Abstract

Fans view sport as corrupt and will become even more corrupt in the future. Because sport sponsorship relies on positive brand associations between the sport and the brand, sponsors are very concerned. A horn effect may occur transferring negative brand associations from a corrupt sport onto a brand. This study analyzes the link between corruption and sponsorship. The results of the study show that consumers will support sponsors when the corruption is alleged but less likely to support the sponsors if the corruption if proven. Further, consumers may support a corrupt sponsor’s brand unless the corruptive behavior directly impacted a favorite team, country or sport. The author concludes that sport corruption is (and will be) a prevalent issue that sponsors need to manage. Crisis management theories are discussed to help sport sponsors survive a corruption scandal.

Keywords: Corruption, Sponsorship, Sport marketing, Consumer behavior
Introduction

Unfortunately sport media consistently features headlines about corruptive behavior. This behavior may be connected to the individual athlete, a team, or the sport organization. The fans may become disillusioned by the corruptive behavior. Sponsors risk being harmed by corruption allegations that surround sport (Androsova, 2016). Corruption creates risks to a company’s brand image (Bonime-Blanc, 2014), thus the negative media headlines surrounding bribery and corruption can undermine efforts to create positive brand awareness (Androsova, 2016). Therefore, as long as there is the potential for a halo effect, the potential also exists for the horn affect (Crompton, 2014).

A few recent and infamous sport scandals that impacted sponsors include the bribing of the Salt Lake City Olympic bid, the FIFA bribery and corruption allegations, the Bilfinger SE bribing in preparation of the Brazil World Cup, and the doping of Lance Armstrong.

In one of the most notorious scandals, two members of the Salt Lake City Organizing Committee faced fifteen criminal charges from providing more than US$1.2 million in cash and gifts to entice IOC members to support its bid for the 2002 Olympic Winter Games (Dodds, 2016). Fearing a negative backlash to the media scrutiny, sponsors such as John Hancock Financial Services put pressure on the IOC to resolve the bribery issue (Wenn, Barney & Martyn, 2011).

Another renowned scandal involved FIFA. In May 2015, a massive FIFA conspiracy was uncovered by the United States’ Federal Bureau of Investigation that included allegations of bribery, and kickbacks within the organization for years. This investigation led to the arrest of fourteen FIFA officials. The amount of bribery and kickbacks are alleged to be in excess of $150 million (Miller & Barbash, 2015) in connection to the bid process of the 2010 World Cup (Herndon, 2015). Despite the FIFA bribery allegations and its widespread media coverage, there was no public outrage or sponsorship boycott by the fans (Crompton, 2014). Although bribes, kickbacks, strong-arming countries, and general malfeasance have plagued the organization for years (Herndon, 2015), this situation had an immediate impact on its sponsorship revenue. The sponsors chose to leave FIFA. After the 2014 World Cup, FIFA had 27 out of 34 partner slots empty and forecasted a deficit of £67 million for 2015 (Sport, 2015). Globally, football leagues have lost hundreds of millions of dollars in sponsorship money because of corruption (Hill, 2010).

Sponsors can be directly involved with sport corruption behavior. Bilfinger SE, a leading international engineering firm, was accused of paying bribes to public officials to secure contracts to equip security command centers at twelve host cities during the 2014 World Cup in Brazil (Dodds & Palmero, 2016). Although this case has not been resolved yet, the penalties could reach the tens of millions
of dollars. Sport entities need to create internal measures to combat corruption (United Nations Global Compact, 2014). It is usually illegal to use hospitality as a bribe (Androsova, 2016).

Sport corruption is also associated with individual sport participants. In 2012, U.S. Anti-Doping Agency concluded that the seven-time Tour de France winner, Lance Armstrong, was involved in a major doping scandal (Pearson, 2012). In response to this announcement, many long-time partners including Nike and the Livestrong cancer foundation created by Armstrong decided to end their association (Pearson, 2012).

Because most consumers view sport as corrupt and will become even more corrupt in the future, it is imperative that academic research begin to examine how corruption impacts consumer behavior. This paper discusses how fans and consumes view sport corruption and its effect on their purchase intentions.

