

EVENT MARKETING: EMPIRICAL AND PRACTICAL REVIEW WITH A SPECIAL DISCUSSION ON THE SRI LANKAN CONTEXT

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ABSTRACT

Event marketing as a persuasive communication mechanism has attracted a great deal of attention among industrial practitioners, whilst scholars have been investigating it using many concepts and related cases with various scopes. The concept of event marketing has been investigated in empirical studies utilizing different theories, including the social exchange theory. Some studies primarily emphasize the link between event marketing and relationship management. The significance of event marketing to many industries over traditional modes of marketing communications is noteworthy. Therefore, there is evidence in the literature explaining how event marketing is being applied by marketers as an integrated marketing communication tool. It has most often been examined in different industries with related tools including sponsorship, activation and relationship management activities. Prior studies argue that event marketing results in brand-related behaviors and performances though comprehensive and extended studies in this area are scant. This paper focuses on the concepts related to event marketing in order to provide a comprehensive review on the relationships between event marketing and related variables as the main niche of the study. The paper uses the literature review as the main research instrument and presents insights into the issue using empirical evidence. The authors paid special attention to Sri Lankan event marketing practices in the industry and discussed the applications of event marketing to different industrial sectors. The paper ends with the conclusion followed by some brief directions for future research.

KEYWORDS: *Event Marketing, Marketing Communication, Social Exchange Theory, Sri Lanka*

INTRODUCTION

In the early 1980s, governments all over the world realized the positive impact of events and began to increase the potential for events, believing that they will ultimately result in developing cultural affinity, urban regeneration and ensuring the growth aspect of the tourism sector (Altschwager, Conduit & Goodman, 2013; Bowdin, Allen, O'Toole & Harris, 2011). According

to Dwyer, Mellor, Mistilis & Mules (2000), the impact of an event should not only be measured through the economic outcome of the activity but it should be gauged on the positive or negative socio-cultural and political impacts. Event management brings people together for a common purpose (Goldblatt, 2002). Event attendees participate in the event because of the social interaction aspect, where they socialize to become more familiar with each other. These events include entertainment as one of the main features of the event (Hixson, 2014).

The environment of events is a very dynamic one and audience moods and behaviors can change very quickly. Therefore, event managers need to design the activities of the event in accordance with attendees' profiles and personalities (Mackellar, 2013). Events as a mechanism can celebrate important milestones for people and business entities, and in these cases, the events can be used as economic and marketing stimuli as well (Mair & Whitford, 2013). However, the event industry has to deal with many challenges, namely, supply chain management issues, environmental issues, social regulations and industry-wise threshold completions (Musgrave, 2011)

Event marketing is viewed as "a persuasive communication tool whose purpose is to disseminate a company's marketing messages by involving the target groups in experiential activity" (Jackson, 2013; Tafesse, 2016 cited in Drenger et al., 2008, p. 138 ;). Event Marketing comes in various forms, including event sponsorships, trade shows, pop-up brand stores, product launches and street shows (Crowther & Donlan, 2011; Wood, 2009). Events are now growing in popularity as marketers continue to invest heavily in them. According to a recent industrial survey in the United States, spending on event marketing increased by 7.8% in 2012 from the previous year (Event Marketing Institute, 2012). This growth could be attributed to marketers' growing awareness of the effectiveness of event marketing in achieving brand, marketing, and corporate-level objectives (Tafesse, 2016 cited in Zarantonello & Schmitt, 2013).

1.1 Purpose of the Study

The field of event management is well established in the form of sports marketing, expositions and concrete production, but it is still new and immature as a research or academic domain (Mair & Whitford, 2013; Mackellar, 2013). Though the different practices of event marketing have been evolving for decades, it is argued that knowledge about event-related marketing and its outcome in the organizational context is scant and yet to be tested (Winkelmann, 2016). Therefore, there is an empirical gap in the field of event management, though, for the past decade, modern event marketing tools have emerged over traditional event marketing practices like festivals, exhibitions, business occasions and entertainment activities (Wood, 2009; Zarantonello & Schmitt, 2013) Modern event marketing practices are even found in the digital sphere though specific research methods are needed to examine the effectiveness of such practices. Therefore, empirical evidence in this area is scant as well.

Marketers apply event marketing in various forms to obtain more brand- related outcomes, including brand experience, for the target customers (Crowther & Donlan, 2011; Wood, 2009). In addition, there is an empirical gap related to confirming the scope of event marketing since previous studies have argued the importance of event marketing over consumer experience (Rinallo, Borghini, & Golfetto, 2010; Wood, 2009). Meanwhile, the notion of experience is considered to be crucial to event marketing and scholars claim that event marketing can be termed experiential marketing (Altschwager et al., 2013; Wood, 2009). Thus, the scope of event marketing has become the subject of much debate whilst many scholars argue that experiential marketing and event marketing are almost indistinguishable. Additionally, examining the outcomes of event marketing in relation to corporate level objectives is challenging since

marketing or brand related results should also be measured to gauge the effectiveness of event marketing (Zarantonello & Schmitt, 2013). Sri Lanka is also an emerging market where different marketing tactics for event marketing and brand activations are applied. Research gaps have been identified linked to brand related outcomes of those marketing practices like celebrity endorsements for activations, events and sponsorships (Dissanayake, Ismail & Pahlevan Sharif, 2017). Thus, the current researchers have attempted to focus on the Sri Lankan context in order to discuss event marketing in depth and identify the research avenues to be prioritized, particularly the managerial implications since this area has not been widely researched. In addition, the paper has identified different clusters of events and investigated how they can be managed with respect to the spectators of the event.

