

Impact of sponsorship terminations on sponsor's brand: empirical findings and management implications



Felix Salzer and Manfred Bruhn



Abstract: Ending a relationship is usually associated with negative consequences. However, ending a relationship can also have positive effects. The main factors that influence the impact of relationship terminations are the reasons for the termination and the communication behavior. When sponsorship relationships are terminated, companies often refrain from public communication due to concerns about negative consequences. This article examines the impact of termination reasons and the choice of an appropriate communication strategy for sponsorship terminations. Based on a research model, the relationships are empirically tested in an experimental design. The results form the basis for the design of a termination management system for sponsorship relationships.

Keywords: termination management, relationship ending, termination of sponsorships, marketing communication, Sponsor, Sponsoring, Sponsorship, corporate communication

Auswirkungen von Sponsoringbeendigungen auf die Marke des Sponsors – empirische Erkenntnisse und Managementimplikationen

Zusammenfassung: Das Ende einer Beziehung wird meist mit negativen Assoziationen verbunden. Dabei können sich Beziehungsbeendigungen auch positiv auswirken. Als zentrale Faktoren für die Auswirkungen von Beziehungsbeendigungen sind die Beendigungsursachen sowie das kommunikative Verhalten zu berücksichtigen. Gerade bei der Beendigung von Sponsoringbeziehungen verzichten sehr häufig Unternehmen auf die öffentliche Kommunikation aus Sorge vor negativen Konsequenzen. Der Beitrag untersucht die Auswirkungen von Beendigungsursachen in Kombination mit unterschiedlichen Kommunikationsstrategien bei der Beendigung von Sponsoringbeziehungen. Auf Basis eines Untersuchungsmodells werden die Zusammenhänge in einem experimentellen Design empirisch überprüft. Die Ergebnisse bilden die Grundlage für die Konzeption eines Managements zur Beendigung von Sponsoringbeziehungen.

Stichworte: Beendigungsmanagement, Beziehungsbeendigung, Sponsoringende, Marketingkommunikation, Sponsor, Sponsoring, Sponsorship, Unternehmenskommunikation

1 Introduction

Since its beginnings in the 1980s, sponsorship has become an integral part of companies' communication and marketing mix. The main advantage of using sponsorship compared to other communication tools, such as traditional advertising or public relations, is seen in the experience of emotions during the reception of messages, for example at sporting or cultural events (Bruhn 2018, p. 9).

Sponsorship research has addressed a variety of issues related to the creation and implementation of sponsorship relationships. These include measuring success, leveraging potential benefits, enhancing brand image, and integrating with other communication instruments (e.g., social media channels). Empirical studies and practical experience have shown that the sponsorship effect depends on the continuity of the relationship. The results of attribution theory and the proximity principles of "Gestalt psychology" describe that an image transfer from the characteristics of the sponsee to the sponsor's brand only takes place if it's presented on a permanent basis. In this case, most sponsorship contracts are long-term and are renewed regularly. Nevertheless, sponsors and sponsees periodically review the need for their sponsorship agreements for a variety of reasons. Typically, one of the two parties will consider whether the investment in the sponsorship is commensurate with the benefits of the relationship. If a sponsorship does not meet these criteria, the sponsorship relationship is usually terminated.

The termination of sponsorship relationships has received little research attention. The literature review shows that no general statement can be made about the effects of sponsorship termination. Previous studies have identified some reasons for sponsorship termination, and examined the effects of termination but have never examined the impact of the reasons on the effects of sponsorship termination. In addition, no empirical studies have examined the role of different communication messages (strategies) on the effects of sponsorship terminations. A comprehensive study of consumer perceptions and emerging effects due to different termination reasons and different communication strategies is not yet available.

Based on this research gap, this article addresses the following research questions:

- (1) What influence do different reasons for termination have on the effects of terminating a sponsorship relationship?
- (2) What influence do different communication strategies have on the effects of sponsorship termination?

2 Literature review

A review of the literature identified 12 studies that addressed this phenomenon. Appendix A provides an overview of previous research studies on sponsorship termination according to various characteristics (theory, methodology, study context, key findings, research focus).

In summary, 4 research articles have addressed sponsorship termination triggers and reasons. Farrelly's (2010) work identified relationship-based termination triggers and reasons. Jensen/Cornwell (2017) examined situational factors (e.g., economic conditions) on the influence of a termination decision. The work of Ivarsson/Brueder/Lübeck (2018) identified termination reasons in the context of sponsorship crises. Only the study by van Rijn/Kristal/Henseler (2019) provides an overview of possible termination reasons in the

context of a categorization approach. The study by Ivarsson/Bruder/Lübeck (2018) is so far the only work that deals with the communicative positioning of companies in the course of sponsorship terminations. Here, the study refers to the communicative reaction of sponsors to crises or scandals in sponsorship relationships with individuals.

In addition, 8 research articles have examined the effects of sponsorship terminations. In summary, there are predominantly findings that demonstrate negative effects on brand attitudes due to sponsorship terminations (Grohs/Kopfer/Woisetschläger 2016; Dick 2018). Different manifestations of negative effects could be shown by factors such as the termination motive, the timing of the termination and the extent of the termination (e. g. Ruth/Strizhakova 2012; Dick/Uhrich 2016; Dick 2018). Furthermore, effects related to target-group-specific characteristics such as involvement or perceived fit have been examined (Ruth/Strizhakova 2012; Grohs/Kopfer/Woisetschläger 2016). In addition, situational factors that influence the emerging effects have been considered. These include factors such as the duration of the relationship, the dependency of the sponsored party, or the timing of the termination announcement (Ruth/Strizhakova 2012; Dick/Uhrich 2016; Schnittka et al. 2017). Three studies attributed the emergent effects of sponsorship termination first to perceived fairness and second to perceived abandonment of the sponsor (Dick/Uhrich 2016; Schnittka et al. 2017; Dick 2018). Only the study by Delia (2017) was able to demonstrate positive reactions after a sponsorship termination in the context of a qualitative evaluation of fan comments.

In sum, the few studies confirm that sponsorship terminations have an impact on sponsor brands. Some studies have explored the reasons of sponsorship terminations, but have never examined the relationship between different reasons and effects. Similarly, the communicative behavior of companies during sponsorship terminations has not been studied in terms of its impact.

