



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE**

**Department of Marketing Management Post Graduate Program**

**The Effect of Sponsorship on Brand Equity**

**(The Case of Habesha Beer)**

**By: Rahel Balkew**

**Advisor; Temesgen Belayeneh (PhD)**

**A Thesis Submitted for Partial Fulfillment of the Requirement for  
the Award of the Master of Arts Degree in Marketing Management**

**June, 2020**

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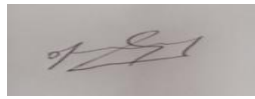
**The Effect of Sponsorship on Brand Equity**  
**(The Case of Habesha Beer)**

**By: Rahel Balkew**

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**Declaration**

This is to certify that Rahel Balkew carried out her thesis on the topic entitled “The effect of sponsorship on brand equity the case of Habesha Beer.” This work is original in nature and suitable for submission to the award of Masters of Arts in Marketing Management.

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**Temesgen Belayeneh (PhD)**

(Advisor)

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## **List of Abbreviations**

**CBBE-** Customer Based Brand Equity

**IEG-** International events group

**IMC-**Integrated Marketing Communication

**OBE-**Overall Brand Equity

**SPSS:** Statistical Package for Social Sciences

**ANOVA:** Analysis of Variance

**AMA:** American Marketing Association

### ***Abstract***

*This study was conducted to examine the effect of sponsorship on brand equity by taking the case of Habesha Beer. The research consisted of four independent research variables (perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement) to measure the effect of sponsorship on the overall brand equity of Habesha Beer. Thus, the dependent variable was overall brand equity. The study used convenience sampling technique to select the participants of the study. The Primary data was collected from attendees of football game specifically from fans of Ethiopian coffee football club whose club have been sponsoring by Habesha Beer. A total of 403 questionnaires were distributed through Facebook and 376 were returned and used for further analysis. The data analysis was conducted through descriptive statistics by using SPSS version 20. Then the data has been analyzed by using explanatory method. The study found out that all of the independent variables (perceived fit between the sponsor and the sponsored team, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement) had positive and significant effect on the overall brand equity of Habesha Beer.*

***Key words: Sponsorship, Overall Brand Equity, perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor, team achievement***

# CHAPTR ONE

## 1. Introduction

This chapter presents general overview of the entire study. It provides the background to the study. It also brings out, problem statement, research questions, objectives, significance of the study, scope, limitation and lastly the organization of the study.

### 1.1 Background of the study

Brand building is essential for corporations as a powerful way to differentiate, and as a potential source of sustainable competitive advantage, (Aaker, 1989). In the process of brand building brand equity is an important part (Goldrick, 2002). Because brand equity is a term used in the marketing industry which describes the overall value of a brand which has named that is well-known. (Yoo B, Donthu N., Lee S., 2000) stated that by understanding brand equity and by financing to its growth companies can raise their competitive barriers and gets brand wealth.

Brand equity is an important aspect which helps to make variation which is resulted in a basis of competitive advantage in industries, (Aaker, 1991) and it helps to increase customer's value and their purpose for buying and also enhance market performance along with performance of a brand (Baldauf, A. et al., 2003). As studies shown brands with high brand equity receive a considerable purchase price, even when a company has declared bankruptcy, (Kaikati, J.G. & Kaikati, A.M, 2003). And also when a brand has high equity it helps to gain high market shares, successful expansion into new businesses, continual price premiums, inelastic price sensitivity, profitability, and competitive cost structures , (Keller, KL & D.R. Lehman, 2003) .

Though marketers recognize that in the modern world of marketing there are many different opportunities and methods for contacting current and prospective customers to provide them with information about a their brand and they have started to examine sponsorship, in terms of the persuasion process and the ability to positively affect the brand, ( Sneath, J.Z., Finney, Z.R. & Close, A.G., 2005). One of the reason sponsorships become increasingly popular marketing communication tool is traditional marketing communication elements such as sales

promotion and advertising met challenges to reach increasingly fragmented consumer markets,( Yousefi.R ,Azadi. R, &Eydi,B., 2016).

Different authors define sponsorship differently. As (Shimp, 1993) sponsorship is the practice of promoting the interests of an organization and its brands by associating the organization with a specific activity. And also, it is an expense which pays for activities such as sports, entertainments, arts and cultures or nonprofit organizations (Lai, 2005) for the purpose of increasing sales, generating and raising awareness, reaching new target markets, and enhancing company image (Shank.D., 1999). According to (Areska, 2012) sponsorship helps to provide a situation that a brand can communicate with the right target audience and distinguish itself from competing brands.

Sponsorship has become a huge part of funding for a wide variety of sporting, artistic and social events, (Speed.R, Thompson.p, 2000). Among different sponsorship types sport sponsorship is growing fast, (Vance, 2016). Now a day's companies started to use sport sponsorship as an important marketing communication tool. This is due to the belief that sponsorship can deliver brand, business and community relations outcomes for sponsors (Reisinger,H.&Grohs, R. , 2014). As discussed by Cornwell and Kwak, (2015) sponsors are ever-present from international sporting events down to junior sport carnivals. As discussed by (Rines,2000) in a sport-sponsorship deal, a company establishes a relationship with a team of a specific sport modality. It involves displaying the sponsoring company's logo on the sponsored team's jersey and other forms of imparting visibility to a brand.

However, many organizations today include sponsorship in their communication strategy thus it becomes a major communication tool in companies (Leila C.& Abderrazak G., 2014). Accordingly largest businesses (General Motors and Procter & Gamble) have recognized this new trend and announced their commitment to grow spending on non-traditional promotion such as sponsorship than spending on traditional promotion like advertising (Graser, 2006); (Zdravkovic.S. & D. Till Brian, 2012)). In the study of (Meenaghan, 2001) Consumers classified traditional advertising as selfish and without benefit to society, while sponsorship

was described as an indirect and subtle measure. In Ethiopia many companies are engaging in different sponsorship activities specifically sport and music/entertainment events.

According to (McCarville, R. E., Flood, C. M., & Froats, T. A., 1998) Sports are the aspiration for sponsorship, cited on (Ngoc M.K. & Thi N. K., 2017). (Eaton, J.Gwinner, K., 1999) said that for the purpose of creating necessary associations between the event and their brand companies promote their brands at the sport activities. Habesha breweries S.C is currently sponsoring one of the well-known football club in Ethiopia (Ethiopian Coffee football club). As the company invests on such an activity it is important to investigate its commercial effect. As discussed by (Verhoef, P. C., & Leeflang, P. S. H., 2009) accountability of marketing activities is a crucial issue in business practice (Verhoef, P. C., & Leeflang, P. S. H., 2009) , therefore it is important to develop an understanding of the outcomes of sponsorship and factors influencing the outcomes.

Even though the growth of sponsorship is indisputable fact the measurement of its performance remains problematic (Meenaghan, T. & O'Sullivan, P., 2013). As stated by, (Walraven, M., Koning, R. H., Bijmolt, T. H. & Los, B., 2016) academics and practitioners alike are seeking all-inclusive ways to track and measure sponsorship performance. Consequently (Keller, 1993), (Cornwell, T. B., & Maignan, I., 1998), (Keller, 2016) stated that in the case of sports-marketing consumer based brand equity (CBBE) is considered as the ideal framework for the analysis of brand-related sponsorship effects. So, the researcher of this study investigated the effect of sponsorship on Consumer-based brand equity (CBBE).

According to Keller, (1993) brand equity can be measured directly or indirectly. The indirect approach measure brand equity through its component constructs, while the direct approach attempts to measure the differential impact of brand equity on consumers' responses to different elements of the marketing mix which means measuring the overall brand equity. (Yoo. B and Donthu, 2001)developed Overall Brand Equity (OBE) scale, which uses the direct approach to measure brand equity from a consumer-based perspective using a single construct. The scale of Yoo and Donthu,2001 have been used by different researchers such as (Christodoulides, (Christodoulides, G.; Chernatony, L. de; Furrer, O.; Shiu, E., & Abimbola, T. , 2006), (Jung, J., & Sung, E., 2008); (Villarejo-Ramos, A., & Sánchez-Franco, M. , 2005), cited on (de Almeida, Victor M.; de Amorim, João, G.B., 2015). Thus, the

researcher of this study used Overall brand equity as a dependent variable and used Overall Brand Equity (OBE) scale of Yoo and Donthu,2001.

### **1.1.1 Back ground of the company**

Habesha Brewery is one of the largest operators of beer brewing company in Ethiopia. It was established by 8,000 Ethiopian shareholders including traditional associations like Equbs, Idris and Ethiopians in the Diaspora who contributed 4,000 birrs to 5 million birrs. Habesha built its beer manufacturing plant in Debre Birhan city, 130 km north of Addis Ababa, which has a production capacity of 650,000 hectoliters. According to (asokoinsight.com, 2019) it becomes the fifth largest brewer with production capacity 850,000 hectoliters in 2019.its 40 percent share owned by Bavaria, a Dutch brewing company.

According to reports on allafrican.com Habesha Beer joined the local market in July 2015. After three years of market experience, the company added Negus, a non-alcoholic beer in 2018.the data from the website of the company shown that Habesha beer has partnered with Ethiopian Airlines and began supplying canned Habesha Beer to Ethiopian Catering since July 2016 and Canned Habesha beer is available on Ethiopian Airlines flights. Habesha, has a motto to “Reach and connect”, has an ambition to reach Ethiopians in the Diaspora, (<https://www.habeshabreweries.com>, 2018).

Habesha was one of the major advertisers on television and radio shows. But in 2019 the country entirely banned the advertisement of breweries in the broadcast media so beyond not advertising the products in the broadcast media, the brewers are required to feature warnings on their labels that declare consuming alcohol is hazardous to health and the message must say it is illegal to sell it to a person under the age of 18 (AddisFortune, 2019).currently Habesha breweries has partnerships by sponsorship with Ethiopian coffee football club which signed in 2010 E.C.

### **1.2 Statement of the problem**

(Nufer, G., & Bühler, A. W., 2010) stated that sponsorship has evolved from a merely philanthropic activity to a popular marketing vehicle and consequently budgets have been rising over the last decades. In recent years, the global spending of sponsorship reached US\$62.8 billion in 2017 and US \$65.8 billion investments in 2018, (EIG). According to the data from the world advertising Research center most of the cash going on sports

sponsorship, (WARC, 2018). Cornwell and Roy, (2013) pointed out that expenses for the sponsorship of sport activities have grown at faster rates than expenses invited other marketing communication practices .The reasons for sponsorship growth are a cheap form of gaining exposure that avoids clutter; it offers new opportunities due to increase leisure activity; the proven effectiveness of sponsorship over traditional methods; Greater media coverage of sponsored events and creation of favorable associations, overcomes cultural as well as legal barriers and the ability to select target audiences means it allows a particular audience to be targeted with a particular message, (Fill, 2013).