The paper is organized on the basis of previous literature reviews and case discussions on event marketing, and to this end, the core and related concepts have been reviewed. The main research tool was the literature review and peer reviewed journal articles were the main source of information. The discussion contains special reference to Sri Lankan industries and practices in order to review the application of event marketing and to propose research priorities in line with those applications.

2, LITERATURE REVIEW

2.1 Relationship Building

In the relationship marketing paradigm, relationship building and relationship maintenance have been discussed in the Social Exchange Theory (Cropanzano & Mitchell, 2005). Cropanzano & Mitchell (2005) have stated that a relationship evolves into one which is trusting and loyal and characterized by mutual commitments in the long term. According to social exchange theory, a relationship is an exchange of an activity which is tangible or intangible (Homans, 1961). Here, the main element of exchange and activity is non-contractual, which is critical to maintain the relationship (Lambe, Wittmann, & Spekman, 2001). It has also been mentioned that core relational governance for a relational exchange is interdependence among parties (Lambe, et al. 2001).

Social exchange can be broadly categorized into three main rules, namely, reciprocity rules, negotiated rules and beyond reciprocity and negotiated rules (Cropanzano & Mitchell, 2005). Reciprocity rules refer to the fact that exchange partners have something of value to both parties and therefore, they need an interdependent relationship. The kind of reciprocity or repayment considered is probably the best-known exchange rule (Gouldner, 1960). Thus, reciprocity has three faces, namely, reciprocity as an independent exchange, reciprocity as a folk belief & reciprocity as an individual belief and norm (Cropanzano & Mitchell, 2005). When people are interdependent and engage in relational exchanges, it is considered to be a social exchange which comes under reciprocity as an independent exchange (Molm, 1994). Reciprocity as a cultural belief explains that people get what they deserve to have and people's belief in universal justice comes under this aspect (Gouldner, 1960). Furthermore, social exchange can be described as a negotiated rule, and here, the exchange happens in a very detailed manner where both parties understand the details of the exchange (Cropanzano & Mitchell, 2005).

Individuals are compelled to maintain a relationship when they think that the relationship maintained with another party could result in rewards, and thus, individuals tend to sacrifice their individual gains and contribute them to other individuals with the expectation of gaining more benefits in the future. (Kinoti & Kibeh, 2015). The maintenance of the individual's

relationship with the other party depends on comparisons among current relationship status, past experience with the relationship and potential alternatives for the relationship (Emerson, 1976). Further, Emerson states that Social Exchange Theory and relationship marketing indicate that the current behavior and social cues can help consumers to build trust by considering future rewards and showing trustworthiness and commitment to the social exchange. Thus, SET explains relationship marketing as a process that includes not just an exchange activity but rewarding principles and trust building mechanisms. The notion of event marketing for a brand or corporate is also connected to trust, image, relationships and experience as the outcomes of activities held with customers and stakeholders (Jackson,2013; Kotler & eller,2012;Tafesse, 2016).

2.2 Overview on Event Marketing

In an emerging market in order to survive in the face of hyper competition, companies need to find and invest in new and innovative media. Here, Event Marketing emerges as a new mode of marketing communication which could grab the attention of existing and potential customers. However, companies are yet unclear about the concept of Event Marketing, and are not in a position to measure the effectiveness of an Event Marketing Program (Martensen, Gronholdt, Bendtsen, & Jensen, 2007). As Johnson (2008) points out, event marketing is best suited for products or services which cannot be experienced at any other point (Eg; Cell Phones & Automotive Brands). The Fast moving consumer goods (FMCG), Automobile, Credit Card and Mobile Device industries have been examined using the Event Marketing Perspective (Johnson, 2008), and these studies recommend that the above mentioned industries should practice Event Marketing in order to bring their core brand messages to their customer groups. Johnson (2008) specifically indicates that the Beverage Industry and the Pre-Cooked or Frozen Food Products industry should engage in Event Marketing plus sample distribution at Events in order to have an effective Event Marketing Execution that results in brand related outcomes.

