This article examines whether exposure to a company’s sponsorship of cultural activities such as “high-brow” arts—including classical music, literature, art exhibitions, and museums—provides a long-term increase in the general public’s assessment of corporate reputation. As corporate reputation has been found by previous studies to be composed of two primary dimensions (i.e., the likeability of the firm, the competence of the firm), it is of particular interest to examine whether sponsorship of cultural events affects one or both of these dimensions. A two-dimensional model of image transfer is used as the theoretical basis for a study of more than 3,000 German consumers conducted in collaboration with 10 major multinational companies (e.g., BMW Group and Siemens). Results show that some significant effects of culture-sponsoring activities can be demonstrated for the likeability dimension of corporate reputation and some of its antecedents. However, no significant link between culture sponsorships and consumer perceptions of firm competence is found.

INTRODUCTION
The problem of diminishing efficiency of traditional advertising due to a more cluttered environment has given rise to the increased use of other forms of promotion in an effort to achieve company objectives (Ha and McCann, 2008; Sung, de Gregorio, and Jung, 2009). Corporate sponsorship programs are one tool that has become an increasingly visible element in the marketing communications mix (Cornwell, 2008; Poon and Prendergast, 2006; Wakefield, Becker-Olsen, and Cornwell, 2007). Although sports events are still the predominant area of sponsorship, cultural events have attracted increased attention during the last few decades.

Annual corporate arts contributions in the United States grew from $161 million in 1966 to almost $1.2 billion in 2000 (Kirchberg, 2003). In Germany, companies are estimated to collectively contribute between €300 and €400 million to culture sponsoring (Pilot Group, 2009). In this respect, the quantitative significance of culture sponsorships is often underestimated because such expenditures in marketing or advertising budgets are largely undisclosed (Rectanus, 2002).

At the same time, cultural sponsorships are becoming increasingly important in keeping art institutions open (Thompson, 2005; Stockburger-Sauer and Wetzels, 2007). Whereas in the United States only 15 to 25 percent of revenues for operating expenses of major arts organizations come from public agencies (Kirchberg, 2003), public funding accounts for almost 80 percent of budgets for cultural institutions in Germany. The support from government is gradually being reduced, however, owing to post-unification budget cuts within local governments, European integration, and globalization within the cultural sector. Thus, there has been a shift to mixed forms of cultural financing that relies on fundraising or corporate sponsorships (Rectanus, p. 10, 2002). In this context, “[...] sponsorships will in all likelihood continue to perform an important function in funding...
a substantial percentage of new exhibitions or high-profile events, which could not occur without the sponsorships” (Rectanus, 2002, p. 10).

The growing importance of culture sponsoring is reflected in the proliferation of recent academic articles, many of which deal with the effects of social sponsorship activities (Javalgi, Traylor, Gross, and Lampman, 1994; O'Hagan and Harvey, 2000; Polonsky and Speed, 2001; Quester and Thompson, 2001; Rifon, Choi, Trimble, and Li, 2004; Simmons and Becker-Olsen, 2006; Stockburger-Sauer and Wetzels, 2007). In spite of this growing interest, relatively little attention has focused on measuring the impact of these programs on organizational success factors. In fact, very little empirical work has examined the effects of culture sponsoring on corporate reputation.

Of particular interest in this study is whether the sponsorship of the arts pays off for companies in terms of improved corporate reputation when details of the sponsorship are communicated to the public. Corporate reputation has been found to be a two-dimensional construct consisting of consumer perceptions of: firm competence, and firm likeability (Schweiger, 2004). As it is quite realistic and feasible for firms' sponsoring events to take measures (e.g., issue press releases) to gain media coverage, it is worthwhile to examine whether such publicity has a positive impact on consumer perceptions of both dimensions of corporate reputations.

Our research questions are the following:

- Does publicity associated with the sponsorship of a “high-brow” cultural event lead to improved consumer perceptions of firm competence?
- Does publicity associated with the sponsorship of a “high-brow” cultural event lead to improved consumer perceptions of firm likeability?
- Does publicity associated with the sponsorship of a “high-brow” cultural event lead to improved corporate reputation?

Although sponsorship has existed for some considerable time, there is still no generally accepted definition. There is overall agreement, however, that sponsorship is a commercial activity that pursues marketing communication objectives by exploiting the association between sponsor and sponsored (Walliser, 2003). A frequently used definition of sponsorship is the purchase (in cash or kind) of an association with an event, team, activity, etc., in return for the “exploitable commercial potential linked to that activity” (Méenaghan, 1991, p. 36). This definition fits well with cultural-sponsoring activities that include sponsoring such upscale arts as dance, drama, classical music, literature, art exhibitions, and museums. It also distinguishes culture sponsoring from corporate philanthropy and cause-related marketing.