Due to the fact that commercial sponsorship has become a major form of marketing communication, it is necessary to study this phenomenon in an effort to determine its effect on different marketing aspects. Because With the increasing required budgets, companies need to know its effect to substantiate their decisions and define their objectives properly. But researches revealed that there is lack of understanding and measuring the effect of sponsorship. O'Reilly and Madill (2007) stated that there is a need for continued improvement on the theory and practical tools of the assessment of sponsorship. According to (Hartley, 2015) only 35% of marketers consistently measure their sponsorships and yet 80% report that they need to know what sponsorship is achieving.

In Ethiopia different companies engaged in sponsorship activities. Among these Habesha Breweries is one of the major beer companies in Ethiopia which starts sponsoring different events. and currently sponsors Ethiopian Coffee football club. As the companies engaged in sponsorship programs by investing money it is important to measure its effectiveness in terms of different aspects. In the case of this research the researcher investigated the effect of sponsorship on the brand equity of Habesha beer. Because one of the objectives of sponsorship is to create brand equity (Walraven, 2013) and also Strong brand name and significant brand equity lays the foundation for a well-supported customer base and thus, a potential for good customer loyalty, which is the most important aspect of any business today (Cliffe, J. Simon & J. Motion, 2005). As, (Simon & Schuster 2012) stated that with the help of a powerful brand, firms can set higher prices for their products, create better business

leverage, increase their sales and profit margins, and reduce their vulnerability against competitors.

Because of the country's continuous economic development, the beer market of Ethiopia is exposing an amazing increasing trend every year. Especially in recent five years, the industry shown more than a 15% increment trend each year and expected to grow in the future, (Muluken,2018). According to (asokoinsight.com, 2019) Since 2017, ten brands entered the market, particularly tapping into the alcohol-free and low-alcohol segments. This continues growth in the industries create a fierce competition in the market and companies need to find a way to get competitive advantage over their competitors. Hence brand equity is one way to achieve competitive advantage it is important to investigate marketing communication efforts such as sponsorship in terms of its effect on brand equity.

Even if still there is a need to develop more theories and practical researches on the measurement of sponsorship different academicians and practitioners worldwide have recognized its advantages on the creation of brand equity, but such positive interlinkage was not well established and supported by researches in Ethiopian context especially sport sponsorships effect on brand equity is under study. This condition initiates the researcher to investigate whether sport sponsorship has an effect on brand equity or not in Ethiopian context. In fact, there were different studies conducted about the effect of sponsorship on brand equity in different countries but it is difficult to generalize the findings in our context. Because as (Dawar, N. & Parker, P., 1994) stated consumers in different parts of the world vary in their perception, attitude and behavior towards certain marketing practices so it needs to investigate in our context. Finally, the researcher believed that the paper adds something on the existing literature gap in Ethiopia related to effects of sponsorship on brand equity.to investigate in our context. Finally, the researcher believed that the paper adds something on the existing literature gap in Ethiopia related to effects of sponsorship on brand equity.

### **1.3 Research objectives**

#### **1.3.1 General objective of the study**

The general objective of the study was to investigate the effect of sponsorship on brand equity in the case of Habesha Beer.

#### **1.3.2 Specific objective of the study**

More specifically the study attempts to;

- Examine the effect of perceived fit between the sponsor and the club on the brand equity of Habesha beer.
- Examine the effect of perceived sincerity of the sponsor on the brand equity of Habesha beer.
- Examine the effect of attitude towards the sponsor on the brand equity of Habesha beer.
- Investigate the effect of the sponsored team achievement on the brand equity of Habesha beer.

### **1.4 Research Questions**

The main research question of this study was “how sponsorship affects the brand equity of Habesha Beer”, and will try to answer the following specific questions.

- How does perceived fit between the sponsor and the club affect the brand equity of Habesha Beer?
- How does perceived sincerity of the sponsor affect the brand equity of Habesha Beer?
- How does attitude towards the sponsor affect the brand equity of Habesha Beer?
- How does the achievement of the sponsored team affect the brand equity of Habesha Beer?

### **1.5 Scope of the Study**

The study is limited to look in to the effect of sponsorship on sport activity on brand equity by taking the case of Habesha Breweries S.C and it is conducted in Addis Ababa on consumers of Habesha beer whom the fans of Ethiopian coffee football club. The researcher

examined the effect of sport sponsorship on brand equity by using the scale of (Yoo, B and Donthu, 2001) overall brand equity scale. As noted on (de Almeida, Victor M.; de Amorim, João, G.B., 2015) brand equity can be measured directly or indirectly. The indirect approach measures brand equity through its component constructs, while the direct approach attempts to measure the differential impact of brand equity on consumers' responses to different elements of the marketing mix which means measuring the overall brand equity. In (2001) Yoo and Donthu developed Overall Brand Equity (OBE) scale, which uses the direct approach to measure brand equity from a consumer-based perspective using a single construct. Thus, the researcher of this study used Overall brand equity as a dependent variable and used Overall Brand Equity (OBE) scale of Yoo and Donthu,2001. In addition, the researcher used, perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team performance as a measures of sponsorship response specifically measure their effect on Overall brand equity of Habesha beer.

### **1.6. Significance of the study**

Brand equity plays a vital role for the success of companies by providing competitive advantage. It is therefore increasingly important for companies to develop new means on how to present its brand to its customers which enables them to experience what the brand represents and how it wants to be perceived. Sponsoring is an increasing form of marketing communication, expanding rapidly in the last few years and which is one of the means of fostering brand equity of companies.

So, the research was conducted with the intention to Provide the concept on the relationship between sponsorship and brand equity which helps for firms to figure out problems related to sponsorship activities and to point out possible solutions in their sponsorship practice and evaluation of its effect specifically on their brand equity. Furthermore, it gives an insight for researchers and marketers on the analysis of future research on the subject area by broadening the cover and to make analysis on the existing research topic. And also, it will Contribute a lot towards bridging the existing literature gap.

### **1.7 Organization of the Study**

This study is organized in five chapters. chapter one encompasses introduction, background of the study, statement of the problem, research questions, general and specific objectives, significance of the study, scope of the study, and organization of chapters. Chapter two

contains detail review of literatures on concept of sponsorship and its effect on brand equity. It explained the theories and concepts available on sponsorship and brand equity. Chapter three presents the methodology used in the study. The fourth chapter contains the detail analysis and discussion of the data collected for the study. Chapter five includes summary of findings, conclusions, recommendations and implications for future research.

## **1.8 Definition of Terms**

**Sponsorship** –is the provision of financial or in-kind assistance to an activity by a commercial organization for the purpose of achieving commercial objective, (Meenaghan, 1998).

**Brand Equity:** brand equity is the utility that the consumer associates to the use and consumption of the brand, (Vazquez, 2002)

**Perceived fit:** the degree to which a sponsor is perceived by consumers to be congruent with the sponsorship (Roy, D and Cornwell, B. , 2003).

**Perceived sincerity of the sponsor:** the extent to which sponsors are perceived to be motivated by philanthropy, (Alexandris, K., Tsaousi, E, and James, J, 2007).

**Attitude towards the sponsor :** the level of prior knowledge and strength of opinions a respondent holds about the sponsor, (Speed.R, Thompson.p, 2000).

**Team achievement:** the spectator’s perceived experience of the team's failures and successes, (Mael, F.,Ashforth, B. E, 1989).

## CHAPTER TWO

### 2. Review of Related Literatures

This chapter discussed theories and concepts related with sponsorship and brand equity those helped to lead conceptual framework at the end of this chapter.

#### 2.1 conceptual review

##### 2.1.1 Definition and history of brand

The word Brand is derived from the old Norse word brand, which means ‘to burn’ as brands were and still are a means by which owners of livestock mark their animal to identify them (Keller, 2004) .American Marketing Association (AMA) defined brand as a term, name, sign, symbol or a combination of all these. (Skinner, 1994) pointed out that a brand is far more than a visual symbol and memorable tag line; it anchors the mission and vision, operating principles and tactics of an organization. It also goes beyond programs, services, and products, displays; rather, it encompasses everything else about an organization including reputation, culture and core values.

Branding was being used in a modern sense “to mark lastingly, as proof of ownership and a sign of quality” (Hofmeyr, P.B.J. and Parton , G., 2006). (Keller, 1993)defined branding as the set of perceptions and representations that consumers may have about the brand and are reflected in all brand associations and certain values. It indicates all the associations that are connected with the brand. By 1587, branding was being used in a modern sense – “to mark lastingly, as proof of ownership and a sign of quality” (Hofmeyr, P.B.J. and Parton , G., 2006). By 1602, branding was being used to impress ideas, beliefs and thoughts about various items permanently on people’s memories. Branding became increasingly popular as an activity when manufacturing emerged in the 19th century. Branding has been around for centuries as a way in which to differentiate the goods of one producer from those of another (Kotler,P. and Keller, K.L, 2006)

Branding is important since it helps an organization to differentiate their products and create a competitive advantage (Murphy, 1988). Different studies stated that a key to branding is that consumers must not think that all brands in the category are the same. Thus, managers

in organizations need to be aware of the high level of importance that branding strategies have and should manage brands so as to avoid consumer confusion with other competing brands, in other words to break through organizational clutter.

### **2.1.2 Brand equity**

As the definition of (Farquhar, 1989) brand equity is a value with which a given brand adds to a product. ((Aaker, 1991, p. 15; Chandra, 2016)) views brand equity as a set of brand assets and liabilities linked to a brand. (Aaker, 1991) defined brand equity as the sum of positive assets that represents overall attitude from consumers and that can influence purchase decision. ( Donald, B&Clow, K. E , 2005) considered brand equity as a set of features that make a brand unique in the marketplace which provides a chance to the company to charge a higher price and helps to gain a greater market share than an unbranded product, like wise ( Walfried, Banwari Mittal,Lassar, and Sharma Arun, 1995) defined brand equity as the improvement in the perceived utility and appeal a brand name confers on a product,

Brand equity reflects certain consumer attitudes and associations with a branded product that, in the aggregate, yield specific consequences. These product-market outcomes quantify the incremental benefit due to the brand name and “reflect a culmination of the various mechanisms by which the brand name adds value”. These outcomes are also an important means of quantifying the value of a brand because they are inseparably linked to market forces, (Slotegraaf.R. & Pauwels.K., 2008).

Strong brand equity leads to create value to the firm through charging premium prices, increase customer demand, brand extension become easier, communication campaign become more effective, better trade leverage, margin can be greater, companies become less vulnerable to competitors, lower price elasticity, greater competitiveness, generates a higher purchase intentions, and ultimately, higher profits and market value ( (Agres S. J, &Dubitsky T. M, 1996) (Graeff, 1997); (Salelaw, G.T. a& Singh, A., 2015)).

