# CHAPTER I

INTRODUCTION

This chapter outlines the entire framework of this research. It comprises the research background, problem formulation, research objectives, research contributions, research limitation, research model, research methodology and the systematic writing process of the following chapter in the research.

Figure 1.1 Preview of Introduction
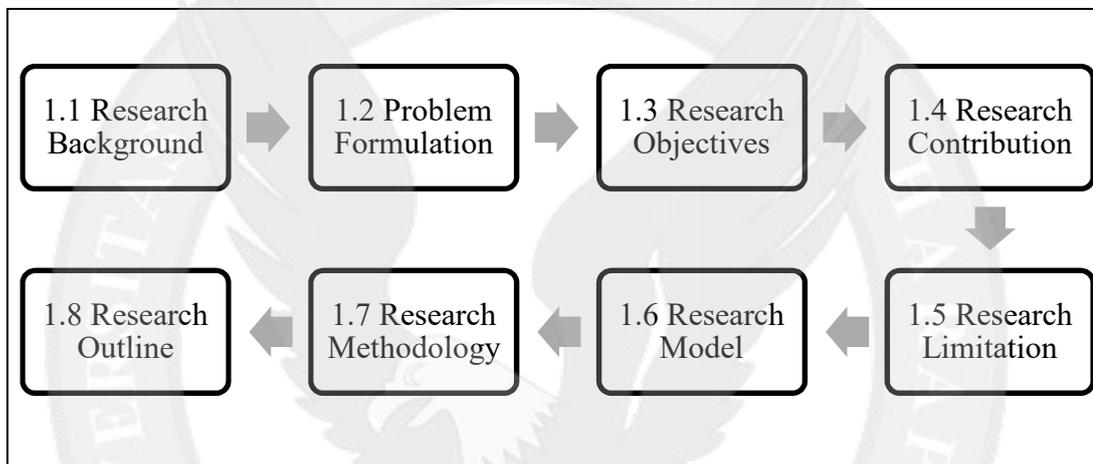
Source: Developed for this Research Study (2018)

1.1 Research Background

The competition in the international market has become fierce in recent years, and the importance of global marketing strategies has been increasing (Keegan & Green, 2013, p.28). The marketers are considering a variety of marketing strategies to survive in the face of ever-more complex competition. Sponsorship is among the various marketing strategies that marketers are concerned about. According to Keegan and Green (2013, p.457), companies pay for specific events, organizations, teams, etc. in order to associate their company

names. This is called sponsorship, and this way of marketing communication is becoming increasingly popular.

According to the importance of sponsorship in the modern global marketing strategy described above, the researcher decided to study the Asian Games held in August 2018 in Jakarta and Palembang, Indonesia, to study the effectiveness of sponsorship in the international market. Sponsorship of sporting events is one form of event sponsorship (Belch & Belch, 2011). The size of corporate promotion through international sports events is getting bigger. This is evidenced by the expansion of sponsorship revenues in one of the major international sporting events, the Olympics. According to data released by the IOC (International Olympic Committee), the size of sponsorship revenues from 96 million dollar in 85-88 years has steadily increased to 1003 million dollar in 2013-16.

Figure 1.2 Olympic Sponsorship quadrennium Revenues
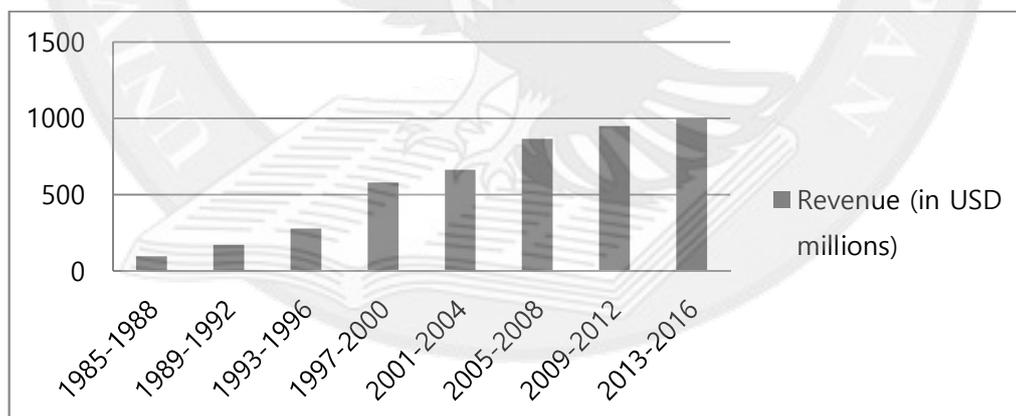
Source: Olympic marketing fact file (IOC, 2018)

Another big international sport event, the 18th Asian Games was held in Jakarta and Palembang, Indonesia in August 2018. There are many corporates participate in sponsorship of this event. The organizing committee for the 2018 Jakarta-Palembang Asian Games (INASGOC) has diversified the sponsors' brands

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according to the format and size of the sponsorship. Samsung is one of five official partners of 2018 Jakarta-Palembang Asian Games.

