". In a study he showed that branches with the best satisfaction score did not necessarily result in the best retention rate. A satisfaction rate of 90% could only yield in 45% retention rate for instance loyalty (Reichheld, Markey and Hopton, 2000). This is consequent with the findings by Lam et al in 2004 that satisfaction as a main driver can lead to loyalty (recommendation – referrals) but in order to achieve loyalty (patronage) value is also a main driver (Lam et al, 2004).

For companies it is important to take the voice of the customer into consideration for future improvements. This is usually done by various Customer Satisfaction Measurements (CSM), for example surveys. However, when implementing CSM, Woodruff has identified some potential pitfalls. Many companies set customer satisfaction goals but hardly do any measuring. Even if the company measure satisfaction many do not use this information for future changes. Finally, with an increase in usage of CSM, more problems are identified that puts CSM into the spotlight for criticism (Woodruff, 1997).

## 2.2.4 Loyalty

The goal with RM is to create loyal customers mainly because it is five times more expensive to attract new ones, than keeping the old (Swift, 2001). The traditional view on customer retention is called the “leaky bucket” theory and means that 100 lost customers can be replaced by 100 new customers. However, what the theory has not taken into consideration is that the cost of acquiring 100 new customers is higher than if they kept the original 100 customers and acquired zero. Therefore, it is important to have a high customer retention rate and identify the causes of customer defection so that they can be corrected (Kotler et al, 2005). In today’s marketplace it is not enough for companies to be profitable on solely market share and cost position and instead the real source for profit is customer retention. A 5% increase in customer retention could yield in an increase in profits as high as 25-100% and the most profitable companies are those who have the highest customer retention rates (Reichheld et al, 2000). According to Reichheld et al (2000) the core for a successful company lies in a good value-creation process and thus the creation of value is linked to customer loyalty (Reichheld et al, 2000). In addition, loyal customers are the most profitable ones in a long-term perspective. Further, new customers are usually attracted by marketing campaigns such as price cuts but as soon as another offer from a competitor emerges, they move on. That’s why competing on price results in a zero sum game that anyone can do – instead the focus should be on creating loyal customers (Swift, 2001).

The key benefits of customer retention and loyalty are

- Sales, marketing and set-up costs are amortized over a long customer lifetime
- Customer spending increase over time
- Repeat customers cost less to service
- Satisfied customers make referrals to new customers
- Satisfied customers may be willing to pay a premium price (Payne, 1994)

In the research by Lam et al (2004) customer loyalty was divided into two dimensions, i.e. recommendations and patronage. The study showed that when recommending the supplier to other buyers, satisfaction was the main driver. However, when deciding to make another purchase themselves, perceived value also was a main driver (Lam et al, 2004). Finally, customer satisfaction did not have a stronger effect on customer loyalty (both recommendation and patronage) when switching costs were high. That is why switching costs is not included in this study as one of the antecedents to profit (Lam et al, 2004). Customer loyalty is by many seen as the main source for competitive advantage in a company (Lam et al, 2004). Customer loyalty will lead to increased profit, reduced customer acquisition costs and reduced costs of serving repeated customers (Lam et al, 2004). In a B2B buyer-seller relationship both parties are more likely to engage in long-term relationships that benefit both parties and increase their competitiveness and reduces transaction costs (Lam et al, 2004). To create loyal customers the company could increase customer satisfaction and create higher switching costs to avoid that the customers change supplier. Furthermore, a customer will remain loyal to the supplier if they feel that they deliver superior value compared to other suppliers (Lam et al, 2004).

Figure 7 shows a framework for loyalty the purpose of it is to identify repeat purchase and consists of three antecedents that affect relative attitude and leads to loyalty. The antecedents are divided into three categories; cognitive (associated with informational

determinants), affective (feeling states) and conative (behavioral dispositions). The cognitive antecedents involve how easy an attitude can be retrieved from the memory (accessibility), level of certainty related with an evaluation/attitude (confidence), degree to which an attitude against a brand is related to a value system (centrality), and how well-defined it is (clarity) (Dick and Basu, 1994). Oliver (1999) describes this as loyalty to information (price and features) and represents the first loyalty phase (Oliver, 1999).

The second antecedent is the affective antecedents and includes emotions, moods, primary effects and satisfaction. Emotions can be described as intense states of arousal and focuses the attention on targets and has the possibility to disrupt the ongoing behavior. On the other hand, moods are less intensive than emotions, less disruptive and more short-term. Primary effect is the feeling states that occur at the purchase occasion and familiar and preferred experiences. Finally, satisfaction is the post-purchase response and is viewed as a direct antecedent to loyalty (Dick and Basu, 1994). Affective loyalty is the second loyalty phase and means the buyer is loyal to liking (Oliver, 1999)

The two first conative antecedents are the costs involved for the buyer when switching from one supplier to another due to idiosyncratic investments (switching costs) and costs that cannot be retrieved (sunk costs). The last conative antecedent is the future expectations and represents the fit between the marketplace offerings and the buyer's needs (Dick and Basu, 1994). Conative means that they are loyal to intention and committed to buy the product (Oliver, 1999).

Other than relative attitudes, social norms and situational factors can also affect repeat purchase. Social norms are other people's beliefs that affect how the buyer is going to act, whilst situational factors are actual or perceived opportunities to engage in the same behavior. In a B2B perspective managing relationships and creating worldwide networks should be the focus of the supplier. Further, while cognitive and conative antecedents are important, the critical factor for repeat purchase is satisfaction (Dick and Basu, 1994).

If the buyers have a high relative attitude and high patronage they benefit of searching for new information and alternative suppliers are decreased. In addition, it will result in that the buyer is more resistance to be persuaded by a competitor and switch supplier. The last consequence is the word-of-mouth effect and that buyers with a high relative attitude and repeat patronage will make referrals to other buyer about the supplier (Dick and Basu, 1994).

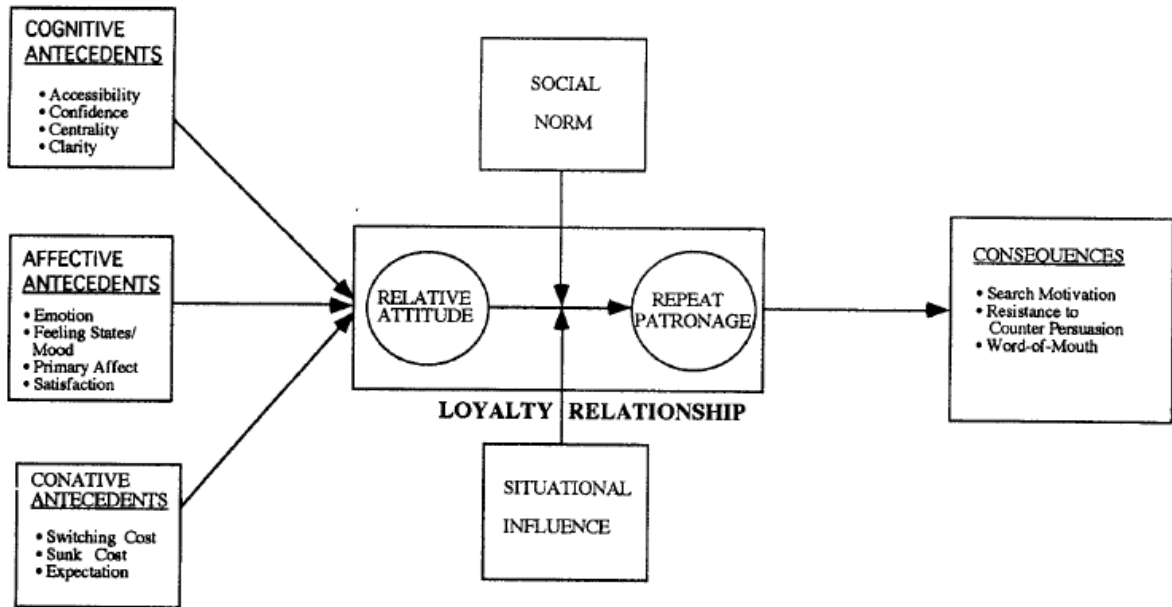


Figure 7 -Framework for customer loyalty (Dick and Basu, 1994)

The customer loyalty ladder is used to show the progress of the loyalty between the company and their customer. The first step, prospect, is a potential customer that the company wants to start turn into a customer and to build loyalty by a long-term relationship. When the prospect is turned into a customer the task is to retain that customer and turn them into clients. When the relationship advances the client will turn into a supporter, someone that like you but is passive and does not use referrals. The next goal is to get them to make referrals by for instance word-of-mouth about the company's performance and hopefully they will become a partner. A partner is the final step in the ladder and represents a close and long-term relationship based on loyalty, satisfaction and fulfilling mutual needs (Payne, 1994). The Customer Loyalty Ladder is illustrated in Figure 8.

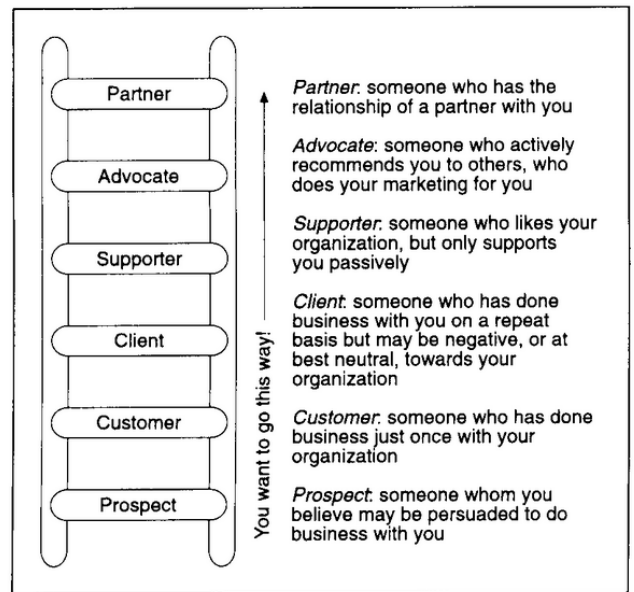


Figure 8 - Customer Loyalty Ladder (Payne, 1994)

As mentioned earlier, when a company succeeds in creating loyal partners the profits will increase. According to Kotler (2005), a profitable customer is a person, household or company whose lifetime revenues exceed the cost of attracting, selling and servicing them (Kotler et al, 2005). In Figure 9, one can clearly see that profitability starts increasing when the company can retain their customers and achieve loyal customers. The optimal opportunity is then to have loyal customers that make referrals (word-of-mouth) to create new business opportunities. The last stage and most profitably one is when the



company becomes a “customer advisor”. It is in this stage when the company works together to retain and to create new relationships. In this stage they have the customer’s total understanding, belief and loyalty (Swift, 2001).