#### **2.1.2.1 Perspectives of brand equity**

##### **2.1.2.1.1. Financial perspective of brand equity**

The financial-based perspective addresses the financial value of the brand and measures brand equity by calculating the net cash flows the brand creates for the firm (Sequeira, A.H. & Mohan,B.C, 2012).In this case, the measurement emphasizes on brand replacement or

stock prices. (Myers, 2003). Financial perspective gives insight for the possibility to give a monetary value to the brand that may be valuable for managers in case of merger, acquisition or divestiture.( (Wood, 2000) cited on (Farjam, S. & Hongyi. X, 2015).

#### **2.1.2.1.2 Customer perspective of brand equity**

Consumer-based brand equity perspective focuses on the conceptualization and measurement of brand equity on individual consumer's context and consumer's response to brands and defines brand equity as the value of a brand to the consumers (Aaker, 1991); (Kamakura, W. A., & Russell., G. J, 1993). Keller, 2008)) defined consumer-based brand equity as the differential effect of brand knowledge on customer response to the marketing of a brand. And (Keller, 1993) pointed out that when the consumer is familiar with the brand and have some favorable, strong and unique brand associations in their memory customer-based brand equity occurs.

Positive customer-based brand equity has many advantages like long term revenues, customers' willingness to seek out for themselves new channels of distribution, the ability of firms to command higher prices and the effectiveness of marketing communications (Keller, 2003).According to (Cobb-Walgren, 1995) customer-based brand equity approach is the leading approach and preferred by a many academics and practitioners in marketing research because for a brand to give meaning for investors, manufacturers, or retailers first it has to give meaning to the consumer.

conceptualizing brand equity from customer perspective is useful in designing guidelines for marketing strategies and tactics and suggests areas where research can be useful in assisting managerial decision-making (Sequeira, A.H. & Mohan,B.C, 2012).Because of these, this study focused on consumer perspective of brand equity. Hence Consumer based brand equity is the main focus of this research to conduct a study in the case of Habesha Breweries Share Company the following sections discussed models related with Customer-based brand equity.

#### **2.1.2.2 Keller's brand equity model**

Consumer based brand equity defined by (Keller, 1993) at individual level by taking brand knowledge as a starting point, which is conceptualized as an associative network, where the associations are nodes. And (Keller, 1993) pointed out that when the consumer is familiar

with the brand and have some favorable, strong and unique brand associations in their memory customer-based brand equity occurs. As he discussed the concept behind brand equity is simple and to build strong brand first we have to shape how customers think and feel about that specific product and build the right type of experience around the brand, consequently as the product has strong brand equity customers will buy the product, recommend to others, they become more loyal to the brand and less likely to lose to competitors. Keller's model has four fundamental steps which are questions customers will ask subconsciously about the brand these are; who are you? (identity), what are you? (meaning), What about you? (response), what about you and me? (Relationships). These four steps contain six building blocks such as brand salience, brand performance, brand imagery, brand feelings, brand judgments and brand resonance and these elements must be in place to reach the top of the pyramid which means relationship, (Keller 1993).

#### **2.1.2.3 Aaker's Brand Equity Model**

Aaker was the first to who suggest practical model to assess brand equity. Aaker's model viewed the brand equity as the combination of brand loyalty; brand name awareness; perceived brand quality; brand associations, perceived quality; and other proprietary brand assets. These elements are regarded as the bases of the creation of brand equity and the resulting brand equity in turn creates value for both the customer and the firm. Researchers consider that Aaker's brand equity model has a major effect on the business and academic communities, (Farjam, S. & Hongyi. X, 2015).

#### **2.1.2.4 Yoo and Donthu brand equity model**

Yoo. B and Donthu, 2001 extend Aaker's (1991) model, (Farjam, S. & Hongyi. X, 2015). The authors' model consists of three components: overall brand equity, Marketing mix elements selected from the traditional 4p and brand equity dimensions. In addition, (Yoo. B and Donthu, 2001) put brand awareness and brand associations into one group because they could not find any discriminant validity between the brand awareness and the brand association then he gives emphasis for the remaining elements i.e.; brand awareness/associations, perceived quality and brand loyalty. The unique contribution of Yoo and Donthu is the aggregated factor of Overall Brand Equity (OBE) which is the focus of this research. In order to create high brand equity which will preferred by consumers, it is

necessary to know how the brand is perceived by firm's customer base, (Farjam, S. & Hongyi. X, 2015).

According to (Zarantonello, L & Schmitt, B.H, 2013) only few contributions have considered the effects of event marketing on overall brand equity and mostly scholars have focused on the dimensions of brand equity. As (Zarantonello, L & Schmitt, B.H, 2013) the reasons why scholars have traditionally focused on specific dimensions of brand equity rather than brand equity overall may be the lack of an agreed-upon definition of the overall brand equity. But the overall brand equity scale of (Yoo. B and Donthu, 2001) have been used by different researchers (Cornwell, T. B., et al., 2001); (de Chernatony, L.Christodoulides, G. Furrer, O, Shiu, E, & Abimbola, T., 2006), (Jung and Sung, 2008, 2008); (Villarejo-Ramos, A., & Sánchez-Franco, M. , 2005); (Groza, M., Cobbs, J., & Schaefer, T., 2012) (Zarantonello, L & Schmitt, B.H, 2013); (de Amorim, J.G. & de Almeida, V.M., 2015).

### **2.1.3 Definition and overview of sponsorship**

According to the definition of (Meenaghan, 1991) sponsorship is financial investment or materials on an activity, person, or event and having access to a potential communication associated with this activity, person, or event. (Amis, J. and Cornwell, B.T, 2005) defined Sponsorship as investment in entities to bear the marketing objectives and marketing communication goals of organizations. The sponsor exchanges money or products for the right to associate its brand with the event or participant (Shank, 2002). Thus, sponsorship is a popular marketing communication tool used to inform, persuade and remind consumers about brands by associating brands with events, (Morris, 2010).

For businesses, the benefits of sponsorship lie mainly in the fact that it is a means of two-way communication (Harrison, M., & O'Reilly, N, 2005). (Allen, 2010) defined sponsorship as an investment which is for the aim to get benefit from the publicized activity/event. (Fill, C.&Hughes, G., 2008) also defined sponsorship as a marketing communications tool that a company provides fund to cover the necessary costs associated with a project or an, event either fully or partially which is performed for the purpose of getting benefit in return such as displaying its logos, brand names and products. According to (Jonsson.L., 2013) the sponsors of an event buy not only the exposure at the event, but also buy certain rights to use the event in their marketing in other ways and use it in communication.

Practically, to sponsor means a negotiation between a sponsor and a property, a sponsor provides compensation and a property provides association (Cornwell, T. B., & Maignan, I., 1998), and through this exchange, a sponsor is hoping to get more brand exposure, better corporate image or eventually increase in sales while property is getting revenue. (Fill, 2013) defined Sponsorship as a commercial activity in which one party permits another an opportunity to exploit an association with a target audience in return for funds, services or resources. As the definition of (Dos Santos, 2014) Sponsorship means the inspecting, development, execution and administration of all actions that are linked to businesses or establishments' providing cash, material, amenities or knowledge for the advertising of individuals and/or organizations with the arrangement of the sponsor's service and the sponsored party's consideration in order to achieve the objectives of marketing and corporate communication at the same time.

According to ( Burton, R., Farrelly, F., & Quester, P., 1998) sponsorship involves three actors: the sponsor, agency events (event organizers), and consumers. They further discussed the relationship and said that as the sponsor provides support either financial, equipment, or know-how the event organizer will help to provide an image and awareness, promoting its event and space for the sponsor in return. (Bühler, A. & Nufer, G., 2010) pointed out that as there are different forms of sponsorship which include cultural, education, social, environmental, sporting organization sponsorship or individual sponsorship deals.

Now a days Sponsorship has become an increasingly popular element of the communication mix. As (Fill, 2013)) many authors and researchers agree that the use of sponsorship by organizations is growing. According to (Fill, 2013), and (Pickton, D. and Broderick, A. , 2005)the main drivers for the growth of sponsorship are: it is seen as a cheap form of gaining exposure that avoids clutter; it offers new opportunities due to increase leisure activity; the proven effectiveness of sponsorship over traditional methods; Greater media coverage of sponsored events and creation of favorable associations: it can generate audience awareness while at the same time create an association between the values the sponsored entity exemplifies and the sponsoring company; Also overcomes cultural as well as legal barriers

and the ability to select target audiences means it allows a particular audience to be targeted with a particular message.

Sponsorship has different objectives that can be categorized as community relations, awareness/recognition, image/reputation, corporate responsibility, revenue/sales, to match customer's lifestyle and employee morale, (Crowley, 1991) and it should be linked to the broader marketing communication objectives stemming from the organizational objectives (Shank, 2002). Marketing managers need to have a clear idea of what they want to achieve through sponsorship (Hooper, 2003, p. 209). Because researches revealed that most companies spend large portions of their marketing budgets for sponsorship.

### **2.1.3.1 Positioning of sponsorship in the marketing mix**

Cornwell, (1995) positioned sponsorship as a brand-building tool at the center of marketing and communications activity used to promote or 'leverage' a sponsor's association with an activity. According to (Cahill, J. & Meenaghan, T., 2013)) sponsorship is viewed as a direct replacement to, or more progressive form of, advertising that is capable of driving brand awareness and consumer behavior. Instead, many companies use sponsorship to drive public relations agendas relating to corporate image and reputation (Cornwell, 2008 ); (Cunningham, S. et al., 2009) .

Contemporary sponsorship is considered a form of indirect marketing as it is peripheral to consumers' experience at, or of an activity but central to the IMC mix targeting those consumers (Cahill, J. & Meenaghan, T., 2013); (Chanavat, N. & Bodet, G., 2014); (Donlan, L. & Crowther, P., 2014). (Meenaghan, 2013) pointed out that sponsorship has the ability to generate the consumer knowledge, effects of image transfer and sponsorship-generated goodwill but the path to commercial outcomes such as product sales has been harder to prove given the potential for other factors to influence consumer decision-making post their experience of, or exposure to, a sponsorship. Consequently, Sponsorship still has critical issues in relation to performance measurement and also, when considering new

communication technologies such as social media, it has further complicated sponsorship's positioning in the IMC mix (Meenaghan, T. & O'Sullivan, P., 2013).

### **2.1.3.2 Sport Sponsorship**

(Pope, 1998) said that like traditional sponsorship, there have been difficulties in defining sport sponsorship itself and in delimiting the group(s) of activities that are involved in it. However different authors tried to defined sponsorship. (Shuman, P. J., Gardner, M. P.,, 1987) defined Sports sponsorship as an investment in sporting events to support either corporate or marketing objectives. According to (Lagae, 2005) Sport sponsorship is any commercial agreement by which a sponsor contractually provides financing or other support to create an association between the sponsor's products and or brands with the sponsored property (the sport) with the purpose of granting certain agreed direct or indirect benefits. (Tripodi, 2001) also defined sport sponsorship as the provision of assistance by a commercial organization, in cash or kind, to a sports property, with the aim of gaining commercial and economic advantage from the association. As (Dahlen, M, Lange, F. & Smith, T., 2009) Sport sponsorship can take the form of sponsoring a tournament or event, an organization or team or an individual.