A variety of motivations for companies making corporate sponsorships have been advanced (O'Hagan and Harvey, 2000). Both researchers and practitioners have cited the potential of corporate sponsoring to increase awareness for brands of the sponsoring company and to build up intangible assets such as corporate image, employee commitment, and trust or goodwill among opinion leaders and decision makers (Méenaghan, 1991, 2001; Kushner, 1996). Sponsoring objectives differ by category (e.g., arts or sports), but there is general agreement that companies engaged in culture-related sponsoring activities more often pursue image effects rather than specific objectives, such as building product or brand awareness. Nevertheless, research on the measurement of sponsorship effects has mainly focused on awareness effects (Walliser, 2003). Only a limited number of studies have investigated the impact of sponsoring on corporate image, and this work has generally focused on sports sponsorship (Cornwell, Relyea, Irwin, and Méanigan, 2000; Stipp and Schiavone, 1996; Grohs, Wagner, and Vsetecka, 2004). There exists some evidence, though, that sponsorship in the cultural domain can contribute to the modification of certain dimensions of a company’s image.

Some focus-group research finds that image can be enhanced via five different sponsorship categories (Méenaghan and Shipley, 1999). Their qualitative research results show that involvement in arts such as ballet or classical music may transfer specific image dimensions such as “elite” or “sophisticated.” An exploratory study found that corporate sponsorship can improve image in some instances but that effects differ among companies (Javalgi, Traylor, and Gross, 1994). A mail survey designed to analyze attitudinal changes of visitors of the Adelaide Arts Festival shows more positive attitudes toward sponsoring companies through sponsorship activities (Quester and Thompson, 2001). Notably, neither of the latter two studies provided any broad conceptualization of corporate
image, making it difficult to assess the overall impact of the sponsorship. Moreover, neither study examined the impact of sponsorships on overall corporate reputation.

Corporate reputation is related to—but distinct from—corporate image, as the former is a more robust construct with respect to the company’s time and communicational efforts. The concept of corporate reputation is, therefore, more intimately linked with an organization’s “personality” than the communicated image (Eberl and Schwaiger, 2005).

**Corporate Reputation**

Reputation has been identified as a construct of growing importance, as numerous studies propose that corporate reputation can give rise to lasting company success. Several studies refer to higher recruiting and retention rates among companies with stronger reputations (Nakra, 2000; Turban and Cable, 2003). With respect to customers, a company with a good reputation can improve confidence in its products or advertising claims (Fombrun and Van Riel, 1998; Lafferty and Goldsmith, 1999). Higher reputation also makes it possible to achieve price premiums (Milgrom and Roberts, 1986; Eberl, 2006) and can result in increased repurchasing rates. Corporate reputation is regarded as an intangible asset, which is scarce, valuable, and sustainable. Consequently, it is suitable for the building and expanding of strategic competitive advantages.

Measuring corporate reputation has been the subject of considerable research over the past few years, which has led to a wide variety of approaches (Chun, 2005). An important validity problem with prior reputation measurement approaches has been that the reputation’s multi-dimensionality has not been in accordance with the relevant conceptualization (Eberl and Schwaiger, 2005). This critique holds specifically for Fortune magazine’s annual “Most Admired Companies” indices, which have been criticized by numerous authors (Wilczynski, Sarstedt, and Melewar, 2009).

Answering the deficiencies of prior concepts, M. Schwaiger, in the Schmalenbach Business Review (2004) defined corporate reputation as an attitude-related construct and developed a two-dimensional measurement model. The first dimension (likeability) captures affective judgments and includes aspects such as identification or retention, which are typically emotional attitudes toward a company. The second dimension (competence) comprises all cognitive evaluations of a company and is measured by means of the recognition of the companies’ economic and professional performance.

Past research has identified four exogenous driver constructs of the two dimensions of corporate reputation (Schwaiger, 2004; Eberl, 2006, 2010): quality, performance, attractiveness, and corporate social responsibility (CSR). These attributes allow for explaining how corporate reputation is formed and, thus, provide the basis for an effective corporate-level reputation management. This model has not only been empirically validated, it holds considerable conceptual appeal in that it is intuitive that consumers hold opinions about how effective a company is at producing a product or service and how likeable or pleasant to deal with the company is (Eberl and Schwaiger, 2005; Eberl, 2006). Thus, Schwaiger’s model (2004) is used to conceptualize corporate reputation. Figure 1 provides a visual illustration of the model.

**CONCEPTUAL FRAMEWORK**

Culture-related sponsoring activities can positively influence assessments of a company’s reputation among those who visit an event (Javalgi et al., 1994; Quester and Thompson, 2001). In addition to changes in attitudes among those who actually attend a sponsored event, it is important to examine attitudes of those who are exposed to general communications about the sponsorship, as this type of communication has the capacity to reach considerably more people. In comparison to mass-media ads, culture-sponsoring activities generally are associated with a relatively small number of participants. Consequently, much of the

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**Figure 1** Research Model
desired strategic benefit comes through the media coverage of ads. For example, Audi is the main sponsor of the Salzburg Festival, one of the world’s most prominent music-and-drama festivals. Audi’s sponsorship of this festival is publicized in many public forums and in traditional ads from time to time.