3 Theoretical framework of sponsorship termination

The key players in sponsorship are the sponsor, the sponsee and the consumers. These three actors form a triadic exchange relationship. The termination of the relationship between the sponsor and the sponsee can be classified as a symbolic exchange also in the direction of the consumer (interpersonal balance between the exchange actors). Of particular importance is how the consumer evaluates this form of exchange (intrapersonal balance of the individual actors). To explain and derive hypotheses, social exchange theory can be used for the interpersonal balance and equity theory for the intrapersonal balance.

Social exchange theory (Blau 1964; Bagozzi 1975; Homans 1982) is primarily associated with interpersonal relationships and can be seen as an overarching framework to explain the termination of (private and business) relationships (Tyrie/Ferguson 2013, p. 132; Dreisbach 2018, p. 138). Sponsorship involves *complex exchange relationships* with multiple actors involved, not only the sponsor, the sponsored, and the consumer as a triadic exchange relationship, but also intermediary and adjacent actors such as the media, the public, employees, and other stakeholders. The *type of exchange* within a sponsorship relationship must take into account both economic benefits (sponsorship fee) and symbolic benefits (transfer of image values) (Blau 1964, p. 93f.; Bagozzi 1975, p. 36; Houston/Gassenheimer 1987, p. 7; Bruhn 2022, p. 42).

When it comes to the question of maintaining or terminating relationships, the *evaluation of a relationship* is central (Thibaut/Kelley 1959). The investments and benefits of the relationship are compared. If the net benefits are negative, the probability of ending the relationship increases. This comparison is based on two measures: One is the level of comparison, which refers to the current value of the relationship as well as past experiences with the relationship. The other is the Comparison Level for Alternatives, which evaluates the alternative courses of action if the relationship were terminated (e.g., more attractive sponsorships or more attractive advertising opportunities for the company).

Social exchange theory can be used to explain the motivation and overarching reasons for terminating. In addition, social exchange theory provides explanatory content for the communication of the termination. Termination communication can be interpreted as a symbolic exchange (Woisetschläger/Haselhoff/Backhaus 2014, p. 1494f.; Dreisbach 2018, p. 323). In this context, the message and effort associated with the termination communication can be interpreted as a benefit. In addition, communicating the reasons (e.g. costs, impacts, strategy) is a key factor in how consumers and other stakeholders perceive and evaluate the message and effort of the termination communication.

Equity theory focuses on the maintenance of intrapersonal balance among individual actors in an exchange relationship. The pursuit of equity within an exchange relationship is seen as a central goal (Homans 1961; Blau 1964). Fairness exists when there is a perceived balance of benefits, i.e., when there is no overprivileging or disadvantaging of one of the partners in a sponsorship relationship. When perceived fairness is violated in a relationship termination due to the reason and/or communication of the termination, cognitive and affective dissonance follow (Maxwell 2008, p. 25).

4 Conceptualization and hypothesis development

Based on the theoretical framework and the empirical findings of other studies to date, it can be concluded that the effects of a sponsorship termination largely depend on the perceived fairness of the termination situation (Schnittka et al. 2017). Furthermore, equity theory postulates that when perceived fairness is violated, individuals experience cognitive dissonance, which they can resolve by changing their attitude or terminating the relationship.

The social exchange theory allows us to conclude that the termination of a sponsorship should be interpreted as a symbolic exchange towards both the sponsored party and the customer. This can be explained by social exchange theory because exchanges are subject to the law of equality (reciprocity). It is assumed that the customer also interprets the reason for termination as an exchange service in his or her direction. If a company's justification for terminating a relationship indirectly implies that the sponsored party does not meet the requirements for continuing the relationship, the actors will perceive this as a kind of overreach on the part of the company toward the beloved sponsored party. In other cases, the termination of a sponsorship can be interpreted positively by consumers if the reasons reflect a decision forced by influencing factors, such as an economic crisis when companies have to cut costs and lay off staff. As a result, a reason for termination is perceived as understandable (non-existent symbolic advantage over the sponsored party, e.g. financial difficulties due to an economic crisis), partially understandable (medium existent symbolic advantage over the sponsored party, e.g. strategic reorientation of a company leading to a different focus in communication), or not understandable (high

existent symbolic advantage over the sponsored party, e.g. lack of sporting success of the sponsored party). Unless, of course, the sponsored party hasn't fulfilled his or her exchange promise to the company. Against this background, it is assumed that the impact of a sponsorship termination depends on the symbolic advantage over the sponsored party indirectly embodied by a termination reason. Thus, we predict:

H₁: When a termination reason embodies a non-existent degree of symbolic advantage toward the sponsored party, it has stronger positive consequences in terms of brand attitude than termination reasons that embody medium and higher degree of symbolic advantage.

In addition to the reasons for termination, it is assumed that the type of communication (message) to the customer also has an influence on the effects of a sponsorship termination. Social exchange theory suggests that the impact of terminating a sponsorship relationship is largely dependent on the perceived symbolic benefit of the termination message toward the customer, such as when a sponsor expresses its gratitude and appreciation to the fans and the sponsored party and looks back on shared emotional experiences. In this context, it is assumed that the customer appreciates the effort invested by the company in terms of perceived benefits and accordingly evaluates a termination communication strategy more positively than a communication strategy with low perceived symbolic benefits (e.g. a factual press release without emotional appeal to the customer) or the complete abandonment of public communication. That means, that translated into a hypothesis, it can thus be stated:

H₂: When a communication strategy embodies a high degree of a perceived symbolic benefit, it has stronger positive consequences in terms of brand attitude than a communication strategy embodies a medium or low degree of a perceived symbolic benefit.

Based on the considerations of social exchange theory, the perceived effort invested by the sponsor to communicate the reason for termination in an appropriate manner leads to the following assumption:

H₃: The effects of the termination reason on brand attitude are moderated by the chosen communication strategy.

As part of the theoretical foundation provided by social exchange theory, the importance of the perceived (financial and symbolic) benefits from the existing sponsorship relationship as an influencing factor for the effects in the consumer was elaborated. The interpretation of the perceived benefit in the form of the *attitude toward the sponsorship* (Salzer 2022, p. 125f.) enables the statement that the effects of a sponsorship termination depend on the level of the attitude toward the sponsorship. Against this background, the following hypothesis can be formulated for the effects of termination reasons:

H₄: The effects of termination reasons on brand attitude are moderated by the level of attitude toward the sponsorship.

As well as for the effects of communication strategies:

H₅: The effects of communication strategies on brand attitude are moderated by the level of attitude toward the sponsorship.