About two thirds of all sponsorship spending is directed to sport properties (IEG), 2013). Which means Sport is the main type of sponsorship because it has the tendency to attract large audiences not only at each event, but also through the media attached to these activities; it provides a simplistic measure of segmentation and higher visibility opportunities for the sponsor because of the duration of each event. (Fill, 2013). Studies shown that supporters are emotionally attached when attending sports (Biscaia, R., Correia, A., Rosado, A., Maroco, J. & Ross, S, 2012); (Kwak, D. H., Kim, Y. K., & Hirt, E. R, 2011)), and multinational companies use this psychological attachment to sport to associate with sport fans (Santomier, 2008).

As (Javalgi, R. G., Mark, B. T., Andrew, C. G., & Edward, L., 1994) and (, Wilson, B., Henseler, J. & Westberg, K, 2011) sport sponsorships are applied to stimulate and influence brand image and brand equity of the sponsors. As ( (Mazodier, M. and Merunka, D., 2011); (Söderman, S. and Dolles, H., 2008); (Walliser, 2003) revealed that an important objective of sports sponsorship is to strengthen brand equity. Accordingly, (Shaofeng Y., Chunhui H.

& Tariq H. M., 2019) said many firms have achieved the objective of brand equity development through sports sponsorship.

### **2.1.3.3 Evaluating sponsorship**

There are two kinds of outcomes that are interesting when evaluating sponsorship effectiveness; corporate based and consumer-based outcomes. Corporate based evaluation is looking at the return on investment and calculates the financial result of the sponsorship in such terms as increased sales or stock prices. Consumer based on the other hand is more concerned about non-monetary values, such as awareness, attitude towards the brand, and brand image , (Koo, G., Quarterman, J., & Flynn, L. , 2006) (Meenaghan, 1991) considers that there are three main approaches to evaluate sponsorship effectiveness. The evaluation can be based on a) Effectiveness of sales b) Media coverage of the event, c) Communicational effect. But while trying to measure the effectiveness of sponsorship the major problem which arises is the lack of evaluation/measurement techniques.

According to (Meenaghan, 2013) sponsorship measurement has proven problematic and presents a credibility issue for the industry. This lack of techniques, which owes its existence to the intangible nature of sponsorship, makes it extremely difficult to prove its contribution to the firms' development (Bennett, 1999). (Newton, 2013) said that despite the significant levels of expenditure involved in sponsorship, and the growing calls for governance accountability, the American Association for National Advertisers reveals some 30% of companies don't measure sponsorship performance at all. Even the companies who measure sponsorship performance their measurement is often limited to audience and media exposure as key performance measures, and cost per impression formulae borrowed from advertising to determine financial values (( Meenaghan, 2013); (Newton, 2013)). Such measurement techniques do not consider the consumer knowledge effect of sponsor recall or the more complex affective responses of image transfer and sponsorship-generated goodwill that may be generated by sponsorship exposure, (Newton, 2013).

Speed.R, Thompson.p, (2000) in their study examines consumers' response to sponsorship using consumers' attitudes toward different attributes of a sponsorship by using classical conditioning as conceptual framework. In their study they relate the two stimuli the sponsor and the event. As (Speed.R, Thompson.p, 2000) stated the response to a sports sponsorship is proposed to be affected by (1) attitudes towards the event (2) attitudes towards the sponsor

and (3) perception of congruence between sponsor and event. The researcher in this study tried to measure the effect of sponsorship on brand equity by using four variables namely; Perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement.

#### **2.1.3.3.1 perceived fit**

According to (Cornwell T., pruit, S. & Clark J., 2005) Fit (Sponsor/activity fit) refers to the level of perceived congruence between a sponsor and the sponsored entity. In different literatures a number of other terms are also used to refer fit such as ‘congruence’, ‘similarity’ ‘alignment’ and ‘relevance’. In this research perceived fit was used behalf of those wordings since they have similar meaning.

According to (Roy, D and Cornwell, B. , 2003) Sponsor–sponsored entity fit entails to the degree to which a sponsor is perceived by consumers to be congruent with the sponsorship. It is the degree to which the event and the sponsoring brand have a similar identity based on the believes of a customer (Lacey, R., & Angeline, G. C., 2013). It involves the similarity between sponsoring brand and the sponsored entity, which can either be based on similarity in function or image (Gwinner, 1997).As he said functional fit occurs when the product or service sponsored is being utilized during the event itself (e.g., Adidas sponsors the match balls for a soccer tournament).An image-based fit occurs when the image of the event is associated with the image of the corporate sponsor (e.g., Red Bull sponsors extreme sports),because Red Bull and extreme sports both portray similar images of being adventurous and energetic. ( (Gwinner, 1997); (Howard, 2004)) pointed out that these functional and image-based similarities are essential to establish a stronger fit between the event and sponsor.

According to Speed & Thompson, (2000) fit can be established with the dimensions includes: sponsor product relevance to the object, functional similarities (i.e., sponsor’s product and the object are both high quality) and image/symbolic similarities. Models such as Schema Theory ( Eaton, J.Gwinner, K., 1999) and Associative Network Theory (Collins A. M & Loftu E. F, 1975) discussed how fit occurred explained by using the way human memory works as a base. Both models affirm that fit is based on the mental relations established between sponsor and team, resulting in a mnemonic advantage for the sponsoring brand which is more entrenched in the minds of the most identified fans and thus more remembered

and more present in their minds. For companies determining if there is a good fit before agreeing a sponsorship would appear to be important ( (Jobber, 2003); (Martin, 1996)). As (Allen, Chris T, Chris A.& Janiszewski , 1989) noted Classical conditioning research suggests that fit not only has a direct effect but that it moderates the level of conditioning achieved. But in this research the researcher investigates only the direct effect of fit on brand equity.

#### **2.1.3.3.2 perceived sincerity of the sponsor**

Sponsor sincerity described as the extent to which sponsors are perceived to be motivated by philanthropy, ( (Alexandris, K., Tsaousi, E, and James, J, 2007); (Lee, M., Sandler, D and Shani, D. , 1997)). As (,Choi,,S M, Rifon, N J. ,Trimble,C S .& Li,H, 2004) Sponsor sincerity is the sponsoring brand's incentive in facilitating the event with higher preference given to those that seek such partnerships for philanthropic outreach rather than commercial gain and consumers perceive sincerity in sponsorship for instance, when the event or sponsorship supports the community and/or a worthy social cause.

According to different researchers Sponsorship sincerity, has been widely revealed as one of the key predictors of sponsorship effects (Speed and Thompson, 2002; (Olson, 2010); (,Choi,,S M, Rifon, N J. ,Trimble,C S .& Li,H, 2004); (Alexandris, K., Tsaousi, E, and James, J, 2007)). It described as whether the relationship between the sponsor and the object is perceived as real, as, in that the sponsor care about the goal of the object and want to help it to improve.

#### **2.1.3.3.3 Attitude towards the sponsor**

According to (Fishbein, M., & Ajzen,I., 1975) Attitude is a learned predisposition to respond in a consistently favorable manner with respect to a given object. As ( (Kardes, F.R., Cline, T.W. & Cronley, M.L., 2001)) it is a learned tendency to carry oneself in a reliably positive or adverse way towards a particular object or idea. (Sicilia, M. ,Ruiz, S.&Reynolds,N., 2006) defined attitude as “a person's internal evaluation of an object such as an advertisement, and may be favorable or unfavorable”. It is a consumer's overall positive or negative evaluation of a given brand (Chang P,& Chieng M., 2006). As they are formed over time through consumer experiences, attitudes become resistant to change (Boone, L & Kurtz, D., 2002)

(Keller, 2003) defined the attitude towards sport sponsors as “consumer's overall evaluations to any brand-related information” (p. 596). Consumers can develop their attitude toward

sponsors through their personal experiences or information gathered from their environment (Asiegbu, I., Powei, D., & Iruka, C., 2012). (Madrigal, 2001) pointed out that When consumers appreciate sponsorship efforts, it often translates to positive attitude toward the sponsors.

(Speed.R, Thompson.p, 2000) describe attitude towards the sponsor as the level of prior knowledge and strength of opinions a respondent holds about the sponsor and it will determine the extent to which the sponsorship is able to develop a conditioned response. They pointed out that if consumers have a positive attitude and belief towards a sponsor, they will have a tendency to know and consider a sponsor product.

Based on the description of (Grimm, 2003); (Boone, L & Kurtz, D., 2002)& (Du Plessis, P.J., Rousseau, G.G., Boshoff, C., Ehlers, L., Engelbrecht, M., Joubert, R. & Sanders, S., 2007)) attitudes towards brands (the sponsors) are customers' learned propensities to assess brands in a constructive or adverse way thus it can be captured through three components, i.e., the cognitive, affective and behavioral components. According to (Grimm, 2003) attitude has also a unidimensional construct representing positive or negative affect. Based on the unidimensional concept of attitude, brand attitude is a person's favorable or unfavorable evaluations and feelings toward a particular brand name in the marketplace (Kotler, P., Armstrong, G., 1996). In this research, attitude towards the sponsor seen as a unidimensional construct.

#### **2.1.3.3.4 Team achievement**

Ashforth, B. E., Mael, F., (1989) defined team achievement as the spectator's perceived experience of the team's failures and successes. Likewise, (Wakefield, K. L. & Bennett, G., 2010) defined team achievement as the success of the team relative to other primary competitors in objective terms. A sports team's performance is an important factor in audiences' evaluations of the sponsor's products and brands ( (Ngan, H.M.K., Prendergast, G.P. and Tsang, A.S.L., 2011); (Pope, N., Voges, K.E.& Brown, M., 2009)). This means if the club performs well, supporters will more easily and quickly make the transition from feeling positive about the club to embracing general standards and ethics related being a supporter; and the particular standards and ethics are certain to result in a greater desire for the sponsors product because this is an obvious demonstration of devotion and standing with the winning club. (Shaofeng Y., Chunhui H. & Tariq H. M., 2019). (Wakefield, K. L. &

Bennett, G., 2010) pointed out that admirably companies try to associate themselves with teams that create the most affinity.