**Literature review**

Sport sponsorship is a major tactic of marketing. Meenaghan (1983) defined sponsorship as an exchange of financial or logistical assistance to a property in order to achieve commercial objectives. McDonald (1991) describes sponsorship as a promotional investment intended to achieve a marketing objective. Therefore, sponsorship involves an exchange of capital [cash or product-in-kind] from a business organization for access to a specific audience. A property offers assets that create touch-points to the audience that can be exploited by the sponsor. These assets include: intellectual property, category exclusivity, media, tickets and hospitality, venue signage, sponsor identification, event marketing and special events, in-game promotions, pass-through rights, and direct marketing opportunities (Lynde, 2007).

Sport sponsorship is popular because it can be very effective. The ability to connect to a sport fan and cultivate a relationship is critically important (Dees, 2011). Thus a successful sponsorship can positively influence consumer behavior towards a sponsor’s product (Tzoumaka, Tsiotsou, & Siomkos, 2016) and increase future purchase intentions (Biscara, Correia, Rosado, Ross & Maroco, 2013). For instance, brand images featuring a sport star increases the likelihood of a purchase (Duglić & Lazarević, 2016).

However, corruption may change this relationship. Maenning (2005) defined two types of sport corruption: competition corruption and management corruption. Competition corruption involves athletes, sporting officials or non-athletes trying to influence the outcome of the competition. Match-fixing is deliberately underperforming by participants with a view to influence the final result of a sport.
competition (Serby, 2015). Certain sports because of an individual’s actions can greatly affect the course of a match lend themselves more easily to being fixed (Serby, 2015). For instance, a goalie or referee will have a greater impact on the final result than another player on the pitch. But spot-fixing is underperformance designed not to affect the final outcome of the match as a whole, but a single event within it (Serby, 2015). This single event may be as common to the game as kicking the ball out of bounds in football. In a spot-fixing situation, any player has an equal opportunity to influence the game. Most legal and illegal betting operators take bets on actions that may create spot-fixing. In fact, the betting operators may take bets for both single events and the final outcome of the game while the game is happening. Live betting involves taking bets during a match while the odds are changing all the time (Serby, 2015).

On the other hand, management corruption involves sport organizations or sport officials manipulating business decisions such as host venue bidding, the allocation of rights (media, intellectual property), the nomination of positions of authority, and the commissioning of stadia construction works (Maenning, 2005).

Sport corruption is such a world-wide issue that the United Nations is addressing the issue. The U.N. defines corruption as the misuse of sport sponsorship to obtain an undue competitive advantage (United Nations Global Compact, 2014). The U.N. seeks to prevent sport corruption to support peace, human dignity, ethics and fair-play (United Nations Global Compact, 2014). By creating a sub-working group, the U.N. applies its vast resources to helping prevent “bribery, doping, match fixing and illegal betting are just some of the negative actions that undermine the spirit of sport” (United Nations Global Compact, 2014, p. 5).

Academics are studying sport corruption. Hwang (2016) investigates correlations between people’s perceptions towards corruptions and sport corruption at a national level. This author uses the Corruption Perceptions Index from Transparency International for base-level corruption data then analyzes 110 corruption cases from the Gorse and Chadwick’s (2010) and Maennig’s (2005) studies. Brannagan and Rookwood (2016) examine the perspectives of international football supporters of FIFA’s controversial decision to award the World Cup to Qatar.

Despite the UN and other international initiatives, corruption continues to plague sport. This corruption creates significant obstacles for sport sponsors. Gorse and Chadwick (2010) conclude that relationships between a sport, team, or athlete, and the media, fans, and / or other stakeholders may be adversely affected by corruption. Parker and Fink (2010) address how a negative sponsor behavior impacts fan attitudes. Highly identified fans supported a sponsor’s negative behavior when the sponsor maintained its relationship with the team (Parker & Fink, 2010). Fink, Parker, Brett and Higgins (2009) proved that unscrupulous acts by athletes off the field of play may impact levels of team identification. The authors concluded that the team leadership response may mitigate the effects
of the negative behavior (Fink, et al., 2009). For instance, when the team leaders denounced the behavior as being inconsistent with the team’s expectation, then the negative impact on fans was lessened (Fink, et al., 2009).