As described at the beginning of this chapter, equity theory explains the relationship between perceived fairness and brand attitudes at sponsorship termination through emerging cognitive dissonances. This can be expressed in hypothesis form as follows:

H₆: Perceived fairness mediates the effects of termination reasons and of communication strategies on brand attitude.

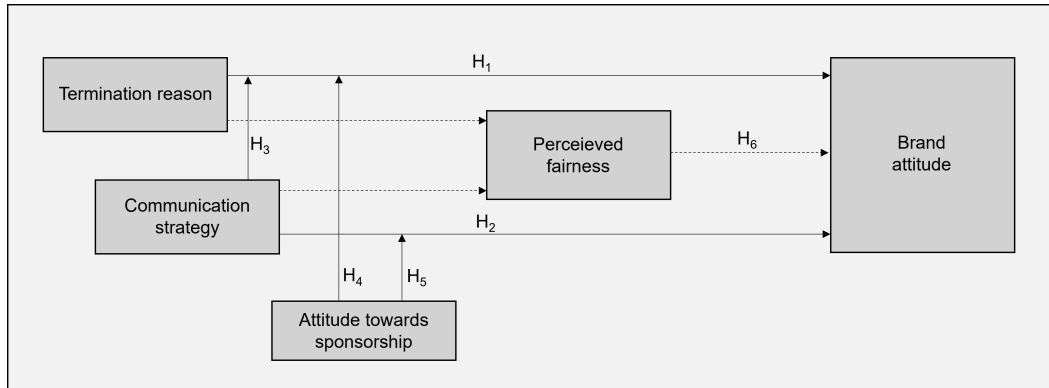


Figure 1: Research model

5 Design, Material, Measures

Design, Procedure and Participants

The hypotheses were tested in an experimental study using a 3 (termination reason: non-existing vs. mid vs. high degree of symbolic advantage toward the sponsored party) x 3 (communication strategy: low vs. medium vs. high degree of a perceived symbolic benefit towards target audience) design. A pre-study with $n = 317$ respondents served to check the scenarios, the manipulation, and the variables. Based on the results of the pre-study, adjustments were made for the main study, which was conducted with $n = 759$ respondents. The study had a between-subjects design. This means that each participating subject was exposed to only one treatment (one termination scenario). For this reason, randomized group assignment was used in the online survey. The sample sizes of the individual termination scenarios were comparable. Data collection was conducted through an online panel in Germany. We recruited a sample of respondents interested in sports that was representative of the German target audiences of the sports sponsorship market in terms of age (average age: 42 years) and gender (62.5 % male).

Pre-Study: Identification and classification of termination reasons and communication strategies

To create authentic termination scenarios, a qualitative pre-study was conducted with sponsorship managers to identify termination reasons and communication strategies and to classify them into the theoretically derived categorization system. 25 experts from the German sponsorship market participated in the study. One of the main criteria for selecting the experts was active experience with publicly known sponsorship terminations on the company side (average of 7 terminations).

The results revealed a total of 17 termination reasons, which were categorized into the predefined sections of non-existent, medium and high degree of symbolic advantage toward the sponsored party.

| Non-existent | Medium | High | <i>Symbolic advantage toward the sponsored party</i> |
|---|--|---|--|
| <ul style="list-style-type: none">▪ Economic crisis▪ Financial difficulties▪ Contract services not fulfilled▪ Counteroffer of competitor▪ Natural end (Olympics)▪ Misconduct of sponsored party▪ Retirement of a sponsored person▪ Death of a sponsored person▪ Laws and directives | <ul style="list-style-type: none">▪ Strategic reorientation▪ Goals achieved▪ Sign to society▪ Personnel change▪ Change of values | <ul style="list-style-type: none">▪ Goals not achieved▪ Lack of sporting success▪ Changed relevance | <i>Termination reason</i> |
| Understandable | Partially understandable | Not understandable | <i>Assumed customer perception</i> |

Table 1: Classification of sponsorship termination reasons

In addition, 6 communication strategies were identified in the expert interviews. Based on the theoretically derived categorization system in types with low, medium and high degree of perceived symbolic benefit towards the target audience based on the invested effort by the company within the termination communication.

| High | Medium | | Low | | | <i>Perceived symbolic benefit toward the target audience</i> |
|--------------|---------------------------|-----------------------|-----------------------------------|----------------------|-------------|--|
| Appreciation | Use to take up a position | Objective information | Announcement of successor sponsor | Withheld information | Phasing out | <i>Communication strategy</i> |
| Positive | Partially positive | | Less positive | | | <i>Assumed customer perception</i> |

Table 2: Classification of sponsorship termination communication strategies

Material

We used simulated press articles to manipulate the nature of different sponsorship termination scenarios (combination of termination reason and communication strategy). This approach reflects the way consumers learn about sponsorship terminations (Schnittka et al., 2017, p. 957).

Due to the high level of sponsorship spending in the German professional soccer market, we decided to use a fictitious sponsorship termination in soccer. We chose SC Freiburg as a suitable club due to its high popularity, in order to minimize disruptive factors caused by fan rivalries. When selecting a suitable sponsor, it was crucial for us that the brand to be determined was not characterized by a generally negative attitude of certain groups of people (Hu et al. 2018, p. 165). We chose the Nikon brand because it has no known, real sponsorship relationships in the Bundesliga and has a certain level of awareness (Baumgarth/Mutze/Sophie 2016; NetBase 2017). In the fictitious sponsorship termination, Nikon decided to terminate its main sponsorship (jersey branding) with SC Freiburg.

To create the randomized termination scenarios, we used a modular system for the press articles. Each scenario used an introductory section with general information about the termination. This was followed by a section describing the reason for the termination. The text of each reason was always the same. In a third section, the communication strategy used was described indirectly in a standard text for each strategy type. To reduce the number of cases, we decided to use only one termination reason and one communication strategy per category, which we classified in Figures 2 and 3. Based on our findings in the expert interviews, we selected the termination reasons economic crisis, strategic reorientation and lack of sporting success for the study. In addition, we used the strategy types of appreciation, objective information, and phasing out.

Measures

In the following, the mediating, moderating, and dependent variables of the study model must be operationalized (Salzer 2022, p. 147ff.). To measure the mediating variables, perceived fairness is measured with four items and a seven-point Likert scale. For this purpose, the scale already used by Schnittka et al. (2017) to examine the mediating effect of perceived fairness on sponsorship termination was used. The scale was originally developed by Bolton, Keh, and Alba (2010) to measure price fairness. Essentially, it asks to what extent the decision is perceived as reasonable, morally defensible, justified, and fair. This is consistent with the conceptualization of fairness evaluations.