Our research hypotheses propose that the reputation effect of culture sponsoring is not limited to the visitors of each sponsored event but that a positive change in the sponsor’s reputation assessment also can be realized among persons who obtain their knowledge of each company’s sponsoring activities through press reports. Therefore, the measurement of the effects on reputation arising from the media’s perception of culture-sponsoring activities formed the core of an investigation that lasted slightly more than one year.

To develop the hypotheses, the image-transfer model proposed by S. Ganassali and L. Didellon in *Recherche et Applications en Marketing* (1996) is used. Brief descriptions of these concepts are provided and hypotheses are proposed.

**The Image-Transfer Model**

The conceptual framework is based on the model of image transfer originally used in celebrity endorser studies but subsequently applied to sponsorship by Ganassali and Didellon in 1996. This model implies a transfer process that operates on two levels: a cognitive level (transfer of perceptions) and an emotional level (transfer of emotions). The basic idea is that, in response to a communication about a sponsored event, the consumer associates the image of the sponsored event with the company at both a rational and emotional level. In this context, conditioning is a procedure allowing for the explanation of the translation of emotional and rational elements of a non-conditioned stimulus (the sponsored event in the case of sponsorship) toward the conditioned stimulus (the company; Janiszewski and Warlop, 1993).

From the company’s standpoint, the goal is that positive thoughts toward the sponsored event will translate into a positive perception of the company and its products. In addition to this, the context of the sponsored event creates a condition that is favorable to an affective transfer. The sponsorship evokes a positive effect on an affective dimension by creating an association with the sponsor through positive stimuli linked to the sponsored event. This will strengthen the credibility of the communicational message at an emotional level and will, therefore, lead to more favorable affective judgments of the company.

Consequently, for the two primary dimensions of corporate reputation—likeability and competence—it is hypothesized that if consumers process messages that publicize the sponsorship, the companies’ reputation on these two dimensions will be enhanced. If cultural sponsorships are generally effective, consumers’ image of each company should be positively affected. This should lead to a favorable assessment of both dimensions of corporate reputation among consumers who know about the sponsoring activities versus those who are unaware of it. With respect to likeability, an association with a desirable event should enhance likeability of the sponsoring companies. Similarly, in the case of competence, it makes intuitive sense that sponsoring cultural events, especially those of “high-brow” arts, given their sophisticated image, will enhance reputation, in terms of competence, of sponsoring companies.

**H1:** Persons who are aware of the companies’ culture sponsorship activities assess the companies’ overall corporate reputation higher on the dimension of *likeability* than persons who are unaware of the culture sponsorship activities.

**H2:** Persons who are aware of the companies’ culture sponsorship activities assess the companies’ corporate reputation higher on the dimension of *competence* than persons who are unaware of the culture sponsorship activities.

Hypotheses 3 to 6 address the antecedents of the two dimensions of corporate reputation (see Figure 1). For likeability, the two primary antecedents are CSR and attractiveness; the primary antecedents of competence are quality and performance (Schwaiger, 2004; Sarstedt and Ringle, 2010).

Cultural events conjure up associations in the mind of consumers (Gwinner, 1997). By being associated with cultural activities, companies may benefit from related values such as being sophisticated, elite, discriminating, up-market, serious, and pretentious (Meenaghan and Shipley, 1999). Consequently, if the assessment of corporate reputation is improved, certain driver constructs of reputation should also be affected by the sponsorship activities.

The general public judges how well companies respond to their non-economic agendas (Fombrun and Shanley, 1990). Culture sponsoring is a way for companies to demonstrate this social responsiveness and follow profit motives at the same time. Because of the proximity of culture sponsoring to philanthropy (Polonsky and Speed, 2001), a positive influence of cultural sponsoring activities on perceptions of CSR, which captures aspects such as the companies’ socially conscious behavior, can be expected. Being considered a good corporate citizen will not only strengthen the perception of social responsiveness
but help to build corporate identity (Kirchberg, 2003).

Several authors have stressed the ability of culture-sponsoring activities to strengthen relations with different stakeholder-groups (Quester and Thompson, 2001; Rectanus, 2002). This facet of corporate reputation is well captured in the driver construct attractiveness, which should be positively affected by culture sponsoring activities. Essentially, it makes sense that sponsoring good causes would make a firm more attractive.

Our prediction for perceptions of quality are based on seminal works that have led to a wide acceptance of the idea that uninformative advertising can be used as a signal of product quality (Kihlstrom and Riordan, 1984; Milgrom and Roberts, 1986). That is, consumers can correctly infer unobservable quality from observable advertising. This observation also holds for sponsoring, which conveys no direct information about product qualities. Thus, in the case of “high-brow” cultural events, the logic is that association with a high-quality art event will transfer over to the company. On the basis of this logic, culture-sponsoring activities should enhance the assessment of the companies’ quality.