## **2.1.4 Empirical review**

### **2.1.4.1 sponsorship and brand equity**

On the study of ((Cornwell, T. B., et al., 2001; Bibby, 2009; Olson, 2010)) sponsorship is viewed as an effective and versatile marketing and communications tool for delivering CBBE outcomes. Moreover, the study of (Tong, 2006) revealed that Sponsorship for events had a positive effect on brand equity. Similarly, the study of ((Hosseini, R.S. & Mehrara, A., 2013; Haider, 2014; Tufail, S., Saeed, R., Zameer, H., Bilal, M., Bilal Naeem, B., 2014); Azadi, R., Yousefi, R., & Eydi, B., 2016)) revealed that sponsorship programs have a positive effect on the creation of brand equity of products. Also, in the study of (Dehbini, N. Rezaei Ahvanoei, E. Vazifeh Doost, H., 2015) both advertisement and sponsorship have positive effect on brand equity. Next the constructs of sponsorship measurement and their association on brand equity discussed;

#### **2.1.4.1.1 perceived fit and brand equity**

Prior studies revealed that When a sponsor and a sponsored object are perceived as a fitting combination by the target audience, the sponsorship is expected to arouse more promising responses (Meenaghan, T., & Shipley, D., 1999); (Milne, G and McDonald, M., 1999), (Pham, M.T., & Johar, G.V, 2001); (Wakefield, K. L. & Bennett, G., 2010), (Walraven, M., Koning, R. H., & Bottenburg, M. V., 2012)). According to (Roy, D., & Cornwell, B., 2003) the perception of fit between the sponsor and the sponsored entity, whether a sports event or team, can positively influence consumers' reactions towards the sponsor. Moreover, (Martensen, A. L. G., Lars, B., & Martin, J., 2007) discovered that fit is used as a distinction between positive and negative emotions toward a sponsored event and the researchers revealed that higher fit that leads to positive emotions while lower fit may contribute to negative emotions.

Studies shown that Sponsors that are perceived as fitting with the sponsored object have been found to benefit more from their sponsorship engagements in terms of increasing brand equity than incongruent sponsors, ( (Hill, R. P. & Becker-Olsen, K. L. , 2006); ( Eaton, J. Gwinner, K., 1999); (Simmons, C. J., Karen, L., & Becker, O., 2006), (Wang, M. C.-H.;

Cheng, J. M.-S.; Purwanto, B.; & Erimurti, K., 2011), (Groza, M., Cobbs, J., & Schaefer, T., 2012)). According to (Festinger, 1957) a low sponsorship fit is equivalent to incongruence between sponsor and sponsored object which causes psychological tensions in the consumer's mind and forces to reestablish congruence. so, a perceived miss-fit is often related to a negative evaluation of the sponsor, and, therefore causes lower brand equity.

#### **2.1.4.1.2 Perceived Sincerity of the sponsor and brand equity**

Meenaghan, T., & Shipley, D., (1999) revealed that in highly commercialized sponsorship contexts, sponsorship can be perceived as similar to advertising and, creates less favorable affective responses among the skeptical target audience. Olson, (2010) stated that individual beliefs about the sponsor's motives for engaging in sponsorship positively influence one's attitude towards the sponsorship and resulting affective and conative responses. (Armstrong, (1987); D'Astous, A. and Bitz, P., (1995), Speed.R, Thompson.p, (2000)) on their research revealed that sponsors who are perceived to be sincere in their sponsorship and motivated by philanthropy will achieve superior responses to their sponsorship compared with sponsors who are seen as purely motivated by commercial considerations.

Speed.R, Thompson.p,(2000) also examined the effect of perceived sincerity on brand interest, use, favorability of the sponsors product and it showed significant positive impact. And the study suggested that perceived sincerity of the sponsor is one key factor in generating a favorable response from sponsorship. They said that sponsors that are regarded as engaged in sponsorship with sincere motives for supporting to sponsored object are more likely to receive superior responses to their sponsorship.

#### **2.1.4.1.3 Attitude towards the sponsor and brand equity**

Previous sponsorship researches pointed out that attitude toward the sponsor was the most appropriate factors to use in examining the effectiveness of sponsorship (Javalgi, R. G., Mark, B. T., Andrew, C. G., & Edward, L., 1994); (Stipp, Horst & Nicholas P. Schiavone, 1996). (Catherine M.S & Cindy E., 2016) said that attitude towards the sponsor is identified as a factor that influences how consumers will react to marketing stimuli and how they will react to a product. Therefore, marketers seeking sponsorship opportunities or considering using sponsorship as a marketing communication tool should be aware of how consumers develop their attitudes. Because attitudes towards sponsors is an important indicator of sponsorship effect (,Kim, Y.K., Ko, Y.K. , 2011, p. 569). (Speed.R, Thompson.p, 2000) have

pointed out that if a consumer has a positive attitude and belief towards a sponsor, So, they have a tendency to know and consider a sponsor product. (Chaudhuri, 1995), (Hossien E., Ali J. and Mehdi M., 2012) demonstrated that the brand attitude construct is an affective antecedent of brand equity. in the contrary (Alford, B. L., Faircloth, J. B., Cappella, L. M., 2001) propose a relationship between brand attitude and brand equity but, their research findings shown that brand attitude had no positive impact on brand equity.

#### **2.1.4.1.4 Team achievement and brand equity**

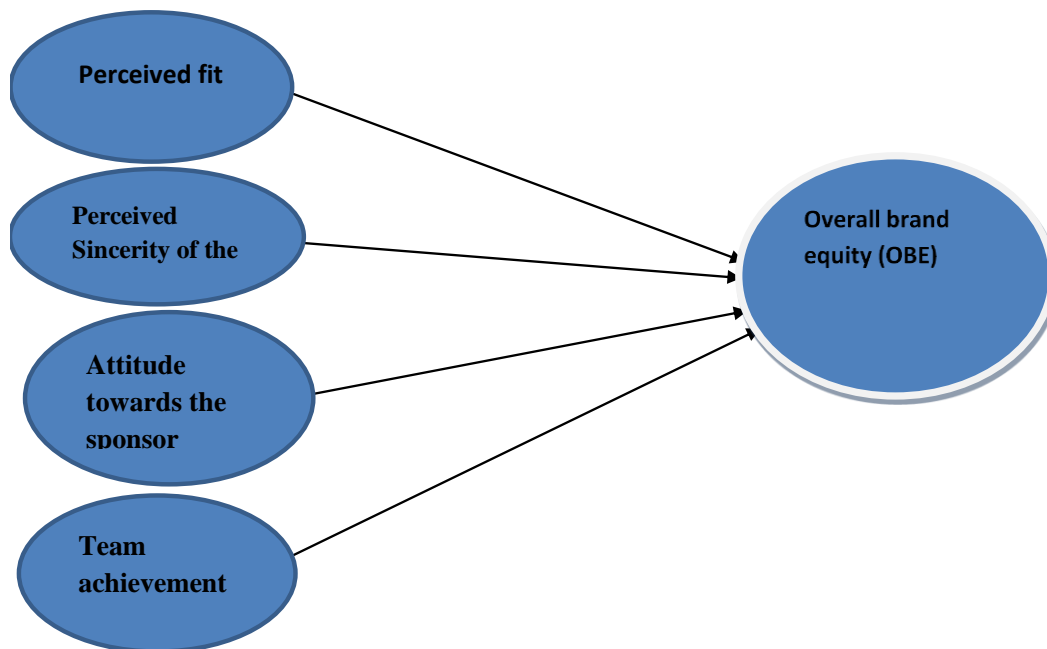
Different researchers have examined the impact of sports team performance and its level of achievement on supporters' degree of identification, ( (Koronios, K., Psiloutsikou, M., Kriemadis, A., Zervoulakos, P., Leivaditi, E., Karapostolou G., Kothroulas D, 2015), (Shaofeng Y., Chunhui H. & Tariq H. M., 2019). (Wakefield, K. L. & Bennett, G., 2010), pointed out that clubs with high performance stimulate more positive sentiments among their fans, which in turn enhances the likelihood that they will meticulously recognize the affiliated sponsors of the sport clubs. Researchers such as ( (Fisher, R. and Wakefield, K. , 1998); (Lings, I.N. and Owen, K.M., 2007); (Ngan, H.M.K., Prendergast, G.P. and Tsang, A.S.L., 2011) ; (Pope, N., Voges, K.E.& Brown, M., 2009)) revealed the positive implications of positive team performance on the sponsor and its brand. ( (Watanabe, N. and Soebbing, B., 2017); (Xia, Q., 2015) cited on (Wakefield, K. L. & Bennett, G., 2010). According to (Shaofeng Y., Chunhui H. & Tariq H. M., 2019)) many firms have achieved the objective of brand equity development through sports sponsorship by associating their brand with the team's performance.

Conversely, when supporters confront an underperforming sport club/ Poor team performance, they try to distance themselves from the sport club in order to conserve their dignity, as individuals try to affiliate themselves only with winners (Wakefield, K. L. & Bennett, G., 2010). According to (Shaofeng Y., Chunhui H. & Tariq H. M., 2019) Poor team performance associated with the audience's negative attitudes towards the team and its sponsors. They said if a company sponsors a team in a professional sports event and the team's performance is poor, it may result in the audience having low trust in the company's brand, with the result that a company's large investment in a sports sponsorship could even damage its brand. Based on the above discussion on team performance the researcher in this

thesis wanted to examine the positive effect of good performance a team on the brand equity of Habesha beer.

## 2.5 Conceptual framework

This research was investigated with the purpose of examining the effect of sponsorship in sports on brand equity. For the investigation of this thesis the dependent variable was overall brand equity (OBE) which was based on the scale of (Yoo. B and Donthu, 2001). And the researcher used perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement as independent variables to measure sponsorship effeteness specifically investigate their effect on the brand equity of Habesha beer. Based on these the conceptual framework of this study was developed and presented as follows;



**Figure 2. 1:Conceptual Framework of the study**

**Source: Own construct based on the extant literature**

## **CHAPTER THREE**

### **3. Research Design and Methodology**

#### **3.1 Introduction**

In this chapter the type of research the researcher used, the sampling method and the sample size the researcher used, data sources and the data collection methods of the research in relation to their purpose and data analysis method was discussed. Finally, the ethical procedures that would be practically followed and kept during the conduction of this research were stated and summarized.

#### **3.2 Research approach and Design**

##### **3.2.1 Research approach**

The researcher employed deductive research approach in which the existing literatures were used as a base of developing variables and testing hypothesis. And also used quantitative research type. According to (Kothari, 2004) quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. It is also useful to quantify opinions, attitudes and behaviors and find out how the whole population feels about a certain issue, (Creswell, 2009). Under this approach survey method using questionnaire used primarily because it reduces cost and time associated with census and they are capable of generating quantitative data. It also helps to gather information from large number of populations quickly. It also facilitates the study of human attributes.

##### **3.2.2 Research design**

According to (Hyman, M.R. and Sierra, J.J., 2010) the research design of a study is the master plan for the research. Accordingly, (Kothari, 2004) stated that the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. The research design used in this study was explanatory type of research. Explanatory research design seeks explanations of observed phenomena, problems, or behaviors and it seeks answers to why and how types of questions.

Moreover, it is a cross-sectional study in which the population were investigated at specified point in time.

### **3.3 Population and Sampling**

#### **3.3.1 Target Population**

A population is the set of units that the sample is meant to represent (De Vaus, 2002). Since the research focuses on the relationship between sponsorship in sports and brand equity of Habesha beer, the target population of the research were the fans of Ethiopian coffee football club.