Brand attitude is measured using a seven-point semantic differential. It is based on Speed and Thompson's (2000, p. 231f.) scale for measuring global attitude toward the sponsor. Based on the ideas of brand attitude conceptualization, the present study is concerned with the overall affective evaluation of a brand. Accordingly, the effects of different strategy-reason combinations on the overall affective evaluation of a brand are shown. This is expressed by asking about the attitude towards the brand, and is measured by a semantic differential with the items "unfavorable and favorable", "unpleasant and pleasant", "bad and good", "dislike and like".

In conceptualising attitudes towards sponsorship, it was explained that this variable implicitly describes the perceived benefits of the sponsorship relationship. For this purpose, a scale from Mazodier and Merunka (2012) is used. The individual items of the attitude towards sponsorship are queried via a seven-point semantic differential ("I perceive the sponsorship as negative/positive", "unfavourable/favourable", "bad/good").

6 Results

Dependent variables

To test H_1 , H_2 , and H_3 , we conducted a two-factorial ANOVA with termination reasons and communication strategies as the independent variables and brand attitudes as the dependent variable. Termination reasons showed a significant main effect on brand attitude ($F(2, 750) = 5,908$, $p = .003$, $\eta^2 = .016$). This was followed by a post hoc test with Bonferroni correction and it was found that the effect of termination reasons on brand attitudes is significantly better in the group embodying a non-existent degree of symbolic advantage ($M_{\text{non}} = 5.01$) than in the group of medium ($M_{\text{med}} = 4.62$, $p = 0.05$) and higher degree of symbolic advantage ($M_{\text{high}} = 4.51$, $p = 0.02$). No significant group difference was found between the medium and high symbolic advantage groups. In contrast, there is no significant main effect of communication strategies on brand attitude, $F(2, 750) = 1.786$, $p = .168$, $\eta^2 = .005$. In addition, the interaction effect of termination reasons and communication strategies is not significant ($F(4, 750) = .457$, $p = .913$, $\eta^2 = .001$). Based on these results, we can confirm H_1 and must reject H_2 and H_3 .

Moderation effects

To test if the attitude towards sponsorship moderates the effect of the termination reasons (H_4) and communication strategies (H_5) on brand attitudes, we use a multiple linear regression procedure with mean centered variables. The results of the first analysis show a significant effect ($F(3, 755) = 22.17$, $p < .001$ for the model in the ANOVA. The main effects of the termination reasons ($p = .007$) and the attitude toward the sponsorship ($p = .001$) in the coefficient table are significant. The interaction effect between attitude towards sponsorship and termination reasons is not significant effects ($p > .05$). The results of the second analysis showed a significant main effect ($F(3, 755) = 21.45$, $p < .001$ for the model in the ANOVA. The main effects of the communication strategies ($p = .071$) is not

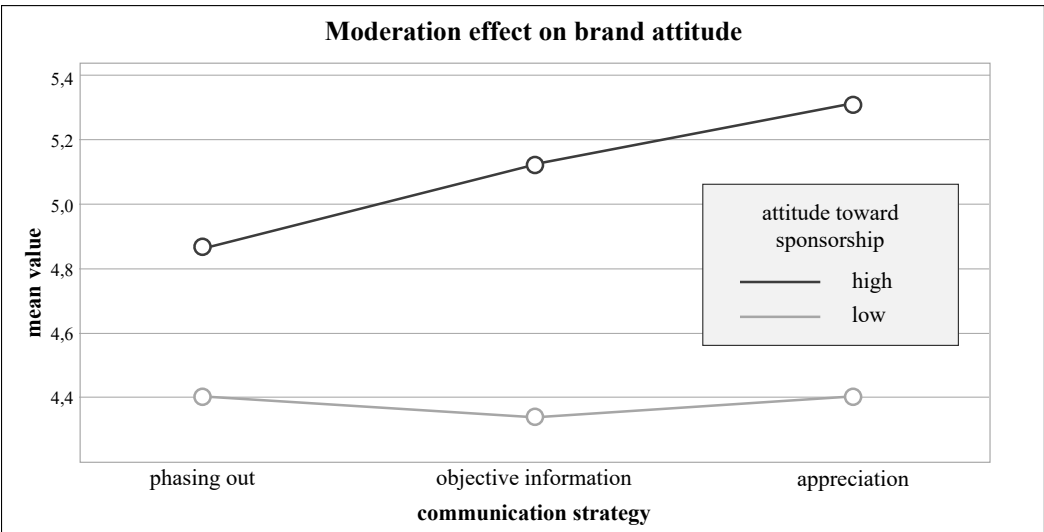


Figure 2: Moderation effect of attitude toward sponsorship on brand attitude

significant, but the attitude toward the sponsorship ($p = .001$) and the interaction effect between these variables are significant ($p > .05$). Looking at the graphical representation of the results (Figure 2), it becomes clear that the effects on brand attitude in the group with a low attitude toward the sponsorship relationship are independent of the communication strategy, while the effects in the group with a high attitude toward the sponsorship relationship are dependent on the assumed symbolic benefit of the communication strategies. In sum, we find no support for H_4 , but for H_5 and thus the moderating role of attitude towards sponsorship on the effects communication strategies on brand attitudes.

Mediation effects

To test the mediating role of perceived fairness (H_6), we conducted two mediation analyses (process model 4) using the SPSS macro "Process" (version 3.5) with the option to analyze "multicategorical variables" developed by Hayes (2018). Our model includes termination reasons (first analysis) and communication strategies (second analysis) as independent variables, perceived fairness as mediator, and brand attitude as dependent variable. The "multicategorical" option within the SPSS macro by Hayes provides the mediation analysis based on a group comparison. In this analysis, a category must always be a reference category. The mediation analysis is therefore only carried out in the two categories that are not the reference category. As it is not possible to define a reference category (control group) in our case, all categories have to be compared with each other. Therefore, we ran two analyses in SPSS for the termination reasons with modified reference categories and two analyses for the communication strategies with modified reference categories to examine the mediation effects in all constellations. In the following presentation, the results of the two analyses are presented in a combined form for each independent variable.