A fourth driver construct of corporate reputation—performance relates not only to financial features but to overall company performance (Schwaiger, 2004). This includes aspects such as being well managed and economically stable or having a clear vision about the company’s future. With regard to performance, no positive effect through culture sponsoring activities is expected; that is, companies do not expect sponsorships to improve consumer perceptions of performance. The reason for this is that values relevant for this dimension may be more associated with sports sponsoring, as sports events suggest ideas such as healthy, young, fast, masculine, and vibrant (Meenaghan and Shipley, 1999).

To summarize, we hypothesize the following relationships:

H3: Persons who are aware of the companies’ culture sponsorship activities assess the companies’ CSR to be higher than persons who are unaware of the culture sponsorship activities.

H4: Persons who are aware of the companies’ culture sponsorship activities assess the companies’ attractiveness higher than persons who are unaware of the culture sponsorship activities.

H5: Persons who are aware of the companies’ culture sponsorship activities assess the companies’ quality higher than persons who are unaware of the culture sponsorship activities.

H6: Persons who are aware of the companies’ culture sponsorship activities do not assess the companies’ performance higher than persons who are unaware of the culture sponsorship activities.

In addition to these hypotheses, analyses were run to determine whether psychographic and demographic factors yield different consumer reactions to cultural sponsorships. These variables include level of interest in “high-brow” arts events and income, and educational level.

**Experimental Design**

**Participating Companies.** Ten companies gave their permission and necessary support (by issuing suitable press releases) needed to complete the research. Individually, this involved the firms of Audi, BMW Group, DaimlerChrysler, E.ON Ruhrgas, Montblanc, Nord/LB (a leading bank), RWE (a large power supplier), Siemens, TUI (one of the world’s largest tourism firms) and Volkswagen.

As the questioning on the reputation indicators for the 10 companies would have taken each interviewee some 40 minutes to answer during an online interview, the participants were divided into three panels. Each interviewee thus had to assess between three and four companies, the names of which should at least have

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In comparison to mass-media ads, culture-sponsoring activities generally are associated with a relatively small number of participants. been familiar to the interviewee. In Panel A, the companies Audi, Volkswagen, and BMW Group were assessed; in Panel B, the companies Montblanc, DaimlerChrysler, and Siemens, whereas Panel C assessed the companies Nord/LB, RWE, E.ON Ruhrugas, and TUI. The allocation into groups had no relevance, as no absolute reputation values were to be compared but only relative changes in respect of one and the same company.

Composition of the Panels. About 25,000 e-mail addresses were purchased from a professional address broker. Based on this convenience sample, potential panel participants were invited by e-mail to take part in a study on corporate reputation conducted by the Ludwig-Maximilians-University Munich, Germany. The research objective was not revealed. A total of 3,015 persons (12.06 percent) assured their participation in the panel. Respondents first were asked to indicate which of the companies they did not know. They were then asked demographic questions. As only persons who had an e-mail address were contacted, however, the representativeness of the sample cannot be guaranteed. The research questions nonetheless are posed for a general consumer population, and an analysis of the distribution of the socio-demographic features indicates that the panel's final composition is a striking reflection of the overall German population, providing assurance of the appropriateness of the sample.

Each panel group was randomly divided into a treatment and a control group of similar size. This split ensured that the differences between the treatment and control groups' assessment of reputation could be solely traced back to the treatment.

Treatment. The interviewees provided a detailed assessment of all corresponding companies on the basis of 27 reputation indicators in an initial survey and a follow-up conducted one year later. Each month, the treatment and control groups of every panel were sent press reports issued by each company that were standard 12 lines long. To avoid information overload, each interviewee received information on at most only two companies from his or her panel group each month. The participating companies were requested to provide summaries of real press releases (i.e., only the core facts) in simple text format. Press releases in a specific visual layout were not permitted, as we aimed to avoid any influence that could be traced back to the company in any way other than specifically its culture sponsoring commitment. Detailed press texts with a specific layout could have given one company a better reputation assessment than another, simply owing to a more visually appealing layout.

Each interviewee in the treatment groups received one report with a culture-sponsoring theme in the 12 lines on each firm and any two others (see Appendix B for two examples). The interviewees in the control group received only reports with similar contents but without reference to any culture sponsoring activities.

In this regard, the following exceptions should be noted: (1) The BMW Group's treatment consisted of two cultural reports for the treatment group (increased treatment) to ascertain whether an increased treatment would be successfully recognized by the participants; and (2) for TUI, the treatment and control groups received two identical sets of information for control proposes. It was presumed that no significant differences would be observed between the control and treatment groups (Figure 2).