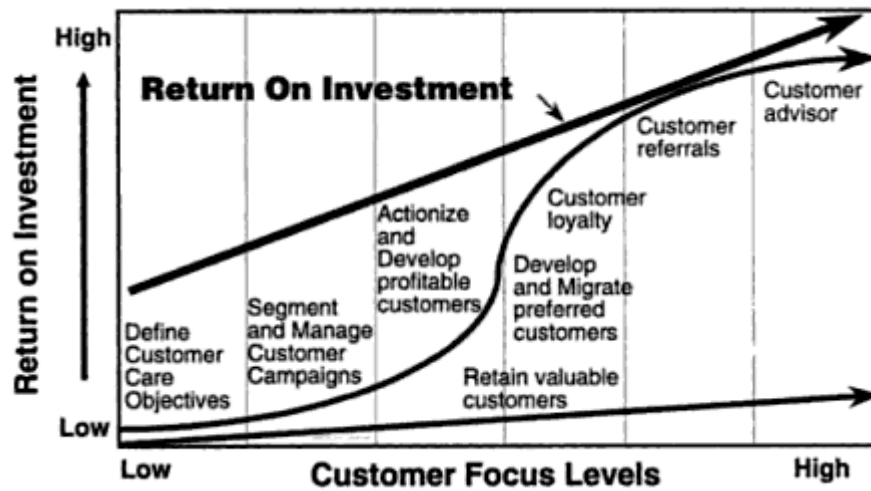


Figure 9 - Customer focus levels and potential ROI (Swift, 2001)

### 3 Method

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*In this section the researchers will present the research method that has been used for this academic study in fulfilling the purpose. Each part will begin with a short introduction of the main methods available for the researchers and then followed by the chosen method and their weaknesses and strengths. However, the focus will lie on motivating why the chosen method is the most suitable one. By explaining the research process in detail it will be easy for other researchers to replicate or make further studies in this field.*

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#### 3.1 Research Approach

In academic research there are two main approaches for the researchers to choose from depending on the purpose of the study. The first approach is the deductive approach where the researchers already have a clear theoretical position before performing the data collection. The literature review will be used to develop a theory or hypothesis that later will be tested by an empirical research method. The main characteristic of the deductive approach is the ability to generalize to the whole population. However, to be able to do that the sample size needs to be of appropriate size. On the other hand, the alternative is to use an inductive approach and develop a theory after the data collection has been done and then relate the findings to the literature. The inductive approach does not start with a predetermined theoretical framework and is hard to perform without deep knowledge about the field of interest (Saunders, Lewis and Thornhill, 2007).

Due to the nature and purpose of the research, this study will be a mixed approach of both deductive and inductive. Since the researchers will create propositions instead of testing propositions and intends not to generalize, the approach cannot be deductive. Further, the deductive approach has a strict method and does not allow alternative explanations other than the tested hypothesis (Saunders et al, 2007). Also, the intention is not to describe what is happening but instead understand and explore how sponsorship can affect the buyer-seller relationship. The research will start at theory and then move to data and finally back to theory (testable propositions). The first step is to start with theory about relationship marketing, trust, loyalty, profit, and then to add the variable sponsorship. From here the research will move towards the data collection to explore how sponsorship will affect relationship. From the results the researchers will at last move back to theory and create testable propositions. Finally, since there is a lack of prior research where sponsorship and relationship marketing has been combined, it is difficult for the researchers to create hypothesis before the data collection.

#### 3.2 Research Strategy

When conducting scientific research it is of up most importance that there exists a clear and well-defined research strategy. Some of the available strategies for the researchers are experiments, surveys, case studies and grounded theory. The choice of strategy is primary determined by the purpose and research questions of the study. However, the researchers have to also take into consideration factors such as time and resource restraints. It is important to keep in mind that no strategy is superior to the other ones but instead they have their benefits and drawbacks and the choice depends on the researcher's objectives. Further, the research strategies can be combined with each other and are not an exclusive choice (Saunders et al, 2007).

To fulfill the purpose and answer the research questions the researchers have decided to use a case study strategy in this research. Case studies are suitable when the researchers want to gain a rich understanding and help them in understanding why and how sponsorship can improve the companies' long-term relationships with their customers. More specifically, case study research is the investigation of a phenomenon within a real life context (Saunders et al, 2007). In this case, the phenomenon is relationship marketing and the context is corporate sponsored sporting events (HV71).

When using case study as a strategy there is four different approaches; single case, multiple case, holistic case and embedded case. A single case approach is used when there are no critical and unique cases in the population (Saunders et al, 2007). In this study, the population is all the sponsors of HV71 that fulfill all the sample criteria's. However, since the researchers have not identified a unique case and the goal is to construct testable propositions they need to establish that the findings from the first case occurs in other cases, a multiple case approach is the best choice. A holistic case approach is when the organization for instance is treated as a whole and embedded case approach is when multiple units in the organization are taken into consideration (Saunders et al, 2007).

### **3.3 Data collection**

There are two different kinds of data that goes into any thesis or academic paper, primary- and secondary data. Primary data refers to the data that has been collected for the specific research project in question. Secondary data refers to the data that is being used within the research project but has been collected previously within another context. Both primary and secondary data can in turn be solely quantitative or qualitative, or any kind of mixture between these two. Quantitative data is data that is either numerical, or data that have been quantified. Qualitative data is the opposite, non-numerical data or data that have not been quantified (Saunders, Lewis & Thornhill 2007).

In this section the authors will define the data collection process concerning all secondary data applied in the thesis; from how the data has been found, to where it has been retrieved from and how the authors' have reasoned during the data collection process. The primary data consist of solely in-depth interviews with proper representatives of some of the main sponsoring firms and companies of the Swedish ice hockey team HV71. The data collection process for these will be discussed in more detailed in section 3.5. This is done in order to give a more appropriate structure to the thesis, while at the same time provide adequate amount of space to describe the interview process in detail.

The first step in the data collection process was to search through previous theses conducted in Sweden on mainly a Master's level, which dealt with similar topics. Not only did this provide insights into the fields, and suggestions for further development of the purpose of this thesis. It also provided with valuable information on where to start the search for fitting theories. The source for these previous theses was Uppsatser.se, where almost all current academic papers on a Bachelor and Master level can be found. Examples of search words applied to derive to appropriate theses were "sponsorship", "sport sponsorship", "relationship marketing", "customer loyalty", "customer satisfaction" and "customer relationship management".

Once the relevant theories, books and studies were identified and read the authors engaged in the second step of collecting data; scrutinizing the current research, and development of the research within the fields of sport sponsorship and relationship marketing. This was done mainly through Google Scholar and the authors' main attention has been on the number of quotations and publishing year. More recent studies with the most number of quotations have been the focus of the authors. Although these criteria were applied the authors did not classify the studies and research analyzed, no formula was applied in deciding the relevance of the individual studies. These criteria function merely as a guideline and the authors own judgment's has always had precedence. The search words used on Google Scholar has been more or less the same as the ones used on Uppsats.se.

### **3.4 Interviews**

In order to gain a rich understanding of the effects that sponsorship has on long-term relationships with customers, the researchers have decided to use face-to-face interviews as the strategy to collect primary data. Interviews can be divided into three different approaches; structured, unstructured/in-depth and semi-structured interviews and the choice mainly are decided upon the purpose and research questions of the study. Structured interviews have a standardized questionnaire with questions that are asked in a similar way to all respondents and are mainly used for descriptive studies. Unstructured interviews have no pre-stated questions and the respondent is allowed to talk freely about the topic (Saunders et al, 2007).

Within the topic of sponsorship and relationship marketing the researchers have identified four underlying factors (trust/commitment, value, satisfaction and loyalty) that will be the frame of reference for this study. That is why the respondent can't be allowed to talk freely about the topic (sponsorship/relationship marketing) and why the interview cannot be unstructured. Further, since the purpose of the study is more of an exploratory nature to answer "what" and "how" then a descriptive one, structured interviews is not an option. Therefore, the researchers have chosen to use semi-structured interviews as their main method of collecting primary data. Unstructured interviews consist of a template with pre-stated themes (the four factors) and questions. The questions are not written in stone and follow-up questions can be changed depending on the answer, flow and what direction the interview is taking. Also, the questions are of a complex nature and open-ended meaning that the respondent is encouraged to give an extensive answer. Therefore, it is also important to create more of a discussion where both the respondent and the interviewer are actively involved (Saunders et al, 2007). The interview template can be found in the appendix and is structured according to the frame of reference, purpose and research questions.

The reason why the researchers chose face-to-face interviews instead of for instance group interviews is because it is difficult to gather all the respondents from different companies to meet at the same time at the same location. In addition, there is a risk that one respondent will take over the whole interview resulting in that the remaining respondents does not get the chance to express their opinions. Finally, there is the risk of peer-pressure and that instead of expressing their own opinions they chose to answer similar to the others. Telephone interviews has the drawbacks that you cannot establish

a personal contact and to establish trust among the respondents. This will result in that it is harder to access sensitive information, analyze the respondent's body language and expressions and to ask complex questions (Saunders et al, 2007).

### **3.4.1 Selection of cases and respondents**

Before selecting cases and respondent to be interviewed for this study the researchers have identified all individual cases that represent the total population. The population has been constructed using four pre-stated criteria's on the individual cases:

1. The company has to be at least a gold sponsor of HV71, meaning that they have access to the Husqvarna room.
2. The company has to operate in a business-to-business perspective (note: not exclusively to only B2B)
3. The company must have relationship marketing in their corporate strategy and work actively to build long-term relationships with their customers.
4. The company must have a local presence and bring their customers to the games and other events associated with HV71.

HV71 have a total of 66 companies that are at least gold sponsors but even after the remaining three criteria's for the cases the total population remains too large for the researchers to interview ever single case. Therefore, the researchers need to use sampling in order to determine the cases that are going to be interviewed. When using case studies to construct propositions selecting the cases randomly is not required and even in many cases not preferred. Instead the researchers should use theoretical sampling and select the cases based on theoretical and not statistical reasons. Therefore, the researchers should choose cases that replicate or extend the emergent theory (Eisenhardt, 1989). Therefore, the remaining companies have been categorized according to the industry they operate in and the cases have been chosen so that a broad range of companies are represented.

After the individual cases had been chosen the respondents in each company had to be chosen. It is of utmost importance that you pick the right person to interview to maximize the data received but also ensure the validity of the data. The criteria's for the respondents for this research was that they needed to possess the highest level of knowledge and experience about relationship marketing and sponsorship in their company to best be able to answer the researchers' questions. Within this research those people would be the individuals within each company assigned as responsible for the task of managing the company's sponsorship arrangements.

In the end, the researchers interviewed were Patrik Johansson from June Emballage, Marcus Hellerstedt from Öhrlings, Mats Nyberg from Nybergs Bil, Michael Möller from Swedbank, Tomas Fingal from Husqvarna and Thomas Larsson from Ernst&Young. All the companies and the respondents are presented more in detail in Empirical findings.

### **3.4.2 Interview process**

In this section the researchers are going to describe more in detail how the interviews were conducted to increase the reliability and so that other researchers may replicate the study. Before the interview took place the researchers supplied the respondents with interview material. The purpose of providing them this document was that they could prepare themselves and to gather necessary material and information to answer the questions. The interview material can be found in the appendix and contains a short presentation of the research and is followed by the questions that are going to be asked. The interview material and the interview were conducted in the Swedish language however in this thesis the interview material has been translated into English.

Two of the interviews took place at Jönköping International Business School (JIBS) in a quiet group room where the researchers and respondent were not disturbed. To make these two respondents more comfortable the researchers engaged in small-talk and offered them coffee and mineral water before the interview. The other interviews took place at the respondents' offices in a quiet conference room. Before the interview started the researchers asked for the respondents' approval to audio record the interview. All the interviews were digitally recorded and then manually transcribed.