In the first analysis, termination reasons show a significant effect on perceived fairness in all three groups ($\beta = -1.10$, $p < .001$; $\beta = -.45$, $p < .001$; $\beta = -.65$, $p < .001$). Additionally, the results show significant effects of the perceived fairness on brand attitude ($\beta = .40$, $p < .001$) and no significant effects of termination reasons on brand attitude in all three groups ($\beta = .03$, $p = .761$; $\beta = -.10$, $p = .373$; $\beta = .13$, $p = .234$). Compared with the results of the indirect effects ($-.44$, 95 %, CI $[-.5676, -.3126]$; $-.18$, 95 %, CI $[-.2898, -.0725]$; $-.26$, 95 %, CI $[-.3672, -.1503]$) we can argue that the effects of the termination reasons on brand attitude is fully mediated by perceived fairness.

| | termination reasons on fairness | fairness on brand attitude | termination reasons on brand attitude | indirect effects |
|---|------------------------------------|-------------------------------|---|--------------------------------------|
| economic crisis vs. lack of sporting success | $\beta = -1.10$, $p < .001$ | $\beta = .40$, $p < .001$ | $\beta = .03$, $p = .761$ | $-.44$, 95 %, CI $[-.5676, -.3126]$ |
| economic crisis vs. strategic reorientation | $\beta = -.45$, $p < .001$ | | $\beta = -.10$, $p = .373$ | $-.18$, 95 %, CI $[-.2898, -.0725]$ |
| strategic reorientation vs. lack of sporting success | $\beta = -.65$, $p < .001$ | | $\beta = .13$, $p = .234$ | $-.26$, 95 %, CI $[-.3672, -.1503]$ |

Table 3: Results of the mediation analysis (termination reasons as independent variable)

In the second analysis, communication strategies show a significant effect on perceived fairness in two groups ($\beta = -.38, p = .008$; $\beta = .33, p = .016$) and no significant effect in one group ($\beta = -.05, p = .726$). Again, in this analysis the results show significant effects of the perceived fairness on brand attitude ($\beta = .40, p < .001$) and no significant effects of communication strategies on brand attitude in all three groups ($\beta = -.05, p = .667$; $\beta = -.075, p = .504$; $\beta = .03, p = .797$). The results of the indirect effects show that there are no significant indirect effects in one group ($-.02, 95\%, \text{CI}[-.1300, .0924]$). In contrast, significant effects were found in the other two groups ($-.15, 95\%, \text{CI}[-.259, -.0411]$; $.44, 95\%, \text{CI} [.026, .2364]$). Consequently, we conclude that the effects of the communication strategies on brand attitude are almost completely mediated by perceived fairness, thus partially confirming hypothesis H₆. Based on the results of the ANOVAs and the analysis of the moderation effects, we assume that the mediation effects of perceived fairness are also present in all three groups when the audience has a high attitude towards the sponsorship.

| | communication strat. reasons on fairness | fairness on brand attitude | communication strat. on brand attitude | indirect effects |
|---|--|-------------------------------|--|---|
| appreciation vs. objective information | $\beta = -.05, p = .726$ | $\beta = .40, p < .001$ | $\beta = -.05, p = .667$ | $-.02, 95\%,$ $\text{CI}[-.1300, .0924]$ |
| appreciation vs. phasing out | $\beta = -.38, p = .008$ | | $\beta = -.075, p = .504$ | $-.15, 95\%,$ $\text{CI}[-.259, -.0411]$ |
| phasing out vs. objective information | $\beta = .33, p = .016$ | | $\beta = .03, p = .797$ | $.13, 95\%,$ $\text{CI} [.026, .2364]$ |

Table 4: Results of the mediation analysis (communication strategies as independent variable)

7 Discussion

In the area of sponsorship termination research, no empirical study has yet examined whether the effects of sponsorship terminations vary with the reason for the termination. The results of our empirical study show that the effects of sponsorship terminations vary with the reasons for termination. The impact of the reason for termination depends largely on the perceived symbolic advantage over the sponsored party and must be considered in any sponsorship termination. Announcing the reasons for termination does not have a direct negative impact on a company's brand. In a difficult economic situation, when it is publicly known that a company is making radical budget cuts, the termination is understandable to customer and may even be viewed positively. However, a termination can be perceived as not fair and lead to negative reactions from the target audience if a company indirectly suggests an advantage over the sponsored party. An example of this is a lack of sporting success. Based on these findings, it is very important for companies to analyze how the customer perceives a potential reason for termination. Depending on the assumed impact on the target audience, the timing of the announcement should be carefully considered (Dick 2018). Companies may also need to consider whether hiding the true reason is an option. This approach runs the risk of the partner or other sources revealing the real reason, which could lead to even greater brand damage.

In addition to these findings, the empirical study made another research contribution by examining the role of different communication strategies within sponsorship terminations. First, the effects of a termination reason cannot be positively influenced by a communication strategy. Second, the effects of a communication strategy occur only in an audience with a high attitude toward the sponsorship. Third, the target audience with a high attitude toward the sponsorship appreciates an official communication regardless of a termination reason. Here, the perceived benefit and the target group orientation within the communication strategy are key to a positive brand effect. For this reason, it is crucial for companies to know the target group with high attitudes towards sponsorship before the sponsorship ends, in order to know which channels can be used for targeted communication activities. It is important to thank the partner, but also the customer, for the time spent together in the sponsorship network. Companies need to view sponsorship termination as an opportunity to communicate, not a critical situation. It is important to ensure that the exit process is managed systematically. In particular, the selection of the right mix of measures (e.g. farewell party, press releases, videos, social media, information platforms) needs to be considered. In terms of integrated communication, the first step is to define the content (Salzer 2022, p. 185–209).

8 Limitations and future research

Our research has several limitations. First, the theoretical foundation focuses on fairness theories. Alternative theoretical approaches, such as balancing theory, social identity theory, or attribution theory, should be explored. Second, the research model does not take a holistic view of all relevant and influencing factors, such as the timing of the announcement or the gradual termination approach. Third, while the experimental design has proven itself, there are always limitations that can be circumvented by alternative research methods (e.g., consumer surveys, online research, qualitative market research) or real case studies.

Future research questions should also be considered in a broader context. Examples include termination in “smaller” sponsorships, termination from the sponsee’s perspective, and the success factors for creating and implementing termination communication strategies. In addition, further research should investigate whether attitudes toward sponsorship can also be used as a control variable in the formation and activation phases of sponsorship relationships.

Moreover, it is to be expected that sponsorship in its various forms will continue to produce new manifestations. In the future, scholars and practitioners will need to pay more attention to the signals that the termination of sponsorship sends to stakeholders and markets.