ANALYSIS AND RESULTS

Sample
From the total of 3,015 acquired panelists, 2,763 participated in the reference measurement. Each participant assessed his or her panel’s companies on the basis of 27 reputation indicators. Over a 12-month period, these panel participants received press reports compiled for the treatment and control group, with the request to read these as conventional newspaper information press reports and then to delete them. Some 1,613 interviewees participated in the follow-up measurement, giving the assessments a statistically based valid database. Even though incentives were provided (a drawing for a weekend trip and several specific prizes), about 1,100 participants failed to remain involved for the duration of the experiment. Contingency tests on the different socio-demographic characteristics and non-response did not indicate any significant relationships, so the shrinking size of the panel was not regarded to be a debilitating factor.

Effect of the Treatment
To test whether the treatment was effective, respondents had to rate to what extent each company supports or sponsors cultural events or artists on a seven-point scale (1 = "not at all," 7 = "to a very high degree"), indicating the differences between follow-up and the reference measurement and the respective t-values.
### Figure 2 Experimental Design

of the independent t-tests between the groups (Table 1). The results show that the treatment was effective in almost all cases.

As expected, no significant differences were noticeable with respect to TUI because the treatment and control groups were handled identically. The increased treatment for the BMW Group improved this company’s perception as a sponsor of cultural events in the treatment group. This is well reflected in the increased t-value of -4.321. In the case of DaimlerChrysler, the treatment did not lead to a significant increase in the respondents’ evaluation of the company’s culture-sponsoring activity. Even though the mean difference is higher for the treatment group than for the control group, the intensity of the treatment was not sufficient to produce significant differences between both ($p < 0.10$).

In summary, it can be concluded that the treatment was successful. The comparison of treatment and control groups reveals that, with a single exception (DaimlerChrysler), interviewees assessed the companies’ cultural sponsorship activities to be more pronounced than a year ago. Because of the lacking treatment effect, the DaimlerChrysler sample was excluded from the subsequent analyses. (We also conducted an analysis of the full sample [i.e. including DaimlerChrysler] which did not yield any different results). As intended, the samples for BMW Group and TUI are not included in further analyses because of the different types of treatment designed to serve as checks. For
TABLE 1  
Effect of the Treatment

<table>
<thead>
<tr>
<th>To What Extent Does [Company] Support or Sponsor Cultural Events or Artists?</th>
<th>Mean Difference $M_1 - M_0$</th>
<th>t-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audi</td>
<td>Control group</td>
<td>0.602</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.133</td>
</tr>
<tr>
<td>BMW Group</td>
<td>Control group</td>
<td>0.500</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.206</td>
</tr>
<tr>
<td>DaimlerChrysler</td>
<td>Control group</td>
<td>0.405</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>0.640</td>
</tr>
<tr>
<td>E.ON Ruhrgas</td>
<td>Control group</td>
<td>0.576</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.095</td>
</tr>
<tr>
<td>Montblanc</td>
<td>Control group</td>
<td>0.807</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.257</td>
</tr>
<tr>
<td>Nord/LB</td>
<td>Control group</td>
<td>0.560</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.125</td>
</tr>
<tr>
<td>Siemens</td>
<td>Control group</td>
<td>0.436</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>0.750</td>
</tr>
<tr>
<td>RWE</td>
<td>Control group</td>
<td>0.551</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>1.074</td>
</tr>
<tr>
<td>TUI</td>
<td>Control group</td>
<td>0.697</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>0.716</td>
</tr>
<tr>
<td>Volkswagen</td>
<td>Control group</td>
<td>0.463</td>
</tr>
<tr>
<td></td>
<td>Treatment group</td>
<td>0.847</td>
</tr>
</tbody>
</table>

$M_0$: reference measurement (pre-test); $M_1$: follow-up measurement (post-test)

** Significant at $\alpha = 0.05$

Analysis of the Full Sample

In the first step, we evaluate the reflective measurement models with regard to their reliability by means of Cronbach’s $\alpha$, which provides a reliability estimate based on the indicator intercorrelations. In addition, we consider composite reliability, which takes into account that indicators have different loadings and can be interpreted in the same way as Cronbach’s $\alpha$ (Henseler, Ringle, and Sinkovics, 2009). The analysis provides evidence for the constructs’ reliability as the reliability coefficients consistently exceed the commonly suggested threshold value of .70 (Nunally and Bernstein, 1994). Furthermore, item-to-total correlations were investigated, which are supposed to exceed 0.50 (Chin, 1998). In the study, the ranges for item-to-total correlations of the endogenous constructs are 0.621 to 0.734 for competence and 0.672 to 0.784 for likeability. Consequently, the results indicate a high degree of reliability for competence and likeability (Table 2). To assess the discriminant validity of the endogenous constructs, the indicators’ cross loadings and the Fornell and Larcker (1981) criterion were examined. The results provide evidence that the measures of endogenous constructs achieve discriminant validity (see Table 2).

With respect to the construct measured by formative indicators, these covariance-based procedures are not applicable. The original scale development by Schwaiger (2004) applies a similar approach to Rossiter’s C-OAR-SE procedure (Rossiter, 2002), which is based on content validity, established by expert interviews. Consequently, high content validity for the formative constructs can be presumed.