The interviews lasted between 50-110 minutes and in total all six interviews resulted in approximately 450 minutes of data. The interviews followed the same structure as the interview template which can be found in the appendix. The interview started with pre-interview questions asked by the respondent and then followed by a short presentation of the researchers and the research they are doing. This was then followed by a presentation of the case company and the respondent himself. After that the researchers started to ask questions regarding sponsorship, relationship marketing, trust/commitment, value, satisfaction and value. Since the interviews were of semi-structured type all the themes were similar to all respondents. However, the follow-up questions were different depending on which direction and what answers the respondents gave. The interviews ended with the researchers thanking the respondent for their time for participating in the interview.

## **3.5 Analyzing data**

One clear problem with working with case studies and especially open-ended questions is the amount of raw data that is generated. When analyzing the data there is no standardized method and there exists multiple approaches that the researchers can take when analyzing the data. For case studies, it is important to understand and familiarize with each individual case and should be treated as stand-alone entities. In this research, it is to study the industries which the sponsors are in and also understand how they work with sponsorship and relationship marketing. This means that it is important to understand the cases in their own context so that it will be easier to identify cross-case patterns and understand why they exist and that is why the researchers also asked questions about their approach to sponsorship and relationship marketing (Eisenhardt, 1989).

Before beginning with the analysis the researchers first manually transcribed the data from the interviews. After that, they categorized the data into the categories corresponding to the frame of reference and the interview template. This is presented in the Result

section. This is called the template approach that begins with existing theory being categorized. From the theory the research questions and interview template are constructed. According to this template, the result and analysis is presented in the same structure (Saunders et al, 2007). This is also in line with what Yin said. Yin (2006) suggests that one could use existing theories to construct research questions and a framework (cited in Saunders et al, 2007). It is important for the reader to keep in mind that the categories does not have distinctive boundaries and instead the data is overlapping and connected to each other, similar to the theoretical framework where trust, value, satisfaction and loyalty are connected.

To avoid false cross-case conclusions the researchers should divide the cases into categories and then look for similarities within these categories. These categories can be constructed from the problem or existing literature such as the frame of reference. Another tactic is to pair together the cases and then look for similarities and differences between the cases. The purpose of cross-case analysis is to go beyond the researchers initial impressions to make accurate conclusions that are connected to the data. Furthermore, it will facilitate to find novel findings that are hiding within the data. The next step in the analysis process is to make propositions from the patterns that are found. This is done by analyzing the findings and comparing them to existing theory (Eisenhardt, 1989).

### **3.6 Trustworthiness**

When conducting scientific research there are a number of important issues that they have to be addressed in order to establish the trustworthiness of the study, i.e. reliability, validity and credibility. The first important concern that the researchers need to address is the problem concerning if the empirical findings can be relied upon. The two factors that affect the reliability of a study are called interviewer –and respondent bias. Interviewer bias occurs when a researcher tries to impose their own believes or the frame of reference on the respondent, resulting in an incorrect empirical finding. To avoid this, the researchers carefully controlled their tone and non-verbal behavior during the interviews. Respondent bias means that the respondent is unwilling to share certain information to the researchers and thus resulting in that the whole picture is loosed. The reasons could be that they do not want to share sensitive information or that they beautify the truth (Saunders et al, 2007). The solution was to ask probing questions and to reformulate the question if the respondent was unwilling to share some information. Further, the researchers also tried to read the respondents' body language when a sensitive topic was discussed.

The second concern is validity and to what extent the researchers are able to access the respondents experience and knowledge. This is mainly achieved by careful preparation since “prior planning prevents poor planning” and by creating trust and credibility with the respondent (Saunders et al, 2007). To show the respondent that the researchers are credibly and serious and increase the validity, they have they have made research prior to the interview about the case companies. Furthermore, prior to the interview they supplied the respondents with interview material including a background to the research and the themes and questions to be discussed. This was done so that the respondents could prepare themselves and gather relevant information needed to answer the questions. Another important aspect in creating credibility is the clothes that the respondents

wore during the interview, not overdressed but still enough to radiate credibility. Finally, they wanted the respondents to feel comfortable and safe and therefore chose a quiet and undisturbed location for the interview.

To ensure that no data was lost the whole interview was digitally recorded and later manually transcribed. Recording the interview allowed the researchers to focus more on the respondent and be active in the discussion. Also, it allowed the researchers to carefully analyze the respondents' body language.



## 4 Empirical findings

*In the empirical findings the respondents and case companies are presented followed by the results from the interviews. This chapter is structured according to the frame of reference and the interview template, beginning with the results from sponsorship and relationship marketing and then ended with trust/commitment, value, satisfaction and loyalty.*

### 4.1 Companies and respondents

The case companies were chosen by way of theoretical sampling from the population that was constructed using four criteria's. In each case company then the most suitable candidate was chosen to be the respondent in the interview. The companies and respondents are presented more in detail below.

#### 4.1.1 Nybergs Bil

Nybergs Bil is a reseller of new and used cars in Jönköping, Nässjö and Eksjö. The company was founded in 1975 and together these three offices have annual turnover of 600 million SEK and sell around 3000 new and used cars. They represent the brands Volvo, Renault, Ford and Dacia (Nybergs Bil, 2009). Nybergs Bil has approximately 150 employees in Jönköping, Nässjö and Eksjö. About half of their new cars that they sell are bought by companies (M. Nyberg, personal communication, 2009-11-24).

<b>Company</b>	Nybergs Bil
<b>Respondent</b>	Mats Nyberg
<b>Position</b>	CEO
<b>Date</b>	24 November 2009

Mats Nyberg is 49 years old and is the CEO and owner of Nybergs Bil in Jönköping. Mats have worked with cars for his whole life. He started out as car seller in Stockholm and when he was 25 he came to Jönköping and became Sales Manager for Nybergs Bil. He worked as Sales Manager for five years and later became Marketing Manager and then CEO. In 2000, he bought the company from his father and sister.

#### 4.1.2 Husqvarna

Husqvarna is a world-leading company within outdoor products for maintenance of forests, parks and gardens. In 2008, they had world-wide a turnover of 32.3 billion SEK, 15700 employees and presence in over 100 countries. The company was founded in 1689 and had a factory that produced weapons (Husqvarna, 2009).

<b>Company</b>	Husqvarna
<b>Respondent</b>	Tomas Fingal

<b>Position</b>	Regional Area Manager for Sweden
<b>Date</b>	24 November 2009

Tomas Fingal is 47 years old and is a graduate economist with a MBA degree that he finished in 1997. He started his carrier at Electrolux in 1986 and later switched to become a seller for Husqvarna. From there he advanced to become Region Sales Manager for South Sweden. After that, he became Swedish Manager for white goods and then Manager for Northern Europe and Asia for consumer- and outdoor products. Today he is Regional Area Manager for Sweden.

#### 4.1.3 PriceWaterhouseCoopers Öhrlings

PriceWaterhouseCoopers is the world-leading company within auditing, accounting and consulting with a presence in 151 countries and 163000 employees. In Sweden, they are also the leading auditing firm with offices in 125 cities and 3600 employees. Their office in Jönköping is located in central Jönköping and is the fifth largest office in Sweden with around 85 employees (PriceWaterhouseCoopers, 2009; M. Hellerstedt, personal communication, 2009-11-17).

<b>Company</b>	PriceWaterhouseCoopers Öhrlings
<b>Respondent</b>	Markus Hellerstedt
<b>Position</b>	Co-Head of Auditing department
<b>Date</b>	17 November 2009

Marcus Hellerstedt is 36 years old and Co-Head of the Auditing department at PriceWaterhouseCoopers. He has been working for the company for 8.5 years now and is an authorized auditor since 2005. At their office, Marcus is the person in responsible for the HV71 and sponsor section (M. Hellerstedt, personal communication, 2009-11-17).

#### 4.1.4 June Emballage

June Emballage was founded in 1988 and is a part StoraEnso. The company manufactures and sells transport packages in small and medium-large quantities. StoraEnso on the other hand focuses on large quantities (P. Johansson, personal communication, 2009-11-12). Since 1993 they are located in Torsvik, south of Jönköping and have 12 employees there (June Emballage, 2009). They have an annual turnover of around 30 million SEK and among their competitors they are the most profitable company since they can charge a premium price (P. Johansson, personal communication, 2009-11-12).

<b>Company</b>	June Emballage
<b>Respondent</b>	Patrik Johansson
<b>Position</b>	Marketing and Sales Manager

<b>Date</b>	12 November 2009
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Patrik Johansson is 32 years old and works as Marketing and Sales Manager for June Emballage. He has worked for the company for 9 years now and before he joined June Emballage, he worked for Electrolux. He is in charge of the sponsoring of HV71 and to build long-term relationships with their customers (P. Johansson, personal communication, 2009-11-12).

#### 4.1.5 Ernst&Young

Ernst&Young is a global company with 130.000 employees worldwide (Ernst&Young, 2009). Similar to PWC Öhrlings, they provide various services within accounting, auditing, taxes, transaction and financial control. In Sweden, Ernst&Young have around 2000 employees and 55 employees at the Jönköping office (T. Larsson, personal communication, 2009-11-25).

<b>Company</b>	Ernst&Young
<b>Respondent</b>	Thomas Larsson
<b>Position</b>	Tax consultant
<b>Date</b>	25 November 2009

Thomas Larsson is 36 years old and works as tax consultant for Ernst&Young. He is also together with the office manager, responsible for all market- and sponsorship questions. Thomas has been working for Ernst&Young for almost 8 years now and before he worked for the Swedish IRS.

#### 4.1.6 Swedbank

Swedbank is one of the leading banks and financial institutions in Sweden and in September 30, 2009 their total balance sheet was 1,815 billion SEK and around 20000 employees. In Sweden they have 389 offices and 9.5 million private customers and 550000 business customers. The company also has several offices in the Baltic countries and the Ukraine and conducts business in 11 other major cities around the world (Swedbank, 2009).

<b>Company</b>	Swedbank
<b>Respondent</b>	Michael Möller
<b>Position</b>	Chief of Marketing
<b>Date</b>	27 November 2009

Michael is 44 years old and has been working for Swedbank for more than 20 years. The past ten years he has been holding different management positions at the branch office in Jönköping, and he has held the position of chief of marketing the last five years.

## 4.2 Results

Here the relevant results of the interviews will be presented. The ambition is to provide enough information for the readers to be able to draw their own conclusions and analysis. The researchers have only used the information provided within this section for their analysis.

### 4.2.1 Sponsorship and Relationship Marketing

#### **Nybergs Bil**

Nybergs Bil has been sponsors for HV71 since 1987 and Mats describes himself as a huge ice hockey fan. In general terms, sponsoring for Nybergs Bil is about what Mats is interested in. He works actively to find new ways to take advantages from sponsorship and he finds it positive to be associated with HV71 as an organization. When the new arena was built with the jumbotron he was one of the first to put his company name on the jumbotron. They have also their name on the board just in front of HV71s player booth. Other exposure is that they have their name in the game flyer. Also, they have two regular season tickets and two tickets to the Husqvarna room. In his opinion, the access to the Husqvarna room is the most important part in being a sponsor for HV71. The Husqvarna room opens 90 minutes before the game and in there is food and drinks. Also, 30 minutes before the game various people connected to HV71 comes and talks with them. Husqvarna room is important to Mats since it is a good meeting place and all of his customers are there. That is why Mats usually not brings his customers to the games. Also, he mentions that all of his business customers have their own tickets to the games and that he meets them there. He says that “you have to be available to the market and if the customer cannot come to you, you have to come to him”. Sometimes he sells cars there and other times he makes the first contact and then passes it over to one of his sellers at Nybergs Bil.