Appendix A.1: Literature analysis on the termination of sponsorships

| Author (year) | (1) Theory (2) Methodology (3) Research area | Key results | Research focus |
|-------------------------------------|--|---|-----------------------|
| Farrelly (2010) | (1) No theoretical foundation (2) Qualitative study: in-depth interviews (3) Sponsoring manager from soccer, basketball, rugby (Australia) | Identified relationship-related termination triggers or causes: <ul style="list-style-type: none"> ▪ Different vision of goals ▪ Missing adjustments and developments ▪ Different perception of investments ▪ Lack of commitment from partner ▪ Unwillingness to maximize success | Termination reasons |
| Messner/Reinhard (2012) | (1) Attribution theory (2) Quantitative study: experimental design (3) Fictional sporting goods manufacturer and Olympia | Impact of termination on brand attitude and brand trust when reporting negatively about a sponsor: <ul style="list-style-type: none"> ▪ A poor sponsor reputation has negative effects through termination than a good sponsor reputation ▪ Brand trust is better for sponsors with a good reputation than for sponsors with a poor reputation | Impact of termination |
| Ruth/Strizhakova (2012) | (1) Balance and attribution theory (2) Quantitative study: experimental design (3) Arts and crafts festival with national restaurant chain | Impact of Termination on Brand Discontinuation: <ul style="list-style-type: none"> ▪ Evidence of negative impact on brand attitude and purchase intent ▪ The sponsor's revenue-driven motive amplifies the negative impact ▪ Long-term sponsorships have fewer negative effects in high-engagement groups ▪ Short-term sponsorships have more negative effects in heavily involved groups ▪ A large number of other sponsors leads to stronger negative effects with a revenue-oriented motive in the high-involvement group | Impact of termination |
| Grohs/Kopfer/Woissetschläger (2016) | (1) "Personal-relationship-theory" (2) Quantitative study: experimental design (3) Soccer club and fictional brand | Impact of termination on brand attitude: <ul style="list-style-type: none"> ▪ Attitude towards the brand is more negative after a termination than a continuation ▪ A high brand fit, the lack of a successor sponsor, the dependency of the sponsor and the duration of the relationship increase the effects of termination ▪ The strongest negative effects result from a termination with a high brand fit, a long relationship and a lack of a successor sponsor | Impact of termination |
| Delia (2017) | (1) Social identity theory (2) Qualitative study: digital ethnography of fan comments (3) Cycling team and local telecom provider | Fan reactions after sponsorship termination due to sponsor's financial difficulties: <ul style="list-style-type: none"> ▪ Negative and positive reactions to a sponsorship termination ▪ Interpreted gratitude due to the strong regional symbolic power of the sponsoring and the consideration of the total investment of the brand over the 15-year term | Impact of termination |

Appendix A.2: Literature analysis on the termination of sponsorships

| Author (year) | (1) Theory (2) Methodology (3) Research area | Key results | Research focus |
|---|--|---|---|
| Dick/ Uhrich (2016) | (1) Balance and attribution theory (2) Quantitative study: experimental design (3) Soccer club (2 nd German Division) and brand | Impact of termination on brand attitude: <ul style="list-style-type: none"> Forced terminations result not in negative effects, free terminations result in negative effects Effects explained by perceived abandonment Consequences for sponsors amplify the impact Early public announcement of termination mitigates negative impact | Impact of termination |
| Jensen/ Cornwell (2017) | (1) Balance and principal agent theory (2) Quantitative study: Examination of secondary data using survival analysis (3) Sponsorship of major sporting events | Identification and verification of termination triggers: <ul style="list-style-type: none"> Deteriorating economic situation increases the risk of termination The number of sponsors of a sponsor increases the risk of termination Brand fit and equity reduce the risk of termination | Termination triggers |
| Schnittka/ Himme/ Papies/ Pellenwessel (2017) | (1) Equity, exchange and attribution theory and dual entitlement principle (2) Quantitative study: experimental design (3) Fictitious cornflakes brand and German Paralympics team | Impact of Termination on Brand Image: <ul style="list-style-type: none"> Perceived fairness explains negative effects on brand image from terminations Negative effects on brand image are higher in the case of premature termination than in the case of discontinuation Locus of control impacts negative effects: Terminations at the fault of the sponsor have a more negative impact than terminations at the fault of the sponsee Early terminations for strong brands result in the highest negative impact High trust brands have more negative impacts than lower trust brands | Impact of termination |
| Dick (2018) | (1) Social identity theory (2) Quantitative study: experimental design (3) Soccer club (2 nd German Division) and brand | Impact of termination on brand attitude: <ul style="list-style-type: none"> Impact is more negative for termination compared to continuation Impact explained by the perceived abandonment of the sponsored Reduction of negative impacts through a gradually termination Reducing negative impacts by early rather than later announcement | Impact of termination |
| Ivarsson/ Bruder/ Lübeck (2018) | (1) Situational crisis communication theory (2) Mixed method approach: qualitative case studies and quantitative online survey (3) Sponsorship of athletes | Effects of sponsorship crises on the continued existence of the sponsorship relationship: <ul style="list-style-type: none"> Identified sponsorship crises: breach of contract, on-the-field misconduct, off-the-field misconduct, underperformance, accident/illness Brand factors at risk: brand awareness, brand value proposition, brand core values, value for money, brand reputation Crisis communication strategies: 1. Silent Approach, 2. Operational Approach, 3. Informational Approach, 4. Victim Approach, 5. Emotional Approach, 6. Appreciation Approach | Termination reasons Impact of termination Termination communication |

Appendix A.3: Literature analysis on the termination of sponsorships

| Author (year) | (1) Theory (2) Methodology (3) Research area | Key results | Research focus |
|---|---|--|-----------------------|
| Aghakhani/ Carvalho/ Cunningham (2019) | (1) Attribution theory (2) quantitative study: experimental research design (3) Fictitious orange juice brand and charity organisation | <ul style="list-style-type: none">▪ Impact of termination on brand perception and purchase intent:▪ Identification of negative impact▪ Mitigation of impact if other charities are supported instead▪ Negative impact is weaker for altruistic motives than for operational motives▪ Joint decision has positive impact▪ Social norms influence impact | Impact of termination |
| van Rijn/ Kristal/ Henseler (2019) | (1) No theoretical foundation (2) Qualitative study: expert interviews with sponsoring managers and secondary data (3) Sponsoring managers from the football sector (Netherlands) | Identification and categorisation of causes of termination (sports sponsorship): <ul style="list-style-type: none">▪ Related to sponsor: marketing strategy, financial situation, goals achieved, signal to the public▪ Related to sponsored party: negative reporting, sporting success, breach of exclusivity▪ Relationship-related: personal relationship, dissatisfied value generation▪ External factors: legal framework conditions | Termination reasons |