An analysis of the measurement models by means of the bootstrapping procedure (Henseler et al., 2009) revealed that most weights significantly differ from zero. Additional tests for multicollinearity revealed that the item-specific...
TABLE 2
Reliability, Discriminant Validity, and Goodness-of-Fit measures

<table>
<thead>
<tr>
<th>Group</th>
<th>Time Point</th>
<th>Latent Variable</th>
<th>Cronbach’s α</th>
<th>Reliability</th>
<th>AVE</th>
<th>√AVE - [p_AVE</th>
<th>R²</th>
<th>Q²</th>
</tr>
</thead>
<tbody>
<tr>
<td>CG</td>
<td>M₀</td>
<td>η₁</td>
<td>0.79</td>
<td>0.88</td>
<td>0.71</td>
<td>0.17</td>
<td>0.61</td>
<td>0.41</td>
</tr>
<tr>
<td></td>
<td>M₁</td>
<td>η₂</td>
<td>0.84</td>
<td>0.90</td>
<td>0.75</td>
<td>0.20</td>
<td>0.60</td>
<td>0.44</td>
</tr>
<tr>
<td>TG</td>
<td>M₀</td>
<td>η₃</td>
<td>0.83</td>
<td>0.90</td>
<td>0.74</td>
<td>0.24</td>
<td>0.63</td>
<td>0.46</td>
</tr>
<tr>
<td></td>
<td>M₁</td>
<td>η₄</td>
<td>0.85</td>
<td>0.91</td>
<td>0.77</td>
<td>0.26</td>
<td>0.60</td>
<td>0.45</td>
</tr>
<tr>
<td></td>
<td>M₀</td>
<td>η₅</td>
<td>0.81</td>
<td>0.89</td>
<td>0.72</td>
<td>0.21</td>
<td>0.61</td>
<td>0.43</td>
</tr>
<tr>
<td></td>
<td>M₁</td>
<td>η₆</td>
<td>0.85</td>
<td>0.91</td>
<td>0.77</td>
<td>0.24</td>
<td>0.60</td>
<td>0.45</td>
</tr>
<tr>
<td></td>
<td>M₀</td>
<td>η₇</td>
<td>0.82</td>
<td>0.89</td>
<td>0.73</td>
<td>0.26</td>
<td>0.65</td>
<td>0.47</td>
</tr>
<tr>
<td></td>
<td>M₁</td>
<td>η₈</td>
<td>0.86</td>
<td>0.92</td>
<td>0.78</td>
<td>0.28</td>
<td>0.58</td>
<td>0.45</td>
</tr>
</tbody>
</table>

CG: control group; TG: treatment group; M₀: reference measurement (pre-test); M₁: follow-up measurement (post-test); ηₘ: endogenous latent variable; ηₑ: endogenous latent variable likeability.

Note: All correlations in √AVE - [p_AVE are significant at α = 0.01.

TABLE 3
Effects in the Full Sample

<table>
<thead>
<tr>
<th>Construct</th>
<th>Group</th>
<th>Mean Difference</th>
<th>t-Value</th>
<th>p-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Likeability</td>
<td>CG</td>
<td>-0.056</td>
<td>-1.744</td>
<td>0.081</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>0.020</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>CG</td>
<td>-0.069</td>
<td>-0.865</td>
<td>0.387</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>-0.040</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CSR</td>
<td>CG</td>
<td>0.072</td>
<td>-1.950</td>
<td>0.051</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>0.145</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attractiveness</td>
<td>CG</td>
<td>-0.019</td>
<td>-2.880</td>
<td>0.004</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>0.093</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td>CG</td>
<td>-0.008</td>
<td>-0.141</td>
<td>0.886</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>-0.034</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>CG</td>
<td>0.044</td>
<td>0.924</td>
<td>0.355</td>
</tr>
<tr>
<td></td>
<td>TG</td>
<td>0.011</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

CG: control group; TG: treatment group; M₀: reference measurement (pre-test); M₁: follow-up measurement (post-test).
well suited to create social impact, that is, to convey the image of a company that acts in a socially conscious way.

The same can be observed with regard to the assessment of the companies’ attractiveness (H4). Whereas in the treatment group, the mean difference increased by 0.093 units, this value decreased by 0.019 units in the control group. This difference between the two groups is significant ($t_{0.040} = -2.880; p = 0.004$).

The remaining two antecedents of corporate reputation are not significantly affected by the treatment. Thus, H5, which predicted a positive impact on perceived quality, is not supported. As H6 did not predict a positive effect for performance, it is supported.

Socio-Demographic Variables. The remaining analyses focused on the interviewees in the treatment groups ($n = 794$). Sub-samples based on a median split of the corresponding socio-demographic variables were established to assess whether these have any moderating influence on the respondents’ evaluations of culture sponsorship activities. Parallel to the full sample analysis, separate models were computed for each condition (i.e., low vs. high interest in cultural topics/events; low vs. high level of formal education; and low vs. high income) and measurement point. Finally, independent $t$-tests on latent variable scores were carried out to assess whether the changes in the assessments of likeability and competence were significantly different between the groups (see equation [1]; Table 4).