Nybergs Bil also uses the players from HV71 for their own events. For instance, next year they will open their new car hall together with the Swedish Idol winner, Swedish Dance Band winner and some players from HV71. Mats says that using the players is a good method of attracting people and building relationships but it was better in the past when it was really popular. Today, the players are practically on every event and the exclusivity has decreased a little bit. Furthermore, many times the players are not that keen on participating in events and only come because they have to. Also, when he has events he has to mobilize the whole company and the planning takes 3-4 days.

Mats think that working with long-term relationships is really important and if one neglects this part; they will not survive for a long time. He has two employees that only work with business customers and they have frequent contact with the customers just to ask how they are doing. Most of the time when they engage in contact with the customers they do not sell anything. Instead they maintain the relationship and perhaps eat a lunch together. They also arrange trips to Göteborg and Volvo’s factory there. However, many times and especially in these times with the financial crisis, it is hard to convince them to join. Also, building relationships is more than this. The important part is to de-

liver what has been promised and have pre-sales contact. He says that customers are not as loyal as in the past and if you misbehave the customer will switch supplier instantly. In the case of SAAB, it is not really the retailers fault but instead it is the trust against the brand that has decreased.

### **Husqvarna**

Husqvarna is a large organization but their goal has always been to have a local connection to the area where they are present. This reflects back on sponsorship and that they sponsor almost everything that is possible. However, since the separation from Electrolux in 2005, resignation of former CEO Bengt Andersson and the move of the executive board to Stockholm, their view on sponsorship has changed the past years. According to them, sponsorship should be only business and if they cannot see the advantages the sponsorship project should be terminated. When it came to sponsorship issues it was Bengt Andersson who made all the decisions and his approach was to sponsor everything that was possible without making any demands. After, Bengt left the company, Husqvarna has appointed a new sponsorship group that is restructuring the company's all sponsorship activities.

When it comes to HV71, their goal is to demand more from HV71 in return for the seven figure (in SEK) sponsorship fees they pay HV71 annually. This is only for the regular season and if they advance to the play-offs they have to pay more for each round. However, in the play-offs the media exposure increases and the demand and interest among their customers increase for the games. Historically, Husqvarna have been really bad at reaping the advantages of sponsorship mainly because they have not made any demands on those they have sponsored. Husqvarna is the main sponsor of HV71 and in return they have exposure on the jerseys and the board. Furthermore, they have 16 tickets to every home game and 2 tickets to the Husqvarna room. They also buy packages to away games and bring their customers to them, this is however not included in the sponsorship deal with HV71 but he mentions that it would be impossible to purchase these packages if they were not sponsoring HV71.

Tomas says that relationship marketing is a core strategy for them; "You buy and live with a Husqvarna product". He also draws a parallel to Volvo owners. According to him, in order to build relationships, one must first establish and build a brand name since customers become loyal to the brand. HV71 is one of many ways for them to promote and associate their brand name. Husqvarna has tried to move away from pricing activities but the recent financial crisis has resulted in that they have had to move back to some pricing strategies. But still, their main strategy is to build long-term customer relationships.

As mentioned, one of their strategies to build relationships is to increase the brand awareness and brand association. For instance, when buying a water switch everyone calls it at Gardena-switch. However, 9 times of 10 it is another brand they are buying and not Gardena. Tomas thinks that it is positive to sponsor HV71 and be associated to them. When someone thinks about HV71 they automatically think about Husqvarna and the other way around.

## **Öhrlings PriceWaterhouseCoopers**

PriceWaterhouseCoopers (PWC) sponsor deal with HV71 consists of six tickets to each home game in the regular season, two tickets to the Husqvarna room, access to the Game sponsor lounge 1-2/year, and advertisement on the board, jumbotrone and in the game flyer. Also, they are given the opportunity to rent a conference room that they have used earlier to invite business students, existing and non-customers from Science Park and female entrepreneurs. They are also present at the events that HV71 are hosting such as breakfast meetings, the Championship celebration when becoming the champions and the presentation of the team at the beginning of a new season.

PWC has divided their marketing activities into three categories. The first is added sales to existing customers, the second is sales to new customers and the third is pure marketing that they call marketing communication where the goal is to increase brand awareness. According to Marcus, the sponsoring of HV71 facilitates for all of these three marketing categories.

In their business plan they always conduct a SWOT-analysis to find out their strengths, weaknesses, opportunities and threats. When they look at their weaknesses with the use of a customer satisfaction index, two things clearly appears to be a weaknesses for them; frequent customer contact and checking how the customer is doing (being proactive). In addition, they are poor at informing their customers of the wide range of services that they can offer and it happens often that the a existing customers goes to a competitor to get another type of service, e.g. business law advise. PWC offers a wide range of services from tax, value added tax, business law, and not just accounting and auditing. Many of their existing- and potential customers are not aware of the fact that they can offer such a “complete package” of services.

Therefore, sponsorship becomes very important for PWC since it facilitates for more frequent contact with the customers and creates a forum where both parties can be relaxed and talk freely. Furthermore, PWC can be more proactive and inform their customers of the added products and services they carry. The customer may not be interested at the moment but they will keep that in mind for the future when they possible need the service. By taking the customers to the games it gives them an opportunity to ask free questions and is given free advice and support. Since the market they are operating in is very viscous and the customers rarely change supplier. They often want to stay with the same auditor to build trust and since the company knows the customer’s company and their history. Instead of asking basic questions about the customer’s company they can instead focus on creating added value.

Therefore, relationship marketing is very important for PWC not only from an existing customer perspective but also for non-customers and other networks. The advertising aspect of sponsorship is only used for marketing communication and to increase awareness. However, if PWC does a good job their customers will start recommending them to others and in combination with marketing communication they will attract new customers. New customers are achieved mainly from the events in the Game sponsor lounge (Science Park, female entrepreneurs) where existing and non-customers are invited. By doing so, the non-customers can interact both with existing customers and PWC. Finally, by being a gold sponsor for HV71, it gives PWC access to a new net-

work with potential customers. They have access to the Husqvarna lounge where all the largest sponsors/companies are gathered. Further, they are invited to the events hosted by HV71 where other important companies and people are gathered.

The “salespeople” at PWC are called client owners and have a various number of clients that they are responsible for similar to account managers. For instance, Marcus has between 60-70 clients. Every client owner decides themselves what customers to bring to the games and Marcus tries to mix it up. A large portion of the tickets are given to his largest and most important customers but he also tries to take a new customer to build a relationship. Also, he might bring a customer where there has been troubles during the year, e.g. when closing the books or struggling in the financial crisis. In this case, it is important to have a frequent contact with the customer so that they can speak what’s on their mind and be given advice. In some cases, he also brings non-customers to build relationships. Therefore, they only speak about general topics and the non-customer is not given any offering and the focus is on the relationship.

### **June Emballage**

June Emballage are Gold sponsors for HV71 and in their sponsorship agreement they have access to the VIP-café, located on story above the restaurant and totally invisible from inside the arena. Here they can socialize with the other Gold Sponsors. Also, they have access to a loge in the Husqvarna room pre-game and between periods and access to players for golf tournaments and other events. In exposure terms they have a space on the wall in the players’ bench with the company logo. High exposure on television as it is located where the head coach of HV71 usually stands. Furthermore they have their company logo on all the trash cans in the arena and are official puck sponsors. This is a new phenomena invented by June Emballage themselves. They are official sponsors of the player Lance Ward. Every time Ward scores a goal, or gets penalized, the corporate logo is shown on the jumbotron. The latter alternative is considered to be the most likely one by the company, since Ward currently holds the record for being the most penalized player in the league during one season.

Finally they have the opportunity to buy regular season tickets for the best seats in the arena; however the price of the tickets is not included within the price of the sponsorship agreement. [Authors note: Even though these tickets have to be bought separately from the sponsorship package, they are only available to corporate sponsors who contribute with at least SEK 15.000 per season (HV71, 2009)]. Play-off tickets are not included, however the holder of regular season tickets also holds the rights to purchase those same seats for play-off games. June Emballage always buys the play-off tickets whenever HV71 makes the play-offs.

When asked for what the perceived benefits are of sponsoring HV71, Patrick’s first action was to comment on his own strong personal interest for the team. He mentioned that both he and the CEO previously worked within the Electrolux group and that both of them had season tickets not associated with their job. Patrik continued with stating that the main benefit from the sponsorship for the company is the networking opportunity provided in association with games and events. He stated that being a gold sponsor is about networking and that there even are special events arranged for this group of sponsors that is not in connection with any games. Overall, the vast number of opportunities that arises from this sponsorship was held as the main benefit.

June Emballage does not have any tools by which they measure the effects of their sponsorship relations. The only measurable effect detected is according to Patrik derived from the television exposure from their logo placed in the players' bench. Especially during playoff times is this effect shown in increased number of requests from customers. Mainly however the main effects from sponsorship consist of non-quantifiable factors such as networking benefits and enhanced relationships with customers and other companies.

June Emballage currently holds six regular season tickets and buys all the play-off tickets available. Normally the company divides the tickets in such a way that three of their own representatives accompany three customers to the games. However it happens that only two representatives from June Emballage goes in order to provide a forth ticket for the customer. Which staff members that goes to the games depends upon the specific needs of the customer taken to the game. However it was implied that Patrick and the CEO (Mikael Sandberg) accompany the customers to a majority of the games if not all of them.

Selecting customer to take to the game is not done in accordance to any system. Since most of June Emballage's customers are within the furniture- and steel industries, the majority of the customers taken to games and events can be found within these two sectors. Both large as well as smaller customers are taken to the games. In general the games (and other events) are not utilized in order to establish relationships with new customers. Rather June Emballage uses these opportunities in order to further develop already established customer relationships. Patrik stressed the fact that games and events in association with HV71 was never used as a sales pitch towards new customers. June Emballage works actively with RM through reliability and high service. They act as price-setters within their market, with approximately 30%-40% higher prices than the average competitor. This price-level is explained by their good relationship with their customers. As Patrik states, "our philosophy is to have fun together with the customers, then it will become harder to switch [supplier]" .

When it comes to measuring enhancements in relationship with customers June Emballage has no direct methods by which they do this. However they do notice instances where sponsorship has a direct effect on the relationships with customers. Patrick tells the story of one customer where this was obvious:

"One example is this one customers which bought more from our competitors than from me, but as soon as he goes to a game he puts in more extra orders with me...If you book that customer [to a game] a couple of weeks beforehand a few orders will follow. Then after the game there will be some more [orders]. Then he does not go along to any games for a couple of months and there will be no orders at all."



## **Ernst&Young**

Ernst&Young is one of the main sponsors for HV71 and for their efforts they have a lounge fitting 8 people, a sign with their company name above the lounge, they present the crowd number on the Jumbo throne, 4 regular seats just above the penalty both and two tickets to the VIP-room.

Thomas thinks that it is important to divide all the sponsors into different levels, similar to how HV71 have done, in order not to lose the value of sponsorship. For instance, all the Gold sponsors have tickets and access to the VIP-room which is really valuable. It creates a meeting place outside the office where important business people are gathered. HV71 also arranges trips to for instance Cloetta Center and the ice-hockey games there. He then continues discussing the importance that all employees at Ernst&Young are participating in the sponsorship.