Samsung is one of the leading companies that promote companies through sponsorship at international sporting events. Samsung is sponsoring not only Asian Games but also other famous international sports events such as the Olympics and the International Athletics Championship. That is, Samsung developed a sponsorship strategy for this Asian Games using the various sponsorship experiences that are learned from previous sponsorship activities. The researcher chooses subjects of this study, Asian Games and Samsung, based on the above backgrounds.

There are many studies that analyze the effectiveness of event sponsorship. Especially, sports sponsorship was used as a subject of many event sponsorship researches. However, this study differs from previous studies that explored sports sponsorship in two ways. First, there are few in-depth case studies on sponsorship management from the perspective of sports entities (Lund & Greyser, 2016). According to Lund and Greyser (2016), until now, most sponsorship studies have focused on the sponsor as a unit of analysis rather than recognizing the important role of rights holder in the value creation process. This study, however, based principally on an in-depth case study of Asian Games, makes a contribution to understanding sponsorship management from the perspective of the sports organization. This study investigates specific sports organizations and brands more deeply than previous studies by exploring the sponsorship activities of Samsung brand in the 2018 Asian Games.

Secondly, in the past, studies of sports sponsorship focused on Western

countries such as USA, Australia and Europe (Bevec, 2016). Therefore, there was a lack of research on non-Western sponsorship such as China. However, according to the Bevec (2016), research on sports sponsorship should be carried out separately from region to region, as development processes, political environment, cultural and historical background vary from region to region. This study is about Indonesia in Asia, one of the areas where Bevec (2016) pointed out the lack of research on sports sponsorship. Therefore, this study can identify the effects of sports sponsorship in Indonesia.

1.2 Problem Formulation

Based on the explained background of this research, questions upon this research may be given as:

1) Is there a positive relationship between sponsor-event congruence and attitudes toward the brand?

2) Is there a positive relationship between sponsor-event congruence and brand image?

3) Is there a positive relationship between attitudes toward the brand and purchase intention?

4) Is there a positive relationship between brand image and purchase intention?

5) Is there a positive relationship between brand image and attitudes toward the brand?

6) Is there a positive relationship between sponsor-event congruence and purchase intention?

1.3 Research Objectives

This research model based on the research formulation is done to obtain the demanded result as follows:

1) To examine if there is a positive relationship between sponsor-event congruence and attitudes toward the brand.

2) To examine if there is a positive relationship between sponsor-event congruence and brand image.

3) To examine if there is a positive relationship between attitudes toward the brand and purchase intention.

4) To examine if there is a positive relationship between brand image and purchase intention.

5) To examine if there is a positive relationship between brand image and attitudes toward the brand.

6) To examine if there is a positive relationship between sponsor-event congruence and purchase intention.

1.4 Research Contributions

There are two types of business research, which are applied business research and basic business research (Hair, Celsi, Money, Samouel, & Page, 2014, p. 6). These two types of researches are differentiated depending upon what motivates a particular study (Hair et al., 2014, p.6). Applied business research is motivated by an attempt to solve a particular problem faced by a particular organization, while basic business research is motivated by a desire to better understand some business related phenomena as it applies to all of an industry or

all of business in general (Hair et al., 2014). The type of this research is using basic research.

This research is based on the research of Sponsorship, one of the marketing strategies, rather than the study of solving the problem of a particular institution or case. According to Sekaran and Bougie (2013, p.7), the objective of basic research is to apply to many phenomena using the analyzed research model. Replication is made possible by a detailed description of the design details of the study (Sekaran & Bougie, 2013, p. 21). Therefore, the results of this study will apply to specific relevant subject matter and contribute to problem solution.

The study itself is also a replication of another research model developed by Hutabarat and Gayatri (2014). Analyzing the results of the survey, the accuracy of the previous model will be confirmed once again. According to Sekaran and Bougie (2013, p.21), several validated research models give other managers or researchers confidence in using the research model. Therefore, this study may also contribute to increasing utilization of the research models used in the study.

1.5 Research Limitation

This study has some limitations due to time and space constraints. First, this study only studies sports event sponsorship among several methods of sponsorship. In this research, analysis was narrowed to spectators who visited Gelora Bung Karno (GBK), a main stadium complex of 2018 Jakarta-Palembang Asian Games during the given periods. Moreover, researcher only investigates Samsung, as the sponsor brand, out of a number of sponsors of 2018 Jakarta-Palembang Asian Games.