References

- Aghakhani, H./Carvalho, S. W./Cunningham, P. H. (2019): When partners divorce: understanding consumers' reactions to partnership termination in cause-related marketing programs, in: *International Journal of Advertising*, Vol. 40, No. 3, S. 1–23.
- Bagozzi, R.P. (1975): Marketing as Exchange, in: *Journal of Marketing*, Vol. 39, No. 4, S. 32–39.
- Baumgarth, C./Mutze, S. (2016): Samsung schlägt Apple deutlich, in: *Markenartikel*, No. 12, S. 66–68.
- Blau, P. M. (1964): *Exchange and Power in Social Life*, New York.
- Bolton, L. E./Keh, H. T./Alba, J. W. (2010): How Do Price Fairness Perceptions Differ across Culture?, in: *Journal of Marketing Research*, Vol. 47, No. 3, S. 564–576.
- Bruhn, M. (2009): Exit Management: Beendigung von Geschäftsbeziehungen aus Anbietersicht, in: Link, J./Seidl, F. (Hrsg.): *Kundenabwanderung: Früherkennung, Prävention, Kundenrückgewinnung*. Mit erfolgreichen Praxisbeispielen aus verschiedenen Branchen, Wiesbaden, S. 93–109.
- Bruhn, M. (2018): *Sponsoring. Systematische Planung und integrativer Einsatz*, 6. Aufl., Wiesbaden.
- Bruhn, M. (2022): *Relationship Marketing: Das Management von Kundenbeziehungen*, 6. Aufl., München.
- Bruhn, M./Holzer, M. (2015): The role of the fit construct and sponsorship portfolio size for event sponsorship success, in: *European Journal of Marketing*, Vol. 49, No. 5/6, S. 874–893.
- Bruhn, M./Lucco, A./Wyss, S. (2008): Beendigung von Kundenbeziehungen aus Anbietersicht, in: *Marketing ZFP*, Vol. 30, Nr. 4, S. 221–238.
- Chaudhuri, A./Holbrook, M. B. (2001): The Chain of Effects from Brand Trust and Brand Affect to Brand Performance: The Role of Brand Loyalty, in: *Journal of Marketing*, Vol. 65, No. 2, S. 81–93.

- Colquitt, J. A. (2001): On the Dimensionality of Organizational Justice: A Construct Validation of a Measure, in: *Journal of Applied Psychology*, S. 386–400.
- Delgado-Ballester, E./Luis Munuera-Alemán, J. (2005): Does brand trust matter to brand equity?, in: *Journal of Product & Brand Management*, Vol. 14, No. 3, S. 187–196.
- Delia, E.B. (2017): A digital ethnography of fan reaction to sponsorship termination, in: *European Sport Management Quarterly*, Vol. 17, No. 3, S. 392–412.
- Dick, C. (2018): Gradual vs entire sponsorship termination, in: *International Journal of Sports Marketing and Sponsorship*, Vol. 19, No. 4, S. 433–449.
- Dick, C./Uhrich, S. (2016): Ending a sponsorship relationship: consumers' responses toward a forced versus a chosen exit, in: *European Sport Management Quarterly*, Vol. 17, No. 2, S. 152–170.
- Dreisbach, J. (2018): Erfolgsfaktoren der Sponsoringumsetzung und -aktivierung: Eine empirische Analyse aus Management- und Konsumentenwirkungsperspektive im Kontext der Fußball-Bundesliga.
- Farrelly, F. (2010): Not Playing the Game: Why Sport Sponsorship Relationships Break Down, in: *Journal of Sport Management*, No. 24, S. 319–337.
- Finsterwalder, J. (2002): Beendigung von Kundenbeziehungen durch Anbieter, in: Albers, S./Haßmann, V./Somm, V./Tomczak, T. (Hrsg.): *Verkauf – Kundenmanagement, Vertriebssteuerung, E-Commerce*, Abschnitt 1.12.
- Faircloth, J. B./Capella, L. M./Alford, B. L. (2001): The Effect of Brand Attitude and Brand Image on Brand Equity, in: *Journal of Marketing Theory and Practice*, Vol. 9, No. 3, 61–75.
- Greenberg, J. (1993): The social side of fairness: interpersonal and informational classes of organizational justice, in: Cropanzano, R. (Hrsg.): *Justice in the Workplace: Approaching Fairness in Human Resource*, Hillsdale, S. 79–103.
- Grohs, R./Kopfer, K./Woisetschlager, D. (2016): An Examination of Conditions that Moderate Negative Effects of Sponsorship Terminations on Fan, in: Campbell, C./Ma, J. (Hrsg.): *Looking Forward, Looking Back: Drawing on the Past to Shape the Future of Marketing: Proceedings of the 2013 World Marketing Congress*, S. 574.
- Haenlein, M./Kaplan, A.M. (2010): An Empirical Analysis of Attitudinal and Behavioral Reactions Toward the Abandonment of Unprofitable Customer Relationships, in: *Journal of Relationship Marketing*, Vol. 9, No. 4, S. 200–228.
- Haenlein, M./Kaplan, A.M. (2011): Evaluating the consequences of abandoning unprofitable customers: A comparison of direct and indirect abandonment strategies, in: *Zeitschrift für Betriebswirtschaft*, Vol. 81, No. S2, S. 77–94.
- Haenlein, M./Kaplan, A.M. (2012): The impact of unprofitable customer abandonment on current customers' exit, voice, and loyalty intentions: an empirical analysis, in: *Journal of Services Marketing*, Vol. 26, No. 6, S. 458–470.
- Hayes, A. F. (2009): Beyond Baron and Kenny: Statistical Mediation Analysis in the New Millennium, in: *Communication Monographs*, Vol. 76, No. 4, S. 408–420.
- Homans, G. C. (1961): *Social Behavior: Its Elementary Forms*, New York.
- Homans, G. C. (1958): Social Behavior as Exchange, in: *American Journal of Sociology*, Vol. 63, No. 6, S. 597–606.
- Houston, F. S./Gassenheimer, J. B. (1987): Marketing and Exchange, in: *Journal of Marketing*, Vol. 51, No. 4, S. 3–18.