Ernst&Young does not categorize their customers regarding which are allowed to go the games; instead they have a booking binder where the auditor responsible for the client can sign up themselves and their customers. They have about 25 auditors responsible for their own clients and the interest for HV71 is quite huge at the company. Usually they take the owner, CEO or other staff in the financial department to the game. However, internally they have encouraged taking people at other levels in the customer company but this is hardly ever utilized. Instead they sometimes bring other contacts such as fellow students to the games that work for banks, lawyer firms or other companies they want to come in contact with.

In the business, where Ernst&Young operates, relationships are of the up most importance and are very person bound. The accountants together with banks are two things that companies have the most trust and respect towards among advisors. Thomas mentions that it is difficult to measure the effects on sponsorship on the customer relationships. He thinks that it is more important to see an improvement in market share and new customers. However, he notices a difference among the customers that they really appreciate to go to the games. But the effect of sponsorship is decreased by the fact that there are many games in the regular season, the arena takes so many people and that many companies already have tickets. Thomas believes that among the customers, the interest for the premier season game is high but stagnates in September/October and then peak when the play-offs begin. However, Ernst&Young have not made any research regarding this and the dip in interest could also depend on how Ernst&Young act.

Ernst&Young mainly invite customers from the Jönköping region however they invite customers from all over Sweden, since Ernst&Young have several offices scattered around the country. One way of increasing the value is that Ernst&Young invites customers mainly from Gothenburg and Linköping when Frölunda and LHC come to play against HV71. Sponsorship is used by Ernst&Young to build new relationships but also to maintain and improve the existing ones. Since Ernst&Young have fewer tickets to the playoffs and the interest is higher, they have to usually prioritize the larger and more important customers. Furthermore, Thomas views it as a clear advantage to have access to the VIP-room however he has no idea how the customers perceive it. There is no set strategy when being in the VIP-room; instead it all falls in place naturally.

## **Swedbank**

Swedbank's sponsorship arrangement with HV71 is quite large. The main aspect of this arrangement is the lounge which fits 14 seats. Beyond this they hold season tickets for 8-10 regular seats in various places (the number of seats varies from season to season). While the lounge is divided amongst all the branch offices in the east region, the seats are held by the Jönköping office. Access to the lounge is divided amongst the different offices mainly in relation to the percentage of monetary contribution to the total sponsorship fee. If one branch office has paid for example 25 percent of the total sponsorship costs of the HV71 arrangement, they will be granted access to approximately 25 percent of the games. If a branch office wants access to more games, they will have to contribute with more money to the sponsorship arrangement. There is however a maximum number of games each office can "purchase", this in order to ensure that even the smaller branches can be provided with opportunities to visit games with their customers. Swedbank also receives exposure in the arena as billboard with the company logo is placed above their lounge. Beyond this Swedbank also choose to be the main sponsor of around one game per season. During this game they will be granted access to a large lounge with 25 seats, as well as being presented as the main sponsor of that specific match. This will be announced briefly before the game starts, with the players on the ice, and one representative of Swedbank will be handed an HV71 jersey on the ice. Representatives from the team will visit them and their customers both before and after the game. Apart from these factors, they receive access to players and staff of HV71 for their own events.

Swedbank have four to five tickets available for access to the Husqvarna room (this also varies from season to season), which at times some of the corporate customers will be granted in connection to a game. Most of the time however these tickets are handed out to internal staff, and in order to establish good relationships with other Gold sponsors, these tickets are given only to a chosen few. By having the same staff members holding access to this room, and the events arranged by HV71 for the Gold sponsors, Michael believes that these people will be able to build and establish relationships with the other Gold sponsors that can later be of valuable use for Swedbank. Having different staff members representing the company at these occasions would not hold the same effectiveness.

According to Michael, there are no real downsides with this sponsorship deal however there lies an inherent risk with these types of deals. The risk lies in that you only provide a small circle of customers, and especially if these customers are provided with other benefits and offerings from the bank. By doing this, the opportunity of watching the game live from the Swedbank lounge will soon lose its attraction to these customers. This is something that Michael states occurs and Swedbank work actively to prevent this. One method applied is that the staff members must be able to motivate why their specific customers should be given a certain amount of tickets. It is all about keeping the interest level high and creating a feeling of being privilege. An absolute majority of customers brought to games are corporate.

Relationship marketing is according to Michael one of the most important tools in their marketing management amongst private customers, and the most important tool for corporate customers. The goal is to be able to have a casual, yet professional relationship

and the trick to achieve this is to be able to reach customers on a personal level. In order to achieve this Swedbank must find channels of communication reaching beyond the usually meetings and phone calls. One of the bank's channels of communication with corporate clients is the games and events arranged in association with sponsoring HV71.

The target group amongst customers that are brought to games in order to create and/or enhance relationships with can be divided into three categories: (1) customers with a great deal of business with the bank, generating large volumes, (2) customer currently holding average volumes but with great potential and (3) prospect customers not currently engaged in businesses with Swedbank, but which Swedbank might desire to create business with.

When talking about the relationship marketing aspect of the sponsorship deal with HV71, Michael says that the main dividend derived from it is the opportunity to provide a unique experience to the customer. And to be able to be associated as a bank and a company during the customers experience. The key to be able to derive to this is to identify customers that will be able to enjoy this opportunity without spoiling them. A majority of Swedbank's overall marketing strategy is to find an arena and activities where they can meet customers, and to be able to customize business deals with them based on that.

In order to measure the effects of sponsoring HV71 on their relationship marketing Swedbank has a record over customers brought to the games. These customers are asked to fill out a simple evaluation form and their ratings are marked in the records. The bank then studies these records and compares them to the business each customer conducts. Michael identifies no real downsides with their current relationship marketing. However he recognizes that the risk with favoring a chosen few to bring to the games, even though he states that this is something that Swedbank has not yet faced.

#### **4.2.2 Trust/Commitment**

##### **Nybergs Bil**

When discussing trust Mats says that it is similar to that Nybergs Bil wants to be associated with HV71, similar to that the customers wants to be associated with Nybergs Bil. He thinks that customers in general want to be associated with strong brands. If he would sponsor another smaller local sports team and they would file for bankruptcy, it would not look good if Nybergs Bil was associated with them. HV71 is a really strong brand name and one would want to be associated with that. In that sense it could increase trust between Nybergs Bil and their customers. The most important part of sponsorship is according to Mats that it should help building trust for the brand and be associated to the right companies/brands. Finally, when discussing if the Husqvarna room can be used to build trust on a more personal plane he responds by saying that it is no strategy he applies. Most of the discussions occur naturally since he knows most of his business customers and the people in the Husqvarna room very well.

## **Husqvarna**

Thomas says that trust is two-folded and the first part is the trust already built by previous work. Another important part is that Husqvarna has existed for 300 years and that it should be safe to make purchases from them. They use also their 300 year old heritage for their ads and slogans to increase the trust for them. The second part is to build trust by inviting their customers to fairs and trips to for example Cyprus or Spain. The tickets they receive from HV71 they use solely to invite customers and to build relationships. He describes that the customers are lyrical for these events and it is an unforgettable event when they are invited to the games, eat some good food and drink some wine. When Husqvarna requests, Jan Karlsson or Fredrik Olausson (head coach and coach of HV71) comes up to them before the game to speak of current events surrounding the team and old anecdotes. One of their largest customers is K-rauta and they have a special connection to the HV71 Captain Johan Davidsson. When he played for IFK Helsingfors he led the team to their first, and so far only, championship trophy. This was something that they never forget and they really appreciated coming to Jönköping and meet him in person.

Tomas talks about the sellers being their face to the market and that they are really important. However, the sellers' mission at Husqvarna is to sell ideas and thoughts and various marketing packages. The sellers are usually those who bring the customers to the games and have the primary relationship with the customers. When it comes to reference groups and larger customers it is Tomas who takes them to the games. Tomas describes the importance of building relationships at every level at the customer by a real life example. A close contact to him started on the floor at K-rauta in Södertälje. Today he is 35 years old and Regional Manager for K-rauta in Sweden and East Europe. K-rauta is one of the largest customers for Husqvarna. He also highlights the importance to quarrel with the customers no matter what level the person works at since years later they can be a key customer.

When they are at the games it is more social and to build trust at a private level. However, sometimes when the buyers come to the games they talk campaigns and activities. Tomas thinks that sports events is a good way to build relationships and trust, combined with some good food and drinks. For instance, smaller garden stores are usually family businesses with only 2-4 employees and they have a huge trust for Husqvarna. Therefore, Husqvarna tries to help them in best ways possible by for instance helping them with IT systems; "If you want to play with us, we will play with you" and you will get the whole package including education.

## **Öhrlings PriceWaterhouseCoopers**

A large part of the existing trust is based on previous work with the customers and PWC uses sponsorship at two different levels to build trust among their customers. The first level is that the client owner invites the CEO or owner of the company. Here it is important to invite those people that make the decisions in the customer company. The persons that are invited to the games will special and appreciated when they are invited to the game. Further, it will allow for building trust on a private level with key people in the company. The second level is that PWC tries also to build trust o lower levels at the customer. Instead of the client owner taking the CEO to the game, an auditor assistant at PWC will take an accounting clerk from the customer to the game. This will allow for

building trust in the long-term and in 5-6 years this auditor assistant will be a client owner with his/her own customers and networks. The accounting assistant that was brought to the game will now have advanced to be a CFO, CEO or run his own company now. Therefore, the client owner (salesperson) is important to build trust in present but to build trust in the long-term; PWC also focuses on the future leaders.

Marcus then continues with discussing three other antecedents for trust; communication, shared values and promises. According to Marcus, sponsorship clearly affects communication in a positive way and when discussing shared values he mentioned something interesting. Instead of shared values it was positive with a lack of shared values and that they could appreciate something new. For instance, PWC invited female entrepreneurs one time that usually are not the target group for ice hockey. However, the women found the event a success and it was appreciated since they are not usually invited to ice hockey events. Finally, Marcus did not believe that sponsorship could have a forgiving effect on unfulfilled promises.

### **June Emballage**

When asked which factors they deem most important in order to establish and develop trust amongst their customers, Patrik said that sponsorship probably did not have much to do with it. The slogan of June Emballage is “we are the fastest within packaging”. According to Patrik this is what they must fulfill in order to maintain a high level of trust. If they promise to deliver tomorrow they must deliver tomorrow, not the day after tomorrow. June Emballage promises a lot and always delivers, which is what Patrik claims is the only solution to establishing trust.

When asked a second time whether or not the sponsorship arrangement with HV71 could have any positive influence on building trust amongst customers, Patrik stated once again that the events, games and association with HV71 did not have much to do with it. However the events and games provide June Emballage the opportunity to get to know their customers on a more private basis. This enables the creation of trust towards individual personnel of June Emballage by further developing the existing relationship.

The salespersons role in developing relationship with the clients is vital. For new clients it all comes down to deliver up to your promises in order to establish trust. From there it is all about continue building on the relationship, to get closer with the customer on both a professional level as well as on a private level. It is all about having fun together with the client. And it is here that the sponsorship arrangement with HV71 can be of valuable assistance, according to Patrik. It provides an opportunity to socialize with the clients outside of a working environment. June Emballage never engages in business talk with customers in connection to HV71 events, unless the customer brings those topics up. It functions as an informal meeting place.

### **Ernst&Young**

Thomas believes that sponsorship has a small effect on building trust among their customers since one must first do a good job with the customers. Further, when discussing the importance of an informal meeting place and building trust on a private level he agrees but hesitates. Many customers want a more laidback and comfortable meeting

place outside the formal business environment. Ernst&Young's goal is to create these informal meeting places and platforms where people can meet and feel comfortable.