1.6 Research Model

The research model used in this research was a replication of a model developed by Hutabarat and Gayatri (2014). This study explores how the three variables associated with sponsorship affect the purchase intention variable. There are four variables in the model, namely sponsor-event congruence, brand image, attitude toward the brand, and purchase intention. The only independent variable in this model is sponsor-event congruence. Brand image and attitude toward the brand are the mediating variable. The only dependent variable in this research model is purchase intention. The diagram of this research model that is consisted of four variables that is explained above, is as follows;

Fig. 1.3 Research Model
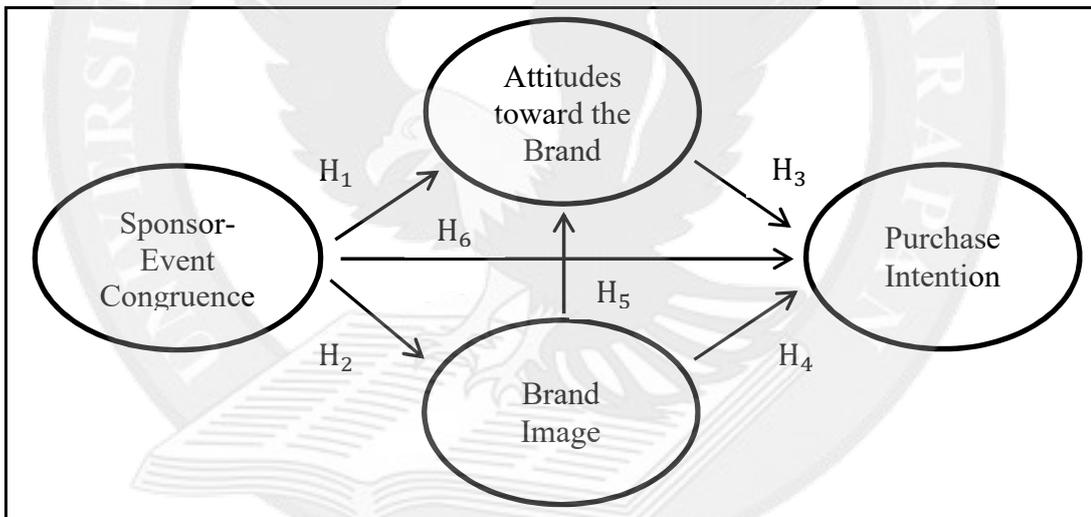
Source: Hutabarat and Gayatri (2014)

Referring to the above model, the research hypotheses are:

H_1: Sponsor-event congruence has positive impact to attitude toward the brand.

H_2: Sponsor-event congruence has positive impact to brand image.

H_3: Attitude toward the brand has positive impact to purchase intention

H_4: Brand image has positive impact to purchase intention.

H_5:   Brand image has positive impact to attitudes toward the brand.

H_6:   Sponsor-Event Congruence has positive impact to purchase intention.

1.7 Research Methodology

The nature of this study is descriptive study. A descriptive study is describing the characters of objects, people, groups, organizations or environments that try to picture a given situation (Zikmund & Babin, 2011, p.45). Descriptive studies are often designed to collect data that describe the characteristics of the variables of interest in a situation. It enables the researcher to describe a certain phenomenon of interest from an individual, organizational, or industry (Sekaran & Bougie, 2013, p.97).

The survey method is used to collect relevant data for the study. Data was collected using personally administered questionnaire, which provides systematic information about the opinions of large samples (Sekaran & Bougie, 2013, p.147). Close-ended questions were used in the questionnaire. The units of analysis used in this research were spectators who participated 2018 Jakarta-Palembang Asian Games in GBK stadium complex. The data was treated as an individual data source. Scale of measurement used in this research was an interval scale. The type of interval scale used in the questionnaire was five-point Likert scale.

Primary data was collected by data collection method. Sample design used in this research was judgement sampling, which is a type of purposive sampling. Purposive sampling is obtaining information from specific target groups, instead from those who are most readily or conveniently available. Purposive

sampling is confined to specific types of people who can provide the desired information (Sekaran & Bougie, 2013, p.252).

The statistical test that this study used was structural equation model (SEM). The main reason of using SEM is because it offers the researcher with the ability to accommodate multiple interrelated dependence relationships in a single model. By analyzing the relationship between each variable using SEM, researcher identifies the hypotheses that are made by research model. However, before proceeding with SEM, the data are tested for reliability and validity to ensure the variables and indicators used in the research are reliable and valid.

1.8 Research Outline

The present research is written systematically to comprehend the content. The systematization is as follows:

Chapter I : **INTRODUCTION**

The first chapter of this study discusses the research study background, formulate the research problem and explain the purpose and contribution of the study. It is also state the research methodology that is used for this study and the systematic writing process for the particular study.

Chapter II : **LITERATURE REVIEW**

This chapter explains the theoretical foundations of variables in the study and the relationship between variables. Variables are elaborated in support of the study.

The theoretical framework and hypothesis is included in this chapter.

Chapter III   : **RESEARCH METHODOLOGY**

In this chapter, research methodology is elaborated starting from the initial process of the research, which consists of type of research, research sample size, data collection method, study measurement, unit analysis, measurement model and structural model.

Chapter IV   : **RESULTS AND DISCUSSION**

In this fourth chapter, it consists of data analysis and the problem solution process. Discussion and solutions are derived from the statistical examination from the collected data.

Chapter V   : **CONCLUSION AND SUGGESTIONS**

This last chapter of this study draws the conclusion based on the research results. It draws the implication to the managerial practices and theoretical of this study, study limitations and further studies suggested based on the conclusion of the study.