#### **3.3.2 Sampling Technique and Procedure**

As the target of the study was large, the researcher selected sample from the population by adopting convenience sampling from the non- probability sampling technique. Non probability sampling is a sampling technique in which some units of the population have zero chance of selection or where the probability of selection cannot be accurately determined. Typically, units are selected based on certain non-random criteria. In convenient sampling technique the sample selection process is continued until the required sample size has been reached. It involved selecting randomly those cases that will easiest to obtain the required sample (Zikmund, 2003).

#### **3.3.3 Sample Size**

The population of this research were Ethiopia coffee football club fans whom their club has been sponsoring by Habesha beer. As the number of fans were large it was difficult to prepare source list, and the researcher used survey from unknown number of populations. So, the researcher calculated sample size from the total population using the following formula, which is presented in (Kothari, 2004, p. 179).

$$N = \frac{Z^2 \cdot p \cdot q}{e^2}$$

Where; N= required sample size

Z= degree of confidence 95% (i.e. z value = 1.96)

P= probability of positive response (0.5)

q=probability of negative response (0.5)

e=tolerable error (0.05)

$$N = \frac{1.96^2 \times 0.5 \times 0.5}{(0.05)^2}$$

$$N = \frac{3.84 \times 0.25}{0.0025} = \underline{384}$$

Therefore, the number of participants for the study were 384 plus 5% contingency (403 consumers) to compensate invalid responses then the designed questioner administered to these respondents and the responses analyzed and presented in a matter which represents the target population.

### **3.4 Data Collection and methodology**

#### **3.4.1 Data Collection**

Data collection is the accumulation of explicit evidence that helps the researcher to analyze the results of all activities by his research design and procedures (Singh, 2006). To conduct this study primary source of data was used. The main reason behind using primary data was to measure or draw accurate information on existing phenomena. According to (Kothari, 2004) primary data which is collected a fresh and for the first time, and thus happen to be original in character. The Primary data was gathered by the use of closed ended questionnaires online.

#### **3.4.2. Data Collection Methodology**

The data used to examine the effect of sponsorship on brand equity obtained through questionnaires. Since questionnaire is one of the most important research instruments for collecting primary data, Structured closed ended questionnaires were distributed to the respondents. (Fisher, 2007) said that structured approach is very useful if the researcher wants to quantify the research material. It is also easy for respondents to answer and it is simple for the researcher to compare and analyze different response.

The questionnaires were distributed to Ethiopian coffee football club fans whom their club has been sponsoring by Habesha breweries S.C. The Questionnaire contained two sections demographic section and subjective section. Demographic section was consisted of gender, age, education level, occupation and income while the subjective section contained questions

related to sponsorship and brand equity. The researcher used A five-point Likert scale to record the data from respondents with 20 item scales under a total of five variables. Studies in similar subject matter also applied the Five Point Likert Scale in constructing their questionnaires (Yoo et al., 2000). The items of the questionnaire were adopted from previous studies like (Yoo et al., 2001; Speed and Thompson 2000;) with some modifications by the researcher.

### **3.5 Data processing and Analysis**

After the data collection taken place presenting findings and conclusion are the next and critical steps. The data that was gained from the questionnaires were analyzed and interpreted by the use of statistical package for social science (SPSS) version 20. As result, descriptive analysis was conducted by employing different methods. In descriptive statistics frequency of general information, mean values and standard deviations of the respondent 's answers were calculated.

### **3.6 Reliability and Validity**

There are two major criteria which applied to evaluate the quality of the study. These are validity and reliability.

#### **3.6.1 Reliability Test**

Reliability refers to the absence of random error, enabling subsequent researchers to arrive at the same insights if they conducted the study along the same steps again (Yin, 2003). In order to ensure internal consistency of constructs reliability test was run for all variables. Thus, this study used Cronbach alpha to assess the internal consistency of the research instrument with the help of SPSS version 20. As stated by (Leech, N.L., Barrett, K.C. and Morgan, G.A., 2005) 0.70 or higher reliability coefficient is taken as acceptable in most social science research situations. The study found out that values for Cronbach's alpha of all variables ranges from 0.804 to 0.888 i.e. Coefficient of  $\alpha$  as shown in table 3.1 below was found acceptable.

### Measurement of Reliability of the instruments

| Constructs                         | NO. of items | Cronbach's Alpha |
|------------------------------------|--------------|------------------|
| Perceived fit                      | 4            | 0.816            |
| Perceived sincerity of the sponsor | 4            | 0.855            |
| Attitude towards the sponsor       | 3            | 0.888            |
| Team achievement                   | 5            | 0.886            |
| Overall brand equity               | 4            | 0.804            |

**Table 3. 1 Measurement of Reliability of the instruments**

**Source: SPSS survey result 2020**

#### 3.6.2 Validity Test

As (Blumberg, B., Cooper, D. R., & Schindler, P. S., 2005) Validity is defined as the extent to which an instrument measures what it asserts to measure. In order to ensure the validity of the research instruments the questionnaires were standard and taken from previous research work done by (Yoo. B and Donthu, 2001); (Speed.R, Thompson.p, 2000); (Boen, F., Norbert Vanbeselaere, and Jos Feys, 2002)) with some modifications.

#### 3.7 Ethical Considerations in the Research

The data was collected from samples who had the willingness to respond the questionnaire without any unethical behavior. The researcher had to ensure the respondents were aware of the objectives of the research and their contribution to its completion was used for academic purpose only and response of the participants was confidential and analyzed in aggregate without any change by the searcher. In addition, the researcher respects the work of previous researchers and cited appropriately those works that has been taken as a base.

## CHAPTER FOUR

### 4.DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. Introduction

In this chapter the researcher was presented and discussed the collected data using questionnaires that aims to measure the relationship between sponsorship and brand equity of Habesha beer.

#### 4.2 Response Rate

The questionnaires were distributed to fans of Ethiopian football club through online. With the assumption of getting 100% response rate of 384 samples 403 questionnaires were distributed by adding 5% contingency to compensate invalid responses. Out of the distributed questionnaires only 376 were filled and found workable for analysis that makes the response rate 97.9%. the remaining 8 (2.1%) questionnaires left to included.

**Table 4. 1 Response rate of the questionnaire**

|  |        |
|--|--------|
| <b>Sample size</b>                           | 384    |
| <b>Distributed questionnaires</b>            | 403    |
| <b>Completed and workable questionnaires</b> | 376    |
| <b>Response rate</b>                         | 97.9 % |

**Source: survey result (2020)**

#### 4.3- General Information of Respondents

The general information of the respondents includes: gender, age, level of education, and occupation and monthly income.

**Table 4. 2 General Information of Respondents**

| Variable     | Category                      | No  | Percentage |
|--------------|-------------------------------|-----|------------|
| Gender       | Male                          | 328 | 87.2%      |
|              | Female                        | 48  | 12.8%      |
| Age          | 18-30 years old               | 269 | 71.5%      |
|              | 31-40years old                | 103 | 27.4%      |
|              | 41-50 years old               | 4   | 1.1%       |
| Education    | Completed high school         | 10  | 2.7%       |
|              | College diploma               | 169 | 44.9%      |
|              | BA degree and above           | 197 | 52.4%      |
| Occupation   | Student                       | 9   | 2.4%       |
|              | Government employee           | 59  | 15.7%      |
|              | Self employed                 | 168 | 44.7%      |
|              | Unemployed                    | 9   | 2.4%       |
|              | Private organization employee | 131 | 34.8%      |
| Income/month | Less than 3000 ETB            | 26  | 6.9%       |
|              | 3,001-6,000 ETB               | 197 | 52.4%      |
|              | 6001-9,000 ETB                | 103 | 27.4%      |
|              | >9,000 ETB                    | 50  | 13.3%      |

**Source: survey result (2020)**

### **4.3.1. Analysis of General Profile of Respondents**

#### **4.3.1.1 Gender**

As shown in the above table the majority of respondents are male with frequency of 328 constituting 87.2% and 48 are females taking 12.8%.

#### **4.3.1.2 Age of respondents**

As depicted at table 4.2 the largest share of respondents lies between the ages of 18 to 30

taking 71.5 % followed by the ages between 31 to 40 with 27.4% and ages between 46 and 50 comprises the least percentage of 1.1%.

#### **4.3.1.3 Educational background**

As indicated in the table the respondents have an educational background of which 2.7% completed high school,44.9% college diploma,52.4% BA degree and above.

#### **4.3.1.4. Occupation**

With regard to occupation self-employed respondents take the greatest percentages accounts 44.7 % followed by private organization employee with34.8% and 15.7%of the respondents are government employee, students and unemployed take equal share 2.4%.

#### **4.3.1.5 Monthly Income**

In terms of monthly income 52.4% of the respondents earn between 3,001 to 6,000 birrs, 27.4% of them earn 6,001 and 9,000 birrs, 13.3% of the respondents earn more than 9,000 birrs, while the remaining 6.9 % of them earn less than 3,000birrs.

### **4.4 Normality Test**

Normality test is applied in order to determine whether sample data has been drawn from a normally distributed population or the population from which the data came is normally distributed, (Asghar, G. & Saleh, Z., 2012). As ((Marczyk, Dematteo, and Festinger, 2005) normality is measured using each variable's skewness, which looks the asymmetry of distribution from the symmetry of distribution and kurtosis checks that how flat or peak is the data in relation to normal distribution. As stated by (Leech, N.L., Barrett, K.C. and Morgan, G.A., 2005)kurtosis does not seem to affect the results of most statistical analyses very much and can skipped. Therefore, the researcher used only skewness to test the normality of the data in this study. According to (Leech, N.L., Barrett, K.C. and Morgan, G.A., 2005) if skewness is between plus or minus one ( $< +/- 1.0$ ), the variable is approximately normal. Based on this the skewness for this study is within the range of  $+/-1$ . So, as shown in the following table we can pointed out that the data for this study is normally distributed among the sample population.

**Table 4. 3 Skewness test for the variables**

|                               |                | <b>Perceived fit</b> | <b>Perceived sincerity of the sponsor</b> | <b>Attitude towards the sponsor</b> | <b>Team achievement</b> | <b>Overall brand equity</b> |
|-------------------------------|----------------|----------------------|---|-------------------------------------|-------------------------|-----------------------------|
| <b>NO.</b>                    | <b>Valid</b>   | 376                  | 376                                       | 376                                 | 376                     | 376                         |
|                               | <b>Missing</b> | 0                    | 0   | 0                                   | 0                       | 0                           |
| <b>Skewness</b>               |                | .821                 | -.597                                     | -.348                               | -.543                   | .146                        |
| <b>Std. Error of Skewness</b> |                | .126                 | .126                                      | .126                                | .126                    | .126                        |

Source; SPSS Survey 2020

#### 4.5- Descriptive Statistics Results

To analyze the responses about the brand equity of Habesha beer four variables were used namely perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor, and team achievement. Each Variable was represented by specific statements. Descriptive statistics of mean and standard deviation were used to examine the effect of these variables on the brand equity of the sponsor (Habesha Beer). Mean indicates to what extent the sample group in average agrees or disagrees with the different statements. Which means the higher the mean the more the respondents agree with the statement while the lower the mean the more the respondents disagree with the statement.