Because the time and financial investment can be substantial, sponsors look to protect the investment as best as possible. Chadwick (2014) stated a need for published studies in the field of sport corruption, especially from a business and management perspective. Since then, many academic studies investigated this area of concern emphasizing the relationship between a sponsor and an event.

Crompton (2014) examines the impact of reputational risk for an event from a sponsor and concludes that the worst situation would be when the disreputable behavior rises to high-profile criminality. This would make it very difficult for the event to separate itself from the malfeasance. Crompton cites the Enron Corporation’s unethical business behavior impacting the Houston Astros as an example. Kulczycki and Koenighstorfer (2016) state that sponsors cannot be blamed directly for event-related unethical behaviors, but the mere support of, and cooperation with, the corrupt body likely causes negative spillover effects on individual attitudes towards sponsors. Both of these studies show a connection between the sponsor and the event.

Sport tainted with corruption might lose sponsors (Gorse & Chadwick, 2012), fans who boycott games (Zlatkin, 2015), and decrease merchandising sales (Shilbury, Quick, & Westerbeek, 1998). However, Herndon (2015) suggested that product sales for a FIFA licensed video game may increase based on consumers who like video games but did not want to give its money to the previously-corrupt and unpunished FIFA. Herndon concluded that as the organization is becomes cleaner then product sales would increase.

The following study builds upon the previous research to investigate the purchase intentions of consumers based on sport corruption.

Methodology

Data for this pilot study was drawn from a study measuring consumer perceptions of sport corruption. Data was collected from an electronic survey distributed to sport management students. Participants were asked a broad range of corruption, and sponsorship-related questions.

The demographic information are generally reflective of a typical college sport management program offering both undergraduate and master level courses. The respondents in the study skewed male. The respondents identify as sport fans (96% moderately, very important and extremely important). The fans view sport as very influential to their life.
Results and Discussion

Sport is corrupt

The respondents were asked if sport is corrupt. More than three-fourths of the respondents indicate that sport is at least sometimes corrupt. However, less than half (47%) feel that spot-fixing (specific aspect of the game that is unrelated to the final score of the event) is not sport corruption even if it has an indirect effect on the final result. Only 20% considered spot-fixing to always be corrupt.

An overwhelming quantity of respondents (90%) consider performance enhancing doping to be sport corruption, and 20% would be more forgiving of the athlete taking performance enhancing drugs if that athlete was a member of the favorite club.

It is interesting to note the interplay between the perception of corruption and the fan avidity. One in five fans would be more forgiving of a player who cheats by taking performance enhancing drugs if that player was a member of a favorite club.
**Table 3A**  
*Do you think sport is corrupt?*

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sport is not corrupt at all</td>
<td>0%</td>
</tr>
<tr>
<td>Sport is rarely corrupt</td>
<td>14%</td>
</tr>
<tr>
<td>Sport is sometimes corrupt</td>
<td>59%</td>
</tr>
<tr>
<td>Sport is often corrupt</td>
<td>24%</td>
</tr>
<tr>
<td>Sport is very corrupt</td>
<td>3%</td>
</tr>
</tbody>
</table>

**Table 3B**  
*Do you consider spot-fixing, which is a specific aspect of the game that is unrelated to the final score of the event (such as kicking the ball out of bounds, a double fault, etc.) to be sport corruption?*

<table>
<thead>
<tr>
<th>Perception</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>The behavior is not sport corruption, even if it has an indirect effect on the final result</td>
<td>47%</td>
</tr>
<tr>
<td>The behavior is sport corruption, only if it has an indirect effect on the final result</td>
<td>33%</td>
</tr>
<tr>
<td>The behavior is always sport corruption</td>
<td>20%</td>
</tr>
</tbody>
</table>

**Table 3C**  
*Do you consider athletes taking performance enhancing drugs to be sport corruption?*

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>10%</td>
</tr>
<tr>
<td>Yes</td>
<td>90%</td>
</tr>
</tbody>
</table>

**Table 3D**  
*Would you be more forgiving to a player who takes performance enhancing drugs if the player is a member of your favorite club?*

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More forgiving</td>
<td>20%</td>
</tr>
<tr>
<td>Less forgiving</td>
<td>28%</td>
</tr>
<tr>
<td>No impact</td>
<td>53%</td>
</tr>
</tbody>
</table>
Sport is more corrupt now then five years ago

This study confirms that sport fans view sport as increasingly more corrupt. 61% feel that sport is more corrupt now than it was five years ago and 51% think it will be even more corrupt five years from now.