The analysis reveals that the variables interest in cultural activities and education do not seem to have any moderating influence on the effect of culture-sponsoring activities. In the education sub-sample, the direction of the mean differences is as expected: In the low-education group, likeability increased to a slightly higher degree as compared to the high-education group. For competence, both groups declined, but the decrease was less pronounced in the high-education group. However, these effects are not significant.

Similarly, for the interest sub-sample, the expected effect is not supported by the data. Surprisingly, for both constructs, the treatment even had a negative effect in the high-interest group. The same can be observed for the subsample based on income. Likeability and competence increased in the low-income group and decreased in the group of participants with high incomes. The mean difference is significant for both likeability ($t_{0.019} = 2.553; p = 0.011$) and competence ($t_{0.028} = 2.196; p = 0.028$).

### GENERAL DISCUSSION

Results Summary and Managerial Implications

This study investigated whether the exposure to information on a culture-sponsoring commitment is sufficient to enhance the assessment of several companies’ reputation among the general public. Overall, the analysis shows that companies can benefit from such sponsoring activities, as they do positively affect certain dimensions of corporate reputation if the public is aware of them. More precisely, the activities contribute to enhancing the likeability (affective) dimension of reputation, whereas they do not significantly alter assessment of the cognitive dimension. Likewise, certain antecedents of corporate reputation are positively affected by culture-sponsorship activities.

Our results suggest that sponsors of cultural arts events should make efforts to make sure that the sponsorship is publicized to consumers over a period of time.

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**TABLE 4 Effects in the Sub-Samples**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Group</th>
<th>$M_{1} - M_{2}$</th>
<th>$t$ Value</th>
<th>$p$ Value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest in cultural activities</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Likeability</td>
<td>LO</td>
<td>0.549</td>
<td>0.997</td>
<td>0.319</td>
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<tr>
<td></td>
<td>HI</td>
<td>-0.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>LO</td>
<td>-0.036</td>
<td>0.132</td>
<td>0.895</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>-0.044</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Education</strong></td>
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<td></td>
</tr>
<tr>
<td>Likeability</td>
<td>LO</td>
<td>0.019</td>
<td>-0.045</td>
<td>0.964</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>0.022</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>LO</td>
<td>-0.043</td>
<td>-0.150</td>
<td>0.881</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>-0.035</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Likeability</td>
<td>LO</td>
<td>0.077</td>
<td>2.553</td>
<td>0.011</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>-0.107</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competence</td>
<td>LO</td>
<td>0.009</td>
<td>2.196</td>
<td>0.028</td>
</tr>
<tr>
<td></td>
<td>HI</td>
<td>-0.121</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

$M_{1}$ reference measurement (pre-test); $M_{2}$ follow-up measurement (post-test); LO: group with low interest in cultural activities/education/income; HI: group with high interest in cultural activities/education/income.
It is likely that it is more feasible for companies to get more sustained publicity for annual or ongoing events as opposed to “one-shot” events wherein publicity would likely be limited to a short period. In this regard, our results suggest that companies who sponsor events should make significant efforts to inform the media about ongoing cultural sponsorships they are involved in.

Our findings suggest that cultural sponsoring activities are well suited for enhancing the perception of a company’s social performance. This dimension is of particular importance, as CSR-related activities have increasingly been recognized as a viable business tool that can generate rewards both internally and externally for companies (Larson et al., 2008). Furthermore, by positively affecting a company’s attractiveness, the sponsoring of cultural events may be able to realize other benefits, such as strengthening its position in the process of staff recruiting. As potential applicants usually possess only rudimentary knowledge of possible jobs, the companies’ attractiveness as an employer heavily influences initial application decisions (Turban, 2001).

Past research has shown that the two constructs, CSR and attractiveness, are more strongly linked to likeability than to competence (Schwaiger, 2004; Sarstedt and Ringle, 2010). As neither the construct competence nor its primary antecedents are positively affected by culture sponsoring, such activities can first and foremost be viewed as a way to strengthen the affective judgments of the companies’ reputation. Through this, companies may strengthen their source credibility and address issues more closely related to the way people feel about the company or the degree to which it merits trust. Considering the ever-increasing competition in global markets, the importance of this dimension becomes apparent. With regard to the sub-samples, the analysis results generally did not meet the expected effects. This finding is surprising, as past research suggests that high-brow culture audiences typically consist of more affluent and highly educated socio-demographic groups than overall audiences, and one would think that they would be more positively influenced by these sponsorships (O’Hagan and Harvey, 2000). It may be that people perceive a general value to society associated with sponsorship of the arts independent of whether they are interested in such events or not. It is also possible that certain subgroups may view the specific nature of the cultural field as being inconsistent with economics-based partnerships. Consequently, specific audiences—especially those confronted only with press releases and not experiencing the dramatic nature of the event itself—may view commercially motivated support for cultural sponsorships contradictory to the values of its domain.