- Hu, M./Qiu, P./Wan, F./Stillman, T. (2018): Love or hate, depends on who's saying it: How legitimacy of brand rejection alters brand preferences, in: *Journal of Business Research*, Vol. 90, No. 4, S. 164–170.
- Ivarsson, J./Bruder, C./Lübeck, H. (2018): Should we stay or should we go? Key brand elements that can be affected by sponsorship issues and how to communicate the “go-decision”, in: *LBMG Strategic Brand Management – Masters Paper Series*.
- Jensen, J.A./Cornwell, T.B. (2017): Why Do Marketing Relationships End? Findings From an Integrated Model of Sport Sponsorship Decision-Making, in: *Journal of Sport Management*, Vol. 31, No. 4, S. 401–418.
- Lepthien, A./Papies, D./Clement, M./Melnik, V. (2017): The ugly side of customer management – Consumer reactions to firm-initiated contract terminations, in: *International Journal of Research in Marketing*, Vol. 34, No. 4, S. 829–850.
- Leventhal, G. S. (1980): What should be done with equity theory?, New approaches to the study of fairness in social relationships, in: Gergen, K. J./Greenberg, M. S./Willis, R. H. (Hrsg.): *Social Exchange: Advances in Theory and Research*, New York, S. 27–55.
- Lucco, A. (2008): Anbieterseitige Kündigung von Kundenbeziehungen: Empirische Erkenntnisse und praktische Implikationen zum Kündigungsmanagement, Wiesbaden.
- Martin, W. C./Ponder, N./Lueg, J. E. (2009): Price fairness perceptions and customer loyalty in a retail context, in: *Journal of Business Research*, Vol. 62, No. 6, S. 588–593.
- Maxwell, S. (2008): *Price Is Wrong Understanding What Makes a Price Seem Fair and the True Cost of Unfair Pricing*, Hoboken, New Jersey.
- Mazodier, M./Merunka, D. (2012): Achieving brand loyalty through sponsorship: the role of fit and self-congruity, in: *Journal of the Academy of Marketing Science*, Vol. 40, No. 6, S. 807–820.
- Meenaghan, T. (2001): Understanding sponsorship effects, in: *Psychology & Marketing*, Vol. 8, No. 2, S. 95–122.
- Messner, M./Reinhard, M.-A. (2012): Effects of Strategic Exiting from Sponsorship after Negative Event Publicity, in: *Psychology & Marketing*, Vol. 29, No. 4, S. 240–256.
- Nazifi, A./El-Manstrly, D./Gelbrich, K. (2019): Customers' reactions to different organizational tactics in a service termination context, in: *European Journal of Marketing*, Vol. 54, No. 1, S. 26–48.
- NetBase (2017): NetBase Brand Passion Report 2017: Top 100 Global Brand Love List, <https://www.rankingthebrands.com/PDF/NetBase%20Brand%20Passion%20Report,%20Top%20100%20Brand%20Lovelist%202017.pdf>.
- Raab, G./Unger, A./Unger, F. (2018): *Methoden der Marketing-Forschung*, Wiesbaden.
- Ruth, J. A./Strizhakova, Y. (2012): And now, goodbye, in: *International Journal of Advertising*, Vol. 31, No. 1, S. 39–62.
- Salzer, F. (2022): *Beendigungsmanagement von Sponsoringbeziehungen. Konzeption und empirische Analyse eines Wirkungsmodells*, Wiesbaden.
- Schnittka, O./Himme, A./Papies, D./Pellenwessel, D. (2017): Are sponsors blamed for edging off? Consumer reactions to sponsorship terminations, in: *Journal of Business Economics*, Vol. 87, No. 7, S. 943–984.
- Speed, R./Thompson, P. (2000): Determinants of sports sponsorship response, in: *Journal of the Academy of Marketing Science*, Vol. 28, No. 2, S. 226–238.
- Thibaut, J. W./Kelley, H. H. (1959): *The Social Psychology of Groups*, New York.

- Tyrie, A./Ferguson, S. (2013): Understanding value from arts sponsorship: a social exchange theory perspective, in: *Arts Marketing: An International Journal*, Vol. 3, No. 2, S. 131–153.
- Urban, D./Mayerl, J. (2018): *Angewandte Regressionsanalyse: Theorie, Technik und Praxis*, Wiesbaden.
- Vaidyanathan, R./Aggarwal, P. (2003): Who is the fairest of them all? An attributional approach to price fairness perceptions, in: *Journal of Business Research*, Vol. 56, No. 6, S. 453–463.
- Walraven, M./Bijmolt, T. H. A./Koning, R. H. (2014): Dynamic Effects of Sponsoring: How Sponsorship Awareness Develops Over Time, in: *Journal of Advertising*, Vol. 43, No. 2, S. 142–154.
- Wiswede, G. (2012): *Einführung in die Wirtschaftspsychologie*, 5. Aufl., München.
- Woisetschlager, D./Haselhoff, V./Backhaus, C. (2014): Fans' resistance to naming right sponsorships, in: *European Journal of Marketing*, Vol. 48, No. 7/8, S. 1487–1510.
- Woisetschlager, D. M./Michaelis, M. (2012): Sponsorship congruence and brand image, in: *European Journal of Marketing*, Vol. 46, No. 3/4, S. 509–523.
- Yi, Y./Jeon, H. (2003): Effects of loyalty programs on value perception, program loyalty, and brand loyalty, in: *Journal of the Academy of Marketing Science*, No. 31, No. 3, S. 229–240.
- Zaichkowsky, J. L. (1985): Measuring the Involvement Construct, in: *Journal of Consumer Research*, No. 12, No. 3, S. 341–352.

Felix Salzer, Dr. oec., ist Berater im Marketing und promovierte am Lehrstuhl für Dienstleistungsmanagement der Universität Hohenheim.

Anschrift: Universität Hohenheim, Lehrstuhl für Dienstleistungsmanagement, Wollgrasweg 23, 70599 Stuttgart, Deutschland, Tel.: +49 176 820 36 586,
E-Mail: felixsalzer@gmx.de

Manfred Bruhn, Prof. Dr. Dr. h. c. mult., ist Professor an der Wirtschaftswissenschaftlichen Fakultät der Universität Basel.

Anschrift: Universität Basel, Wirtschaftswissenschaftliche Fakultät, Peter-Merian-Weg 6, 4002 Basel, Schweiz, Tel.: +41 78 670 22 24, E-Mail: manfred.bruhn@unibas.ch