This result suggests that fans do not believe that current deterrent programs are working. This point of view may indicate that fans are more accepting of sport corruption since it forecasts to continue to be a part of sport in the future.

**Table 4A**

*Do you think sport is more or less corrupt than five years ago?*

|sport is more corrupt now than five years ago | 61% |
|sport is less corrupt now than five years ago | 18% |
|it is the same as five years ago | 22% |

**Table 4B**

*Do you think sport five years from now will be more corrupt than it is now?*

|Five years from now, sport will be more corrupt | 51% |
|Five years from now, sport will be less corrupt | 22% |
|It will be the same five years from now | 27% |

Sport corruption does not affect fan avidity

Although fans believe sport is corrupt, they indicate their fan avidity levels remain the same. This is positive for teams, leagues and sponsors. This result connects to the previous outcome. The fan views corruption as a consistent element of modern sport, therefore the fan has to accept its presence.

**Table 5**

*Do corrupt allegations impact your fan avidity*

|No, corruption allegations do not change my fandom of a particular sport | 67% |
|Yes, the allegations have made me less of a fan | 33% |
Consumers separate sport corruption from purchase behavior

The respondents will continue to support sponsors (71%) when the sport is only rumored to be corrupted but are less likely (52%) to purchase sponsor products if the corruption is proven in a court of law or actual admittance to the corrupt behavior.

A sponsor needs to respond to the allegations of sport corruption before the allegations become proven. Once the sport corruption is proven then half of the consumer will be less likely to purchase products from sponsors still associated with the sport.

Table 6A
Impact of sport corruption allegations on consumer behavior

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would be less likely to purchase a corrupt sport sponsor’s product</td>
<td>29%</td>
</tr>
<tr>
<td>based on rumors and allegations of corruption</td>
<td></td>
</tr>
<tr>
<td>I do not think a sponsor should be financially harmed due to the</td>
<td>71%</td>
</tr>
<tr>
<td>alleged malfeasance of the sport based on rumors and allegations of</td>
<td></td>
</tr>
<tr>
<td>corruption</td>
<td></td>
</tr>
</tbody>
</table>

Table 6B
Impact of sport corruption on consumer behavior

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would be less likely to purchase a corrupt sport sponsor’s product</td>
<td>52%</td>
</tr>
<tr>
<td>based on corruption proven in a court of law or admitted to by the</td>
<td></td>
</tr>
<tr>
<td>sport property</td>
<td></td>
</tr>
<tr>
<td>I do not think a sponsor should be financially harmed due to the</td>
<td>48%</td>
</tr>
<tr>
<td>alleged malfeasance of the sport based on corruption proven in a court</td>
<td></td>
</tr>
<tr>
<td>of law or admitted to by the sport property</td>
<td></td>
</tr>
</tbody>
</table>

Consumers may support sponsors who commit sport corruption

Fans appear to be more forgiving of sport corruption by a sponsor In fact, only 34% would not purchase a sponsor product if the sponsor were corrupt while 37% would continue to purchase the corrupt sport sponsor’s product unless the corruption directly related to the favorite team, country or sport and 28% would continue to purchase the product regardless of the corruptive behavior.
Table 7
Impact of sponsor exhibiting corrupt behavior in sport

<table>
<thead>
<tr>
<th>Impact of Sponsor</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I would not purchase a product from a corrupt sport sponsor</td>
<td>34%</td>
</tr>
<tr>
<td>I would continue to purchase the product unless the corruptive behavior was directly related to my favorite team, country, or sport</td>
<td>37%</td>
</tr>
<tr>
<td>I would continue to purchase the product</td>
<td>28%</td>
</tr>
</tbody>
</table>

A horn effect does exist

An association with the corrupt sport does impact the brand image for the sponsor but only 28% think there is a high influence on the brand image, while 37% (moderate) and 28% (slight) think the influence is less.