Limitations and Further Research
The lack of significant results in some constructs might be due to the treatment that might have been too weak. With respect to each test experiment, only six “press packages” were sent out with two or three reports each. In fact, this was sufficient to influence the observation of sponsoring activities significantly, but it is possible that the absolute increase was too little to affect the perception of, for example, the companies’ competence.

Recent research in the social sponsorship domain stresses the importance of a strategic fit between sponsored cause and a company. Simmons and Becker-Olsen (2006) show that a poor choice of a cause that is incongruent in terms of any key association with the company can even have harmful effects. It can blur a company’s positioning and negatively influence the elaboration of the sponsorship, which may then contribute to a dilution of the company’s equity. Our study did not account for this factor. Consequently, future research on the long-term effects of culture sponsoring will require the consideration and integration of fit between company and sponsored cause. It must be noted, however, that the concept of introducing attitude toward the sponsorship as a mediating construct as proposed by Simmons and Becker-Olsen (2006) cannot be simply transferred to our study.

Just as with social sponsorships, sponsoring activities in the cultural domain initially may be assessed by the general public according to their surface meaning—whether they are sophisticated and eligible. The initial positive inference with regard to the sponsoring company is fairly automatic (Campbell and Kirmani, 2000) and can be modified only if participants engage in further elaboration in which they consider secondary information sources to judge the activity. However, this requires a high involvement situation as in the laboratory experiment conducted by Simmons and Becker-Olsen (2006). Consequently, future research should explore possibilities to transfer this notion to the present research setup.

The question of how culture sponsoring can achieve synergy effects when combined with other communicational measures could also be of particular interest. In this regard, it would be worthwhile to revisit Quester and Thompson’s (2001) study and assess these interaction effects in a real-world pre- and post-test setup. The final aim of such research efforts, however, should be to explain what influence specific investments in culture-sponsoring activities have on the establishment of absolute reputation levels held by the general public. To clarify this, it would be necessary to publicize the budgets of a sufficiently large number of companies that invest in this instrument.
ART FOR THE SAKE OF THE CORPORATION

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APPENDIX A
Items for the Constructs

<table>
<thead>
<tr>
<th>Construct</th>
<th>Indicators</th>
</tr>
</thead>
</table>
| Likeability | [the company] is a company that I can better identify with than with other companies.  
[the company] is a company that I would more regret not having if it no longer existed than I would other companies.  
I regard [the company] as a likeable company. |
| Competence | [the company] is a top competitor in its market.  
As far as I know, [the company] is recognized world-wide.  
I believe that [the company] performs at a premium level. |
| Quality | The products/services offered by [the company] are of high quality.  
In my opinion [the company] tends to be an innovator, rather than an imitator with respect to [industry].  
I think that [the company]'s products/services offer good value for money.  
The services [the company] offers are good.  
Customer concerns are held in high regards at [the company].  
[the company] seems to be a reliable partner for customers.  
I regard [the company] as a trustworthy company.  
I have a lot of respect for [the company]. |
| Performance | [the company] is a very well managed company.  
[the company] is an economically stable company.  
I assess the business risk for [the company] as modest compared to its competitors.  
I think that [the company] has growth potential.  
[the company] has a clear vision about the future of the company. |
| Attractiveness | In my opinion [the company] is successful in attracting high-quality employees.  
I could see myself working at [the company].  
I like the physical appearance of [the company] (company, buildings, shops etc.). |
| CSR | [the company] behaves in a socially conscious way.  
I have the impression that [the company] is forthright in giving information to the public.  
I have the impression that [the company] has a fair attitude towards competitors.  
[the company] is concerned about the preservation of the environment.  
I have the feeling that [the company] is not only concerned about profits. |

APPENDIX B
Examples of Press Reports

Young Directors Project powered by Montblanc–Salzburg Festival 2005
Hamburg, 2005/1/25—After three successful years, the culture brand Montblanc will continue its cultural commitment to the Salzburg Festival and will sponsor the innovative Young Directors Project in its entirety for at least three more years. Festival boss Martin Kusej will present young theatre directors from the “edge” of Europe in this year’s competition. With this choice, Martin Kusej’s wish to offer the rich, lively, and creative arts of Europe’s neighbours a platform is put into practice.

Box 1 Press text with a cultural theme (example)

Siemens wins Order for Voice-over-IP in the Netherlands
Munich, 2004/12/3—The Dutch cable net operator Casema has ordered the delivery, installation and upkeep of a solution that will enable country-wide voice transfer via Internet Protocol (IP) from Siemens Communications. Voice-over-IP is markedly cheaper than normal telephones. Siemens’ Voice-over-IP solution is already successfully used in the USA.

Box 2 General press report without cultural reference (example)