##### 4.5.1 Mean and standard deviation of perceived fit

| <b>perceived fit</b>   | <b>N</b> | <b>Mean</b> | <b>St. error</b> | <b>Standard deviation</b> |
|--|----------|-------------|------------------|---------------------------|
| There is a logical connection between Habesha beer and Ethiopian Coffee football club. | 376      | 4.2074      | .02634           | .51074                    |
| The image of the Ethiopian Coffee football club and Habesha beer is similar.           | 376      | 4.1782      | .02704           | .52424                    |

|   |     |        |        |        |
|---|-----|--------|--------|--------|
| Habesha beer and the Ethiopian Coffee football club stand for similar things.   | 376 | 4.1968 | .02760 | .53525 |
| It makes sense for Habesha beer to be involved in sport sponsorship activities. | 376 | 4.2181 | .02384 | .46222 |

**Table 4. 4 Mean and standard deviation of perceived fit**

**Source: SPSS survey result 2020**

The table shown above shown the mean and standard deviation of perceived fit indicators which are about four statements and respondents asked the level of their agreement and disagreement on five-point Likert scale. The responses of the study participants shown that the statement “It makes sense for Habesha beer to be involved in sport sponsorship activities” scores the highest mean accounts about 4.2181 followed by the statement there is a logical connection between Habesha beer and Ethiopian Coffee football club which accounts about 4.2074 mean value. The remaining statements “Habesha beer and the Ethiopian Coffee football club stand for similar things’ and “The image of the Ethiopian Coffee football club and Habesha beer is similar” scores mean value of 4.1968 and 4.1782 respectively. As shown from the table all indicators of perceived fit score high loading factor on agree and strongly agree. And the standard deviation of the statements was between .46222 and .53525.

#### **4.5.2 Mean and standard deviation of Perceived sincerity of the sponsor**

| <b>Perceived sincerity of the sponsor</b>  | <b>N</b> | <b>Mean</b> | <b>St. Error</b> | <b>Standard deviation</b> |
|--|----------|-------------|------------------|---------------------------|
| Ethiopian coffee Football club would benefit from this sponsorship.  | 376      | 4.1356      | .02583           | .50089                    |
| The main reason that Habesha beer involved in the sponsorship is because the company believes the club deserves support. | 376      | 4.1223      | .02532           | .49091                    |

|   |     |        |        |        |
|---|-----|--------|--------|--------|
| Habesha beer would be likely to have the best interests of the sport at heart.                          | 376 | 4.1170 | .02674 | .51859 |
| Habesha beer would probably support Ethiopian coffee Football club even if it had a much lower profile. | 376 | 4.1170 | .02424 | .47004 |

**Table 4. 5 mean and standard deviation of perceived sincerity of the sponsor**

**Source: SPSS survey result 2020**

As shown in the above table perceived sincerity of the sponsor contains four statements. Based on the respondent's response all statements have an effect on the brand equity of Habesha Beer. The most significant influencer among perceived sincerity related statements was "Ethiopian coffee Football club would benefit from this sponsorship" with mean value of 4.1356 followed by "The main reason that Habesha beer involved in the sponsorship is because the company believes the club deserves support" with mean value of 4.1223. The remaining statements (Habesha beer would be likely to have the best interests of the sport at heart and Habesha beer would probably support Ethiopia coffee Football club even if it had a much lower profile accounts equal mean value 4.1170).in addition to these the standard deviation of the statements was between .47004 and .51859.

#### **4.5.3 Mean and standard deviation of attitude towards the sponsor**

| <b>Attitude towards the sponsor</b>  | <b>N</b> | <b>Mean</b> | <b>St. Error</b> | <b>Standard deviation</b> |
|--|----------|-------------|------------------|---------------------------|
| I like Habesha Beer because the company sponsors Ethiopian coffee Football club.                       | 376      | 4.1037      | .02306           | .44708                    |
| I feel more favorable toward Habesha Beer because the company sponsors Ethiopian coffee Football club. | 376      | 4.1463      | .02336           | .45300                    |

|  |     |        |        |        |
|--|-----|--------|--------|--------|
| I feel better about Habesha Beer product because they sponsor Ethiopian coffee Football club | 376 | 4.1303 | .02361 | .45786 |
|--|-----|--------|--------|--------|

**Table 4. 6 Mean and standard deviation of attitude towards the sponsor**

**Source: SPSS survey result 2020**

As depicted in the above table attitude towards the sponsor contains three statements which are about the attitude of event participants about the sponsor. The statement “I feel more favorable toward Habesha Beer because the company sponsors Ethiopian coffee Football club” scores the highest mean value which was about 4.1463 followed by I feel better about Habesha Beer product because they sponsor Ethiopian coffee Football club with mean value of 4.1303 and I like Habesha Beer because the company sponsors Ethiopian coffee Football club with mean value of 4.1037. As shown on the table the statements under the variable attitude towards the sponsor scored standard deviation between .44708-.45786.

#### **4.5.4 Mean and standard deviation of Team achievement**

| <b>Team achievement</b>   | <b>N</b> | <b>Mean</b> | <b>St. Error</b> | <b>Standard deviation</b> |
|---|----------|-------------|------------------|---------------------------|
| I am satisfied with my Ethiopian coffee Football club results of this year.   | 376      | 4.0346      | .02850           | .55269                    |
| In this year’s premier league competition, Ethiopian coffee Football club is giving me many beautiful moments.        | 376      | 4.0027      | .02929           | .56803                    |
| I am satisfied with the money spent for Ethiopian coffee Football club to support in relation to competition results. | 376      | 4.1090      | .02749           | .53299                    |

|   |     |        |        |        |
|---|-----|--------|--------|--------|
| I believe that my decision to purchase tickets and attend games of Ethiopian coffee Football club was correct/worth it. | 376 | 4.1436 | .02796 | .54220 |
| I intend to buy tickets and attend games of Ethiopian coffee Football club for the rest of this competition season.     | 376 | 3.8750 | .03359 | .65141 |

**Table 4. 7 Mean and standard deviation of team achievement**

**Source: SPSS survey result 2020**

As shown in the above table the achievement of the sponsored team was measured by five statements among these “I believe that my decision to purchase tickets and attend games of Ethiopian coffee Football club was correct/worth it” scores the highest mean value which is about 4.1436 and the statement “I intend to buy tickets and attend games of Ethiopian coffee Football club for the rest of this competition season” scores the lowest mean value about 3.8750. But all of the statements which measures team achievement scores more than half of the scale which means to the average the respondents agree about the achievement of the team and the result shown that the deviation of the responses from the mean score was between .53299 to .65141.

#### **4.5.5 Mean and standard deviation of overall brand equity**

| <b>Overall brand equity</b>   | <b>N</b> | <b>Mean</b> | <b>St. Error</b> | <b>Standard deviation</b> |
|---|----------|-------------|------------------|---------------------------|
| It makes sense to buy Habesha beer instead of any other brand, even if they are the same because the company sponsors the team that I like. | 376      | 4.5479      | .02598           | .50369                    |
| Even if another brand has the same features as Habesha beer, I would prefer to buy Habesha beer because of the sponsorship                  | 376      | 4.4840      | .02581           | .50041                    |

|   |     |        |        |        |
|---|-----|--------|--------|--------|
| If there is another brand as good as Habesha beer I prefer to buy Habesha beer because of the sponsorship                             | 376 | 4.2686 | .02468 | .47852 |
| If another brand is not different from Habesha beer in any way, it seems smarter to purchase Habesha beer because of the sponsorship. | 376 | 4.4628 | .02629 | .50985 |

**Table 4. 8 Mean and standard deviation of overall brand equity**

**Source: SPSS survey result 2020**

As displayed on the above table the overall brand equity of Habesha Beer were measured using four statements and among these the statement “It makes sense to buy Habesha beer instead of any other brand, even if they are the same because the company sponsors the team that I like”, scores the highest mean which was about 4.5479 followed by “Even if another brand has the same features as Habesha beer, I would prefer to buy Habesha beer because of the sponsorship” with mean value of 4.4840 . “If another brand is not different from Habesha beer in any way, it seems smarter to purchase Habesha beer because of the sponsorship scores mean value of 4.4628 and “If there is another brand as good as Habesha beer I prefer to buy Habesha beer because of the sponsorship about accounts mean value of 4.2686 which was the lowest mean score among overall brand equity scales and the standard deviation of vthe statements under the variable overall brand equity was between .47852 and .50985.

#### 4.5.6 Mean, mode and standard deviation of all variables

|                       |         | Perceived fit | Perceived sincerity of the sponsor | Attitude towards the sponsor | Team achievement | Overall brand equity |
|-----------------------|---------|---------------|------------------------------------|------------------------------|------------------|----------------------|
| NO.                   | Valid   | 376           | 376                                | 376                          | 376              | 376                  |
|                       | Missing | 0             | 0                                  | 0                            | 0                | 0                    |
| <b>Mean</b>           |         | 4.2001        | 4.1230                             | 4.1268                       | 4.0330           | 4.4408               |
| <b>Std. Error</b>     |         | .02108        | .02133                             | .02109                       | .02439           | .02039               |
| <b>Mode</b>           |         | 4             | 4                                  | 4                            | 4                | 4                    |
| <b>Std. Deviation</b> |         | .40866        | .41352                             | .40901                       | .47304           | .39538               |

**Table 4. 9 Mean and standard deviation of all variables**

**Source: SPSS survey result 2020**

The table displayed above represents the mean, mode and standard deviation of all the variables. As shown in the table perceived fit has 4.2001 mean and 0.40866 standard deviation, perceived sincerity with mean 4.1230 and 0.41352 standard deviation, attitude towards the sponsor with mean of 4.1268 and standard deviation 0.40901, team achievement with the mean of 4.0330 and standard deviation 0.47307 and finally overall brand equity has mean of 4.4408 and standard deviation 0.39538. The highest mean score among the independent variables was from perceived fit and the lowest mean score was from team achievement.

According to (Field, 2008) larger standard deviation (relative to the mean) indicates that the data points are distant from the mean. Also, high standard deviation means that the data are wide spread, which means that customers give variety of opinion and the low deviation

means that customers express close opinion. So, from the above table we can say that respondents more or less express a close opinion.

## CHAPTER FIVE

### Summary, Conclusions and Recommendations

#### 5.1- Summary

The study was intended to investigate the effect of sponsorship on brand equity in the case Habesha Beer. constructs such as perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement were used to examine their effect on the overall brand equity of Habesha beer. After that a theoretical and empirical review conducted and the conceptual model was developed. The study was used Quantitative research approach and deductive type of reasoning with explanatory research design. The data collected from respondents were analyzed using descriptive statistics. From the analysis of the collected data the following discussions, conclusions and recommendations were made.

When we saw the demographic profile of the respondents the majority of respondents were male, most of the respondents age ranges from 18- 30. In terms of educational back ground most respondents had BA degree and above, and most of the respondents were self-employed and the salary range of most respondents were 3001-600 ETB.