### **Swedbank**

The foundations for establishing trust is to have a good offering, as nothing you can do or say will ever make up for a poor offering. However Michael says that this is basic in conducting business and will in itself not suffice to create trust. He believes that the keys to create trust are honesty and transparency. You need to be honest in your dialog with the customer during negotiations, even if this means that he or she will be unsatisfied with the offering. Promising more than you can guarantee will be devastating those times you are not able to live up to your words. By always being transparent in your communication, never keeping anything hidden or disguised from the customers, you create this honesty. The sales person is in Michael's eyes the ultimate factor for creation of trust.

The sponsorship with HV71 allows Swedbank to spend quality time with customers in a unique environment, and this combination is invaluable for establishing trust. The experiences you share with a customer, Michael says, are what in fact create the trust within the relationship. As trust is established you can continue building on the relationship itself, as it is next to impossible to create that relationship without initially creating some level of trust. And the games and events surrounding HV71 has proven to be effective in creating an experience that can help create that initial trust. These occasions function as an ice breaker for the relationship by creating a less formal atmosphere and thereby enabling the relationship to take a more personal turn.

## **4.2.3 Customer Value**

### **Nybergs Bil**

When discussing added value he says that the small details are the most important ones and it does not require much effort. For instance, when a customer comes to pick up their new car they always get flowers. The same goes for when a new employee starts their first day. It is a small gesture but it is something that is highly appreciated. Regarding sponsorship and added value, he thinks that it is the simple thing that the customers want to be associated with the company they buy from. When asking Mats if sponsorship could help reducing the value sacrifice he could not provide any clear answers.

### **Husqvarna**

When discussing added value from sponsorship with Tomas he says that the advantages still are high being the main sponsor for HV71. However, he tells that for other teams and companies it has decreased. For instance, Frölunda has so much writing on their equipment that it is hard to distinguish anything. Further, in the Czech Republic there is so much advertising that it is hard to see the puck on the ice. He continues saying that in Sweden and in Husqvarna they are bad at taking the advantages of sponsorship. For instance, when Ericsson sponsors sailing events they use several airplanes to fly in cus-

tomers to build relationships and be a part of the event. In the larger football clubs in Europe, they have lounges that can fit up to 150 people with integrated restaurants and bars. In his opinion, the sporting event that adds the most value to their customers is NASCAR in the US. The arena in Charlotte can house 250.000 people and outside the arena is like another town with supporters watching the event on big screen monitors. "If you bring your customers to these events you will have life-long friends" Tomas says. However, the drawback with sponsorship in other countries is that the money required is a whole lot more than in Swedish ice hockey. Finally, Tomas mentions that there could be an added value for the customers that they get an opportunity to network with other companies. However, he stresses that companies (sellers and buyers) often know each other and have contact, since Sweden is a relatively small country.

### **Öhrlings PriceWaterhouseCoopers**

When asking Marcus about how sponsorship can affect customer value he says that it creates added value for the customer. The environment creates an opportunity for PWC to sell their added value packages (new service) to the customers. However, he mentions that an ice hockey game is not the ideal place to conduct business since you are restricted to what topics you can discuss since there are other people sitting around you. Further, Marcus believes that it does not create any added value in terms of that the customers get the opportunity to meet other companies in the Gold sponsor lounge (networking) since there is not enough time. Instead, he believes the tickets could add value to ice hockey enthusiasts and that sometimes HV71 players come to the lounge before the game and tell "ice hockey stories". When discussing the aspect of reducing the costs to increase total customer value, he says that the game gives the customer an opportunity to ask free questions and receive advice and that they will realize that they need the added services that PWC can offer. The added value from these services will then decrease the costs for PWC. The service maybe costs 10 000 SEK for the customer to purchase but it will save them 30 000 SEK.

### **June Emballage**

The main factor defining the perceived value is connected to the service provided. According to Patrik the quality on the material and the service, as well as ability to create innovative solutions, are the keys.

Patrik says that the opportunity to go to games might be perceived as an added value, even though June Emballage never really thought of it in those terms. The enhanced relationships created through the socialization during the games is however the main contributor to increased value. The time spent with customers before, during and after a game enables June Emballage to increase their knowledge about specific clients. This in turn leads to a better understand of the needs of that specific customer, making it easier to customize the offers provided by June Emballage. "The ice hockey contributes with enhancing and creating relationships, therefore it is obvious that the costs decrease and the benefits increase... [which leads to increased value of] both mine and the clients".

### **Ernst&Young**

According to Thomas, he believes that the customer will get an added value when invited to the hockey games. However, he points out that the hockey game is no prerequisite for them to staying loyal but it is still an added value. When discussing the opportunity to network and meet other companies, Thomas thinks that the customers value more the tickets than the opportunity to network in for instance the VIP-room. Internally they do not mention that they have tickets to the VIP-room and most of their customers are not even aware that they have tickets. Moving on to customer sacrifice, Thomas says that it is important to have a continuous contact with their customers and one way of achieving that is to create these informal meeting places. The other option is to just pick up the phone and call them but this way is less personal.

### **Swedbank**

Michael states that the banking industry is homogenous in its product offerings, with only minor differences. Therefore the key to create added value for the customers is by providing them with slightly more than they have expected. And it does not need to be an interest cut by a couple of points, but it can be something as simple as providing a service that the customer did not know existed, or a free trial period of a specific service that later proves to be of great value. Here the sponsorship deal with HV71, and the opportunity to take customers to games, can give that extra value by being that little extra which the customer has not expected. Here Michael stresses the importance of listing which customers whom have been to which games, in order to find out which customer to take to future games and thereby extracting maximum value.

## **4.2.4 Customer Satisfaction**

### **Nybergs Bil**

Data is combined in the other categories of the result section.

### **Husqvarna**

When discussing customer satisfaction, Tomas believes that a company can come pretty far with only good relationships. If a company has good relationships they can fail in many things but still survive. When they go to Spain or Cyprus they invite between 500-600 customers and many of these are the trend setters and reference groups. He thinks that if you are at good terms with these people, the rest will follow. Also, he mentions a problem with customer satisfaction in their industry. In the UK, everyone has a customer satisfaction guarantee that allows the end-customer to return the product if they are not satisfied. If Husqvarna wants to be competitive in the UK market they have to also implement this strategy which has resulted in huge losses in reverse purchases. This is a trend that is starting to come to the Swedish market and Bauhaus is one company that has implemented this satisfied customer guarantee.



### **Öhrlings PriceWaterhouseCoopers**

Marcus believes that sponsorship has a very small effect on overall customer satisfaction since if they cannot deliver what they have promised and is expected, the customer will not be satisfied. However, the customer can feel more satisfied in that sense that they feel important and privileged to be invited to the games. PWC has a customer satisfaction index but it does not make divide those who get to attend the games and those who did not since the investigation is done anonymous to increase reliability.

### **June Emballage**

Patrik says that in essence it does not matter how many games you can provide to the customer. The matter of fact is that in order to increase customer satisfaction June Emballage must deliver in accordance to expectations. It all goes back to ability to create, maintain and enhance relationships. If the customer is satisfied they will be less prone to switch to a competitor. Patrik goes through a couple of examples where a client has contacted June Emballage when approached by competitors, letting Patrik know what they have been offered and by whom. This behavior from their clients is explained in part by a high level of satisfaction.

### **Ernst&Young**

When the topic of customer satisfaction came up, Thomas had very little to say about it. He mentioned that when they measured their weaknesses one of the points was that they needed to be more proactive and have frequent contact with the customers so that they could give advice in the right time. The effect that sponsorship could have on this was that it created meeting places. With that said the researchers decided to move on to the next question.

### **Swedbank**

According to Michael, satisfaction and loyalty are not factors which you can affect directly, rather they are the result of trust and customer value. In his view these are inter-linked; satisfaction is the positive result that you will achieve once you have obtained trust and value. And this satisfaction will then lead to loyalty amongst customers, the level of loyalty reflects how well you have administrated the trust and how much value you have been able to create. Trust and value is the work that Swedbank conducts; these are the factors which can be affected. Satisfaction and loyalty are the effects and therefore not directly influenced.

Swedbank do not have official records listing the level of loyalty and satisfaction amongst specific customers. However they conduct market surveys, which are made anonymous and where satisfaction and loyalty are measured. Although they have no tools for measuring these factors with respect to the sponsorship deal with HV71.

## 4.2.5 Customer Loyalty

### **Nybergs Bil**

When it comes to the most loyal business customers that Nybergs Bil have, Mats says that they have good control over who they are. He also mentions that when inviting the most loyal business customers to events such as golf trips or to the Volvo factory in Göteborg, it is important that you offer the best. According to him, business customers have become more spoiled when it comes to these kinds of events and the next best thing does just not cut it. That is why for instance they have their golf event at Sand instead of the local golf club in Jönköping. You have to offer something extra to attract the customers since these kinds of events are common today. In the car industry, business customers are usually more loyal than private customers. However, private business customers tend to be more loyal than larger corporations that only focus on price and have more strict rules regarding company cars. Further, Nybergs Bil is very dependent on smaller customers that buy between 1-5 cars since the larger customers have for instance buyers located in Stockholm that do not care the least about HV71 and sponsorship. Recommendations and referrals are really important for Nybergs Bil but he is unsure in what scale it occurs in. Further, it is many other things that affect if they are loyal or not such as feelings and traditions. Also, when discussing loyalty to brands, the manufacturers still want this of course however this has decreased in the car industry. Companies such as Nybergs Bil want more brand loyalty towards the reseller mainly because they sell several different car brands. 10 years ago the resellers only had one car brand but with today's marginal it is hard to survive with only one car brand.

Finally, he says that relationships are a key component to loyal customers and that is why they work hard to sell a complete package including financing, service deals, insurance, and tire changes. Studies made shows that the more of a whole package the reseller can sell, the more loyal the customers will be. When selling a whole package to a customer this means that they have to come by the store more frequently and thus giving Nybergs Bil the opportunity to communicate with them more often.

### **Husqvarna**

Sponsorship is a strategy that is used by Husqvarna both to maintain their existing relationships but also to build new ones. He stresses the importance of keeping a customer since it is more expensive to attract new ones than remaining those one already have. However, they still have pressure on expansion and growth and therefore sponsorship needs to also be used to build new relationships. He thinks that it is easy to maintain an existing relationship since they do not require so much and a hockey-game and a beer is in many cases enough. Internally, Husqvarna are aware of their most loyal customers and which are the trend setters. He continues on discussing two of their largest and most loyal customers, the first being Janne and K-rauta and the second is Laholm. When Tomas is at hockey games with the person from Laholm they have shared interest in hockey and cars. These are mainly the topics discussed and very little work, and Tomas says that this is normal when they get to know each other. The same goes for Janne at K-rauta when they for instance went to USA together and visited factories. They talked about business for a couple of minutes in the plain and the rest of the time was spent to

socialize. However when arriving at the office the next day, Tomas could have a large order from K-rauta on his desk.

### **Öhrlings PriceWaterhouseCoopers**

According to Marcus, trust, value and satisfaction are crucial components to create loyal customers. PWC has extremely high retention rate and almost no single transaction customers. When companies chose their auditor they usually stay with the same for several years. Marcus has a customer that has been with PWC for 35-40 years now. 2-3 years before the previous client owner retired, Marcus started to have frequent contact with the customer to build trust so that the customer would stay loyal when the previous client owner retired. Most of PWC new customers come from loyal customers recommending them.