Table 8
Does an association with a corrupt sport influence the brand image for a sponsor?

<table>
<thead>
<tr>
<th>Influence on Brand Image</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all influential</td>
<td>8%</td>
</tr>
<tr>
<td>The corruption would have a slight influence on the brand image</td>
<td>27%</td>
</tr>
<tr>
<td>The corruption would have a moderate influence on the brand image?</td>
<td>37%</td>
</tr>
<tr>
<td>The corruption would have high influence on brand image</td>
<td>28%</td>
</tr>
</tbody>
</table>

Implications and recommendations

Sport is perceived to be corrupt. There is extensive media coverage of corrupt sport scandals that may create a negative backlash from fans and consumers. Therefore, sport marketers should consider scandal to be inevitable (Connor & Mazanov, 2010) and plan to manage its reply. Greyser (2009) lists potential reasons for a brand reputational crisis. Corporate misbehavior, executive misbehavior, and spokesperson misbehavior are included in this list (Greyser, 2009, p. 591-592). The types of sport corruption listed by Maennig (2005) fit within Greyer’s list.

Connor and Mazanov (2010) found that sponsors react to scandals via denial, apology and education programs. How the sponsor responds is important due to the relationship between a consumer and a brand may influence the consumer’s reaction to the response strategy (Li & Wei, 2016). For example, high commitment
consumers tend to be impacted less than low impact consumers Li and Wei (2016). Any previous allegations for a corrupt sport actor may impact how the sponsor’s response is received (Lee, Bang, & Lee, 2013). Therefore, a sponsor must prepare its response appropriately. Because of social media, a consumer’s response can be amplified within the marketplace. Online venues make complaining much easier (Grégoire, et al., 2015). Twitter has become a real-time global newswire for individuals (Gruber, et al., 2015), but often those messages contain bias and misinformation. In the case of negative word of mouth, a consumer may try to restore equity by venting its emotions or cause harm to the brand via customer brand sabotage (Kähr, et al., 2016). Consequently, a consumer that protests the corrupt behavior may influence other consumers.

Denial

Coombs, Holladay and Claeys (2016) concluded that demonstrated reputational damage and stakeholder anger increased when an organization initially denied responsibility and then was found to be responsible for the crisis. Denial may still be an effective response but the sponsor should be completely separate from the corruptive behavior.

Apology

In response to negative behavior, Greyer (2009) recommends an organization should admit the truth or clear up any misimpressions about a situation. Lee, et al., (2013), found respondents were likely to perceive violators more favorably and were more likely to forgive when offered an apology. This apology should be given to the fans and the stakeholders who were affected by the transgressions. Grégoire, et al. (2015), recommends that an organization contacts a person who is badmouthing the organization. Lachlan, et al., (2016) concludes that a first response source is perceived to be more credible than subsequent sources. This requires that organization prepare responses in advance of potential crisis.

Education

A proactive, public relations based strategy should be implemented. It is vital to understand brand crisis management considering the potential impact of negative behavior on an organization (Li & Wei, 2016). Improvement campaigns have a positive and significant impact on a manufacturer’s image and brand loyalty (Souiden & Pons, 2009).
Conclusion

Sport corruption is considered widespread and impacts sport organizations, fans and consumers. Sport corruption does not appear to have a major impact on fan avidity. In fact, fans appear to be more forgiving of players for their favorite teams who cheat.

Overwhelmingly, consumers will continue to support sponsors if the sport corruption is only alleged but not proven. Unfortunately, half of the consumers will be less likely to purchase a sponsor’s product if the corruption is proven. Perhaps paradoxically, the major of consumers would continue to purchase the sponsor’s product when the sponsor commits the corruption, especially if it involves a favorite team. Finally, a horn effect does exist that may transfer negative brand images from a corrupt sport organization onto a sponsor.

References


Sport, P. (2015, Dec. 4). FIFA scandal leads to sponsor crisis, with 27 of 34 partner


---

*Address for correspondence:*

Mark Dodds
SUNY Cortland
doddsm@cortland.edu