The result from the descriptive statistic shown that the first variable (perceived fit) with four statements has positive effect on the overall brand equity of Habesha beer with mean value between 4.2181- 4.1782. In this case the statement “It makes sense for Habesha beer to be involved in sport sponsorship activities” had high mean score and the statement that says “It makes sense for Habesha beer to be involved in sport sponsorship activities” had low score. Generally, for all indicators of perceived fit there were high loading factor on agree and strongly agree.

In the case of perceived sincerity of the sponsor all of the four statements had mean value above 4. The most significant influencer among perceived sincerity related statements was “Ethiopian coffee Football club would benefit from this sponsorship” with mean value of 4.1356 and the least influencers were statements said Habesha beer would be likely to have the best interests of the sport at heart and Habesha beer would probably support Ethiopia coffee Football club even if it had a much lower profile accounts with equal mean value

4.1170. Thus, based on the respondent's response all statements have an effect on the brand equity of Habesha Beer.

The variable "attitude towards the sponsor" that contained three statements and the mean value of all the statement were more than 4. The statement "I feel more favorable toward Habesha Beer because the company sponsors Ethiopian coffee Football club" scores the highest mean value (4.1463) and the lowest score was on the statement "I like Habesha Beer because the company sponsors Ethiopian coffee Football club" with mean value of 4.1037. these shows that the mean value of all the statements were above half of the scale.

The variable "team achievement" that had five statements the mean value of the respondent's response was above half of the scale between (4.1436-3.8750). which means to the average the respondents agree about the good achievement of the team.

The dependent variable of this study (overall brand equity) had four statements and among these the statement "It makes sense to buy Habesha beer instead of any other brand, even if they are the same because the company sponsors the team that I like", scores the highest mean which was about 4.5479 and the statement "If there is another brand as good as Habesha beer I prefer to buy Habesha beer because of the sponsorship about accounts mean value of 4.2686 which was the lowest mean score among overall brand equity scales. Generally, all of the four statements scored more than half of the scale.

The analysis shown that the presence of positive and significant relationship between the independent variables (perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement) and dependent variable overall brand equity and the highest mean score was found on perceived fit about 4.2001 and the lowest mean score was on team achievement about 4.0330. And the dependent variable (overall brand equity) scored mean value of 4.4408. As the study used five-point Likert scale all of the respondent's response scored above half of the scale and showed positive direction which means all of the independent variables scored mean value above half of the scale and at the same time the score of the dependent variable was above half of the scale and was positive.

Furthermore, the standard deviation of the variables shown that more or less the respondents had close opinion because among the five-point Likert scale the mode was 4 and the standard deviation of the study variables were between .39538 and .47304. In the case of perceived sincerity of the sponsor and team achievement the standard deviation is a bit larger than the mean but for perceived fit, attitude towards the sponsor and overall brand equity the standard deviation is smaller than the mean. Thus, by showing the standard deviation of the variables in general we can say that respondents seem to express more or less a close opinion.

## **5.2- Conclusions**

The study was conducted with the intention to examine the effect of sponsorship on brand equity. And specifically, investigate the effect of sport sponsorship of Habesha beer on its brand equity. By considering different theoretical and empirical researches conducted by different authors, four independent variables (perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement) were identified to measure the effect of sponsorship in sports on brand equity of the sponsor.

In order to achieve this objective, the researcher distributed 403 questionnaires respondents and got 376 workable questionnaires for data analysis. The respondents were asked to give their agreement or disagreement for a five scale Likert scale type questions. Then the responses from the respondents were analyzed using SPSS (20) using descriptive statistics. Based on the analysis made all the independent variables of the study (perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement) had significant positive effect on the overall brand equity of Habesha Beer.

## **5.3- Recommendations**

Based on the results of the above summary and conclusion the following recommendations were forwarded:

- ✓ The research found that perceived fit, perceived sincerity of the sponsor, attitude towards the sponsor and team achievement had significant positive effect on brand equity. Thus, it is desirable to take these factors into account when marketers select, manage and leverage a sponsorship agreement.

- ✓ sponsorship managers should give attention to the issue of perceived fit when selecting a property to sponsor. Because the presence of natural fit between the sponsor and the sponsored entity has strong impact on the creation of brand equity. And if there is no fit it is valuable to consider to create fit by leverage activities directed at explaining the link between a sponsor and sponsored entity.
- ✓ Regarding perceived sincerity of the sponsor it significantly and positively affect brand equity so it is recommended that marketers should work to be perceived as sincere by the target audience because sponsors who are perceived to be sincere in their sponsorship activity get favorable response than sponsors perceived as having commercial purpose. So, sponsors have to leverage their sponsorship program with philanthropic activities than emphasizing their commercial objectives.
- ✓ Furthermore, marketers need to have a good understanding of the attitudes held by the audience to maximize the value of their sponsorship and need to work to get positive attitude from their target audience because the research finding shown that attitude has a positive effect on brand equity of the sponsor.
- ✓ Marketers which want to sponsor sport clubs, should try to associate themselves with teams that create the most empathy. Because the empathy felt toward the team will be transmitted to their own brand. In the contrary if a company sponsors a team with poor performance it may result in the audience having low attention in the sponsors brand, and as a result the company's large investment in a sponsorship could even damage its brand equity.
- ✓ Finally, brand equity is the final end of sponsorship in this study. And as shown in the result of the descriptive statistics all of the independent variables which were intended to had effect on brand equity score mean value of 4 and above so we can say that sponsorship has a positive and significant effect on the overall brand equity of Habesha Beer.

This study was conducted based on the data collected from some segments of the consumers of Habesha beer ( from attendees of the sponsored team).The researcher recommends the importance of conducting a study by including the other study participants who didn't participate in the sponsored activities in order to examine their perception about the

sponsorship and the brand that sponsored the activities. Because this would help to increase the generalizability of the study findings.

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## **Appendix**

### **Appendix I (English Version of survey questionnaire)**

#### **Addis Ababa University School of Commerce**

#### **Graduate Studies Program Marketing Management**

Dear Respondents, I am a graduate student at Addis Ababa University School of Commerce. Currently, I'm undertaking my thesis under the title "effect of sponsorship on brand equity in the case of Habesha beer", in partial fulfillment of Master of Art Degree in Marketing Management. The objective of the study is to examine the effect of sponsorship on brand equity. The questionnaire contains general information and statements that are designed to find out the effect of sponsorship and brand equity. This questionnaire will be used only for academic purpose and the information you provide will be kept confidential. I kindly ask you to provide your honest answer for all questions in this questionnaire because your honest opinion is valuable for the success of this study. Please make sure that you provide your response accurately. Finally, I would like to thank you in advance for your participation by giving your time.

My phone; 0910672656 (Rahel Balkew)

## I: General Information

In answering the questions, please put mark in the boxes provided.

### 1. Gender

Female

Male

### 2. Age Group

18-30 years old

31-40 years old

41-50 years old

above 50 years old

### 3. Educational Background?

Under 12th grade

Completed High School

College Diploma

BA Degree and Above

### 4. Occupation?

Student

Government Employee

Private Organization Employee

Self-employed

Unemployed

### 5. Monthly income?

Less than 3,000 birr  from 6,001-9,000 birr

From 3,001-6,000 birr  Greater than 9,000 birr

## Part II- Specific Information

This part of the questionnaire collects information to your response on Habesha beer's sponsorship experience and your perception of the brand. Please indicate the level of your agreement or disagreement on the statements by putting a tick mark on the space provided for the options.

| S.N<br>O. | Variables  | Strongly<br>Disagree<br>(1) | Disag<br>ree<br>(2) | Neutral<br>(3) | Agree<br>(4) | Strongly<br>agree (5) |
|-----------|--|-----------------------------|---------------------|----------------|--------------|-----------------------|
|           | Perceived fit  |                             |                     |                |              |                       |
| 1.        | There is a logical connection between Habesha beer and Ethiopian Coffee football club.                                   |                             |                     |                |              |                       |
| 2.        | The image of Ethiopian Coffee football club and Habesha beer is similar.   |                             |                     |                |              |                       |
| 3.        | Habesha beer and the Ethiopian Coffee football club stand for similar things.  |                             |                     |                |              |                       |
| 4.        | It makes sense for Habesha beer to be involved in sport sponsorship activities.  |                             |                     |                |              |                       |
|           | Perceived sincerity of the sponsor   |                             |                     |                |              |                       |
| 5.        | Ethiopian coffee Football club would benefit from this sponsorship.  |                             |                     |                |              |                       |
| 6.        | The main reason that Habesha beer involved in the sponsorship is because the company believes the club deserves support. |                             |                     |                |              |                       |
| 7.        | Habesha beer would be likely to have the best interests of the sport at heart.   |                             |                     |                |              |                       |

|                              |   |  |  |  |  |  |
|------------------------------|---|--|--|--|--|--|
| 8.                           | Habesha beer would probably support Ethiopian coffee Football club even if it had a much lower profile.                 |  |  |  |  |  |
| Attitude towards the sponsor |   |  |  |  |  |  |
| 9.                           | I like Habesha Beer because the company sponsors Ethiopian coffee Football club.  |  |  |  |  |  |
| 10.                          | I feel more favorable toward Habesha Beer because the company sponsors Ethiopian coffee Football club.                  |  |  |  |  |  |
| 11.                          | I feel better about Habesha Beer product because they sponsor Ethiopian coffee Football club.                           |  |  |  |  |  |
| Team achievement             |   |  |  |  |  |  |
| 12.                          | I am satisfied with Ethiopian coffee Football club results.   |  |  |  |  |  |
| 13.                          | In this year premier league competition, Ethiopian coffee Football club is giving me many beautiful moments.            |  |  |  |  |  |
| 14.                          | I am satisfied with the money spent for Ethiopian coffee Football club to support in relation to competition results.   |  |  |  |  |  |
| 15.                          | I believe that my decision to purchase tickets and attend games of Ethiopian coffee Football club was correct/worth it. |  |  |  |  |  |
| 16.                          | I intend to buy tickets and attend games of Ethiopian coffee Football club for the rest of this competition season.     |  |  |  |  |  |

| Overall Brand Equity (OBE): |   |  |  |  |  |  |
|-----------------------------|---|--|--|--|--|--|
| 17.                         | It makes sense to buy Habesha beer instead of any other brand, even if they are the same because the company sponsors the team that I like. |  |  |  |  |  |
| 18.                         | Even if another brand has the same features as Habesha beer, I would prefer to buy Habesha beer because of the sponsorship.                 |  |  |  |  |  |
| 19.                         | If there is another brand as good as Habesha beer I prefer to buy Habesha beer because of the sponsorship.                                  |  |  |  |  |  |
| 20.                         | If another brand is not different from Habesha beer in any way, it seems smarter to purchase Habesha beer because of the sponsorship.       |  |  |  |  |  |

**Thank you!**