Furthermore, PWC has really high start-up costs when attracting a new customer and it takes a while to make a profit. The first year they maybe spend 100 000 SEK but only charge 50 000 SEK and it is maybe at year five they can charge more then they spend. One reason is all the free meetings, introduction meetings, presentations and getting to know the company that they do not charge for. On the other hand, Marcus thinks that the real switching costs for the customers are that they are reluctant to explain all the basic things again for a new auditor. Instead, they want to focus and pay for things that could add more value to them.

Marcus thinks that sponsorship has that effect on loyalty that they are put in focus and that they feel that they are important and that PWC are willing to listen and solve their problems.

### **June Emballage**

According to Patrik the ability to adapt to specific customer needs, and being able to live up to those needs, leads to satisfaction which in turn leads to loyalty. And this ability to adapt to specific needs at a minimum cost can to some extent be contributed to the enhancement of relationships that the sponsorship arrangement with HV71 provides.

June Emballage perceives that there are different levels of loyalty amongst their customers, ranging from making a majority of their packaging needs from June Emballage to customers functioning as “ambassadors” for June Emballage. Ambassadors actively promote and recommend June Emballage to competitors and clients. Patrik illustrates an example of an ambassador:

“We deliver to the trailer industry. It all started with one customer in that industry which had an active interest in ice hockey and in my view we were able to access that customer thanks to the ice hockey. That is a small industry with few participants. “[after dealing with that client the word] spread in the industry and suddenly all of them were dealing with me. That is one clear example of a good ambassador.”

The goal with sponsoring HV71 for June Emballage is to create a deeper relationship with clients, a relationship that goes beyond business. When that kind of relationship is established the customers will not switch to a competitor, that relationship will make

them more hesitant to change. At the very least they will let June Emballage know of it beforehand. The foundation of a good relationship is to be ambitious in what they promise and to be able to live up to that promise. However in order to establish a high level of loyalty June Emballage needs to establish a relationship that goes beyond a purely professional one. This is where Patrik finds the sponsorship arrangement with HV71 invaluable; it provides a forum for creating deep and personal relationships with customers.

### **Ernst&Young**

In the auditing industry, Thomas says that family companies are often the most loyal ones and that they have family companies that have been loyal customers since the 70s and 80s. However, one of the reasons is not high switching costs and why they stay loyal. Instead it is a worked up relationship where Ernst&Young knows what their customer wants. An auditor becomes like a partner to the company looking after their best interests. Also, then the customer becomes like salesperson that makes referrals to Ernst&Young. Since, Ernst&Young and other similar companies have such a broad variety of services, referrals does not necessary mean that they switch service provider completely. Instead they chose to switch just specific services. To attract new customers, it happens that Ernst&Young sometimes invites referred non-customers to the games if they are interested. To sum up, Thomas says that sponsorship has an overall positive effect on their customer relationships and he points out that customer value and loyalty are the two most important factors.

### **Swedbank**

See the results for Customer Satisfaction for Swedbank.

## 5 Analysis

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*The last section put forward the relevant information derived from the case study interviews. In this section the researchers will apply this information by making cross-case analysis' of the cases in order to find patterns, similarities and differences. The findings will then be analyzed in the light of the theoretical framework. Each antecedent will be analyzed independently and the adequate proposition(s) derived from the analysis will be put forth at the end of each section. The chapter will be concluded with a table summarizing the propositions.*

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### 5.1 Trust

Every respondent except for Husqvarna claimed that one of the main benefits with being a Gold sponsor was that they had access to the Husqvarna room. The reasons why they found it so valuable was the opportunity to bring their clients there and network with some of the most important companies in the region. For Nybergs Bil this was important since most of his business customers could be found in this room; “you have to be available to the market and if the customer cannot come to you, you have to come to him”.

Also, the respondents stressed the importance of creating meeting places outside the business environment, a place with a more relaxed atmosphere. One of the sponsors even had it as their business strategy to actively find new platforms where they could meet their customers. Further, both Ernst&Young and Öhrlings PCW expressed that one of their weaknesses was that they lacked frequent contact with their customers and Swedbank said that it is important to create new communication channels – not just business meetings and phone contact.

Nybergs Bil, Husqvarna and June Emballage say that going on events and trips with their customers has a positive effect on the relationship. However, Nybergs Bil mentions that many times it can be hard to attract customers to join mainly because of time issues. Therefore, sponsorship is a solution to this problem since the games are only one evening and regular season tickets, lounge and especially the Husqvarna room can provide these meeting places. Finally, June Emballage and Nybergs Bil mention that by bringing the ice hockey players to their own events they could attract customers to come to these events that are normally hesitant. Business customers that are invited to events are used to being spoiled with the quality of the events and using the players for their own events is one way of giving the sponsors a competitive edge.

Nybergs Bil, Öhrlings PWC, June Emballage, Swedbank and Ernst&Young all stressed the importance of having a frequent contact (both business and social) with their customers and Öhrlings PWC and Ernst&Young also have recognized this being perceived as a weakness. As mentioned above, sponsorship provides the foundation for improvements regarding more communication and frequent contact with the customers and building relationships on a private level. In an extensive study by Morgan and Hunt in 1994, they found that relevant, timely and reliably communication is positively related to trust (Morgan and Hunt, 1994). This is in line with what Öhrlings PWC said about that sponsorship allowing them to have more frequent contact with their customers and that they can be proactive and give advice together with that the customers get an op-

portunity to ask questions. By having frequent contact with their customers, trust can be built since the customers get an opportunity to observe the sellers behavior in different situations. Further, frequent contact leads to increasing interaction, information flow, interpersonal relationships and fostering a better understanding of mutual needs (Doney and Cannon, 1997). Furthermore, in their study they also found that trust in firm and trust in salesperson can be transferred and vice versa meaning that if frequent contact with the seller can build trust, it can also be transferred into trusting the firm (Doney and Cannon, 1997). Unfortunately, the empirical findings from their study did only support a positive relationship between business contact and trust, and not social contact and trust. However, with the new results that the researchers found together with the new social environment, i.e. sponsorship, the researchers still suggests that:

P<sub>1</sub>: Customer's trust in the sponsor's salesperson is positively related to social contact through sponsorship.

Note: Social contact through sponsorship means all events or meeting places associated with HV71 and sponsorship.

Furthermore, Husqvarna, Öhrlings PWC, June Emballage, Ernst&Young and Swedbank mentions that it is also important to build a relationship on a more personal level. Patrik at June Emballage says that "our philosophy is to have fun together with the customers, then it will become harder to switch supplier" and another example is Husqvarna that brings their most loyal customers to Spain and Cyprus to build personal relationships. Doney and Cannon (1997) talks about salesperson likability and if the salesperson is found to be friendly, nice and pleasant to be around, it would increase trust among the customer. Empirical studies by Doney and Cannon (1997), Swan et al, (1988), Hawes, Mast and Swan (1989) and Swan, Trawick and Silva (1985) all support this relationship (cited in Doney and Cannon, 1997). Therefore, the researchers suggest that:

P<sub>2</sub>: Customer's trust and likability in the sponsor's salesperson is positively related to sponsorship.

Note: Sponsorship means all interaction that occurs because of the all events or meeting places associated with HV71 and sponsorship.

## 5.2 Value

The researchers have divided value into two parts, the first being customer delivered value which represents the value, i.e. value of the product, service, personnel and image (Kotler et al, 2005). The focus on the first part is value-adding. The second part is perceived sacrifices which are the costs that the customer encounters when making a purchase (Ravald and Grönroos, 1996). For this section the answers differed a little bit on how sponsorship could increase the value for their customers. The researchers think that these differences can be to some extent explained by the differences in industries they are active in.

Husqvarna is the only sponsor that thinks that the customers would value the opportunity to network with other companies than the sponsor in for instance the Husqvarna room. Öhrlings PWC, Ernst&Young and Swedbank all agree that the tickets to the

games are an added value to their customers and create more value than the opportunity to network. Husqvarna and Ernst&Young mention that during the play-offs the interest and value for the tickets increase drastically and Husqvarna describes it as a “full-out war for the tickets”. Some of the respondents also mention that the customers value the opportunity to listen to stories and met key personnel from HV71 when sitting in a lounge. Further, Nybergs Bil does not identify the tickets or the opportunity to network as added value mainly because he usually does not bring his customers to the games since most of them have their own tickets and are located in the Husqvarna room. Instead he thinks that the customers would value to be associated with Nybergs Bil and HV71, two strong brand names. Husqvarna discusses also the importance of brand association however he does not extend it to their customers and that they would value it. However, they all agree that sponsorship adds value to their customers in some way; tickets, networking or image.

In terms of theory, Ravald and Grönroos (1996) say that the ability to offer superior value is a real competitive advantage. Important though, in order to improve the long-term relationships the added value has to be in line with the customers’ goals and needs (customer-oriented) Ravald and Grönroos, 1996). Since, this research is based from the sponsors’ point of view it is hard to draw any conclusions if the added value is customer-oriented. Also, since the statement made by Ravald and Grönroos is not based on empirical research, the researchers suggest that:

P<sub>3</sub>: All else equal, customer delivered value to the customers is positively related to sponsorship.

Note: Sponsorship means the added value in the form of tickets, networking possibilities and image.

Öhrlings PWC says that sponsorship can be used to decrease the perceived sacrifices since during the games the customers are free to ask questions and receive advice from Öhrlings PWC. Further, June Emballage thinks that sponsorship can increase customer value since they can learn more about their customers and better understand their needs so they can for instance better customize offerings.

Ravald and Grönroos (1996) believe that when calculating customer value the sponsor should take into consideration the effects of the relationship. When the sponsor can predict the customer’s need and preference they become more effective in delivering and thus decreasing the customer sacrifice, i.e. increase in value. This is mainly achieved over time and by an increase in communication and customer contact. This is also in line with the prediction process that says that trust develops when more experiences are shared and the sponsor learns more about their customer. Factors that affect the process are among others salesperson likability and frequent social contact. The empirical research suggests that the sponsors can predict the customers’ behavior and needs if they increase salesperson likability and frequent social contact (Doney and Cannon, 1997) which sponsorship does. Therefore, researchers suggest that:

P<sub>4</sub>: All else equal, perceived customer sacrifice is negatively correlated to salesperson likability and frequent social contact

### 5.3 Satisfaction

None of the respondents did identify how sponsorship could affect customer satisfaction in a positive way. Öhrlings PWC said that if they do not deliver what they have promised the customer will not be satisfied. Further, June Emballage believes it does not matter how many times you invite them to games because one must deliver according to the promises made and the expectations that the customers have. According to Swedbank, satisfaction and loyalty cannot be affected directly but is a result of how well you can administrate trust and create value.

The findings made by the researchers are also in line with the theoretical framework in this study. The promise concept is one of the key principles for RM and if they sponsor cannot keep their promises to the customer, a relationship cannot be built and customer satisfaction and customer loyalty can never be achieved. The researchers were hoping on that some respondents could identify how sponsorship could directly affect satisfaction but since the respondents could not connect sponsorship to the promise concept or the customer's expectation/product performance, the researchers suggest that:

P<sub>5</sub>: All else equal, customer satisfaction has no, or next to none, correlation with sponsorship.

### 5.4 Loyalty

For both satisfaction and loyalty, Swedbank said that they could not be affected directly. Instead making repeated purchases depends on both satisfaction and perceived value (Lam et al, 2004). This is aligned with the reasoning of Swedbank that loyalty is not something that cannot be directly influenced. It is created indirectly through creating value for the customer. Further, he thinks that trust, value and satisfaction are crucial components to create loyal customers. With the exception of the Loyalty framework by Dick and Basu (1994), that statement is in line with the theoretical framework. The theory discusses the importance of these factors being mediating and that loyalty cannot be reached without the other factors.

Nybergs Bil mentions that brand loyalty has changed the past years and people that always have been loyal to one car-manufacturer are decreasing. Customers buying cars based on feelings and traditions are also decreasing and this is somewhat contradictory to the theory by Dick and Basu (1994) about affective antecedents. This is also in line with the changes observed by Husqvarna; "You buy and live with a Husqvarna product". With this discussion about loyalty the researchers suggest that:

P<sub>6</sub>: All else equal, customer loyalty has no, or next to none, correlation with sponsorship.



Below contains a table in which these propositions are summarized for a more comprehensive overview. In the next section the researchers will sum up these findings and discuss the use of sport sponsorship within the given context.

<b>Antecedent</b>	<b>Propositions</b>
Trust	<p><b>P<sub>1</sub>:</b> Customer's trust in the sponsor's salesperson is positively related to social contact through sponsorship.</p> <p><b>P<sub>2</sub>:</b> Customer's trust and likability in the sponsor's salesperson is positively related to sponsorship.</p>
Value	<p><b>P<sub>3</sub>:</b> All else equal, customer delivered value to the customers is positively related to sponsorship.</p> <p><b>P<sub>4</sub>:</b> All else equal, perceived customer sacrifice is negatively correlated to salesperson likability and frequent social contact</p>
Satisfaction	<p><b>P<sub>5</sub>:</b> All else equal, customer satisfaction has no, or next to none, correlation with sponsorship.</p>
Loyalty	<p><b>P<sub>6</sub>:</b> All else equal, customer loyalty has no, or next to none, correlation with sponsorship.</p>

## 6 Conclusion and Discussion

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*In this section the researchers intend to answer their purpose. Since the purpose of research questions is to facilitate to answer the purpose, they are not being treated separately and are instead included in the purpose. This section will also include implications deducted from the research as well as critique of the study and recommendations for further research. For a more in-depth explanation of the following conclusions and discussion, the researchers refer the reader to the analysis section.*

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***The purpose of this thesis is to explore how sponsors utilize sponsorship to build and maintain relationships with their customers. The intention is to create a foundation that can be later tested with the sponsors' customers through a series of propositions.***

The researchers have identified four different ways of how sponsors utilize sponsorship to build and maintain relationships with their customers. Since the propositions about satisfaction and loyalty could not be affected by sponsorship they have not been included in the conclusion. The results of this research suggest that the level of satisfaction reflects how well trust and value has been managed. Loyalty will then result on a level that is in accordance with the level of satisfaction.

According to previous studies, both trust and value has a positive relation with relationship, i.e. if trust or value increases the relationship becomes stronger between the sponsor and their customer.

First off, sponsors use sponsorship to create meeting places and platforms outside the business office. By inviting their customers to the games and events they can increase the frequency of social contact with the customer. If the salesperson has a more frequent contact with the customer it will increase trust. An informal environment facilitates for increased information sharing, enhanced personal relationships and increased understanding of mutual needs. Therefore, sponsorship has a direct effect on the frequency of social contact and an indirect effect on trust.

P<sub>1</sub>: Customer's trust in the sponsor's salesperson is positively related to social contact through sponsorship.

Furthermore, by creating these social settings it also increases the amount of communication between the parties. Frequent social contacts at informal meeting places will result in that the customer likes the salesperson more since they are given the opportunity to connect on a personal level at a place with a relaxed atmosphere. If the salesperson is being viewed as friendly, nice and pleasant, the customer will like the salesperson more. Previous studies show that if the customer likes the salesperson, the customer will trust the salesperson. Therefore, sponsorship has a direct effect on likability and an indirect effect on trust by providing the platform to bond on a personal level.

P<sub>2</sub>: Customer's trust and likability in the sponsor's salesperson is positively related to sponsorship.

Sponsors also use sponsorship as an added-value strategy. When they invite the customers to the games and events, the customers get the opportunity to network with other

companies and get to see an ice hockey game. Sponsorship adds value in the form of tickets, networking possibilities or increased image. When added value increases so does the total delivered value and since added value is part of the value equation, sponsorship has a direct effect on value.

P<sub>3</sub>: All else equal, customer delivered value to the customers is positively related to sponsorship.

Sponsorship creates a meeting place for both the seller and the customer and allows them to share an experience together and the seller to better get to know the customer. The salesperson likability and frequent social contact are two factors that affect the process and previous studies shown that the customer's behavior and needs can be predicted. A decrease in perceived customer value will increase the total value. Therefore, sponsorship has a direct effect on salesperson likability and social contact and indirect effect on value.

P<sub>4</sub>: All else equal, perceived customer sacrifice is negatively correlated to salesperson likability and frequent social contact

## **6.1 Discussion and Implications**

After conducting this research it is clear for the researchers that sport sponsorship is a useful tool to strengthen the relationships with both existing and new customers. Many of the cases used in this research have realized the value that sport sponsorship could bring for their customer relationships and that it is not only a marketing tool to increase for instance brand awareness.

However, most of the cases point out the decreasing value of sport sponsorship mainly due to exclusivity. Sport sponsorship has been a common marketing communication strategy for many medium to large size organizations but also smaller local companies. This trend has steadily grown the past years resulting in that being a sponsor is not as exclusive as before.

Therefore, it is important from a sponsor's point of view, to be actively involved in the sponsorship agreement and find new ways of reaping the benefits. Nowadays when so many companies sponsor sport organizations it is not enough to be passively involved because the risk is that you will disappear in the masses. This also in line with the theory by Amis and Slack (1999) where they identify three crucial components for sponsorship agreements, i.e. perceived customer value, competitor differentiation and extendability (cf. 2.1.1). The same could also apply to the sport organizations that they should find new ways of attracting sponsors by increasing the exclusivity. For instance, HV71 has the Gold lounge where only a selected few have access.

Applied in a manner which maintains and enhances the exclusivity of attending a sponsored sporting event, this marketing tool could be extremely effective. The customers must feel that they are being privileged when invited to a game, whether the game itself is one of the least attractive games of the season. When this feeling of exclusivity and

privilege is lost the tool loses its value. And it is up to the sponsors to create these positive feelings for their customers.

All relationships are built on shared memorable experiences. Bringing customers to ice hockey games is by most of the respondents within this research perceived as the best way to create these experiences. Few other events evoke the same level of passion and bring forth the same emotional involvement, especially in a city with a high level of interest for the local ice hockey team. Merely one game enjoyed together with the customer can be enough for the relationship to develop into something deeper.

This study has focused on strengthening the relationships between the sponsor and their customers and the signs point to the fact that sport sponsorship is very useful. At least this is the perception of marketing- and sales management included within this research. All the cases also stated that the benefits clearly were higher than the costs. However, the question remains if these stronger customer relations will in fact increase the company's result. Or is it the other way around; would the absence of the sport sponsorship, and the assumed weakening of customer relations it would bring decrease the company's financial results?

Since, relationships are such an intangible factor it is difficult to measure the effect of better relationship in statistical figures. Further, what importance does the relationship play in regards to competition on the basis of price, quality and deliverance speed? Maybe sport sponsorship can be used to give the company an extra edge compared to their competitors? This is claimed by a majority of the respondents within this research, however these claims should be regarded as just that, claims, until further research can accept or reject them.

## **6.2 Critique against the study**

In the researchers' opinion the main critique against this study was that they were not able to find any connection between sponsorship and satisfaction and loyalty. The reason could be that an inappropriate theoretical framework was used or that the researchers asked the wrong questions to the respondents. The last reason could be that the propositions are in fact correct and that there is no correlation between these factors. Instead maybe other antecedents to relationship marketing should have been used. However, the answer will reveal itself after being tested at the sponsors' customers.

## **6.3 Suggestions for further research**

The purpose of this research was to create propositions that could be tested through future studies. Therefore the most suitable suggestion for any further research would be the testing of these propositions. These propositions do not need to be taken literally; the important thing is that the customer's perspective regarding each subject concerned in the proposition is tested in order to attain the full picture. Only when both sides of the story are obtained can research accept or reject the propositions. Other topics of interest for further studies would how sports teams can enhance their sponsorship offerings, as well as how sponsors can extract more value and thereby gain more advantage from their sponsoring activities. The last two statements are also in line with the empirical

findings that mention that several of the respondents did not take advantage of the full potential of what sponsorship can offer. Further, one respondent expressed the need to improvements made by the sponsored. Compared to other countries, Swedish teams have some catching up to do. However, the same respondent said that HV71 was one of the best teams in using sponsorship as a strategy. How could for example HV71 attract more money from their sponsorship deals through improvements in terms of what they offer to sponsors? Which actions can HV71 undertake in order to increase the sponsor's perceived value from their sponsoring activities? And how could the sponsors be able to extract more value per dollar spent on sponsoring HV71 (or any other sports team for that fact)? How can sponsors increase their customer's perceived value regarding their sponsorship activities?

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## Appendix

### Interview Template

1. A short presentation of the thesis and the authors (approximately 5 minutes).
2. Presentation of the respondent (name, age, position within the company).
3. A brief presentation of the company (historical background, market shares, annual turnover).
4. Short discussion on the topic of sponsorship and relationship marketing, followed by a deeper discussion on how sponsorship can create customer trust, value, satisfaction and loyalty.

#### Template for interview questions

1. **Sponsorship**  
Why does your company sponsor Hv71? What are you giving to Hv71, and what are you receiving in return? How is the sponsorship arrangement structured? Would you like to change anything in the arrangement? What are the pros- and cons of the arrangement? Which instruments, if any, do you apply to measure the effects of sponsorship?
2. **Relationship marketing**  
How do your company view relationship marketing? What are the pros- and cons with incorporating relationship marketing in the overall corporate strategy? Which ones of your clients are you targeting with your sponsorship arrangement, and why? To attract new customers or retain existing? Which instruments, if any, do you apply to measure the effects of relationship marketing?
3. **Trust**  
What factors do you deem important in order to establish a trust between your company and your customers? What precautions do you take in order to increase this trust? What are the main benefits of an increase in the level of trust? How do you think that sponsorship can help you achieve a higher level of customer trust? What is the salespersons (or the person who has most contact with specific customers), role in order to create trust?
4. **Value (from the customers perspective)**  
How do you go about increasing the perceived value of your offerings to the customers? How can increased value assist in strengthening the long-term customer relations and which role could sponsoring have in all of this? How can trust increase the perceived value of your companies offerings?
5. **Customer satisfaction**  
What are the main factors affecting customer satisfaction? How do you create, and increase, customer satisfaction? How can sponsorship be applied in order to increase customer satisfaction? Will satisfied customers lead to loyal customers, or are there other vital factors involved?
6. **Loyalty**  
Which benefits do you see with loyal customers? What factors are the most important ones (except for 3-5) for the process of creating loyal customers? Do you categorize loyalty amongst your customers? What positive effects can sponsorship have for the process on creating loyal customers?