Event marketing is fast emerging as a promotion catalyst when compared to traditional marketing communication tools. The increasing ineffectiveness of traditional media is due to intensive clutter, escalating costs and reduced efficiency, and this has created opportunities for Event Marketing (Gupta, 2003). Event marketing allows a company to break through the advertising clutter, and target an audience by enhancing or creating an image through an association with a particular event, while reinforcing the product or service to result in sales (Gupta, 2003). Event Marketing has also been defined as “ A communication tool whose purpose is to disseminate a company’s marketing messages by involving with the target group via experiential activity (Drengner, Gaus, & Jahn, 2008). In the contemporary business atmosphere, marketing strategy and tactics have changed dramatically, where new platforms are increasingly being used in order to promote the brand and product offerings to customers, and Event Marketing is one of the new tools recognized as an effective mechanism (Kotler & Keller, 2012). Meanwhile, Jackson (2013) suggests that events are a tactical means of achieving relationship management. Jackson’s research considers how discrete events can build relationships with stakeholders. Braggs (2006) mentions that marketers should use events as a means of enhancing their relationships with key audiences. According to Goldblatt (2002) , an event manager should use event marketing to build a solid relationship with the target audience and use consumer loyalty and word of mouth endorsement to build a stronger customer relationship.

The primary characteristic of Event Marketing is the high involvement of consumers with the activity (Close, Krishen, & Latour, 2009). The main logic of event marketing is that it connects the brand or the product to the habitual territory of consumers where the latter have a chance to engage with the brand (Tafesse, 2016). Event marketing is also described as an approach that has experiential richness since experience is integral to event marketing. Thus, scholars often refer to event marketing as an experiential marketing activity (Altschwager, Conduit, & Goodman, 2013; Wood, 2009). Promotional events allow consumers to engage with the brand sensorially, emotionally and through embodied actions (Martensen et al., 2007; Rinallo et al., 2010; Tafesse, 2016; Zarantonello and Schmitt, 2013). Event marketing also happens in various forms and methods including event sponsorships, trade shows, pop-up brand stores, product launches, and street shows (Crowther & Donlan, 2011; Tafesse, 2016; Wood, 2009). In addition, the Event Marketing activity can be owned by a third party and could be endorsed by the company that sponsors the event (Kotler & Armstrong, 2009). Wood states that Event Marketing can be clearly differentiated from sponsorship activities (Wood, 2009). However, according to Close, Finney, Lacey & Sneath, (2006), event marketing and sponsorship fall into the same category, where event marketing is often involved with sponsorship. Event Marketing is capable of increasing the consumer's consumption rate through event activities, where it converts the consumer to a loyal consumer (Tinnish, & Mangal, 2012). Thus, events are the platforms which provide opportunities for brand activations in line with the events. Organizations do invest in events, yet few organizations really care about the output or the ROI of such events since they tend to gather future sales leads from such events but the effectiveness of those leads are questionable or are most often not followed up.

3. DISCUSSION OF THE EVENT INDUSTRY IN SRI LANKA

Sri Lanka has a service-based economy, and more than 50% of its GDP contribution is from service based businesses (Dissanayake & Ismail, 2015). The event industry in Sri Lanka is a promising industry which provides considerable job opportunities for the labor force. Fast Moving Consumer Goods (FMCG), Mobile Telecommunication, Banking and Financial industries are the biggest contributors to events at present in Sri Lanka, conducting many events compared to other industries. The role of relationship building through stakeholder events and related relationship management strategies is a notable practice in the pharmaceutical industry of Sri Lanka as well (Geethanga & Dissanayake, 2014). It is emphasized here that the pharmaceutical sector of Sri Lanka conducts events combined with corporate social responsibility (CSR) activities to build corporate brand image, stakeholder relationships and public relations. Sri Lankan mobile telecommunication players also invest resources in Event Marketing Programs in order to drive brand development programs (Airtel, 2015). Dialog Axiata alone has spent around 80 million rupees on its marketing, advertising and promotional activities per year (Axiata, 2015) and Etisalat Sri Lanka spends around 37.5 million rupees on Event Marketing per year (Etisalat, 2016). Event Marketing is often used to allow consumers to deal directly with the brand of a product or service that could form an intense, special relationship with consumers to make them become part of the brand itself.

With the COVID-19 outbreak, the event platform was severely damaged globally and locally. In particular, the MICE sector (Meetings, International Conferences & Exhibitions) in Sri Lanka faced the biggest threat as there were no other solutions for the execution of planned events (Ranasinghe et al., 2020). However, event executors were smart enough to launch most of the planned events on digital platforms as virtual and hybrid events. Hybrid events are able to

include a large no of remote attendees in the event, which could result in reducing the event execution cost and obtaining more leverage from the event itself.

COVID-19 made some event executions creative and novel. For the first time it was possible to conduct a “Drive in Concert” in Sri Lanka by Bathiya and Santhush (BNS) at Colombo Airport, Ratmalana. The event’s main sponsor was Dialog Axiata which is the market leader in mobile telecommunication services in Sri Lanka. That said, it should be noted that most pre-planned events in the event calendar of Sri Lanka are still languishing in a queue, and this may lead to negative repercussions on industrial stakeholders if external circumstances (such as COVID 19) do not allow these events to take place. The Event Management Association (EMA) is the official Association which represents the event industry in Sri Lanka, and it was established in 2019, though the history of the event industry of Sri Lanka goes back to the 1980’s (Uwin, 2020). The Sri Lankan event calendar comprises cultural & religious events, sports events, tour festivals and purely commercial events such as exhibitions and entertainment events. Events sometimes use celebrities and sports men and women (e.g. cricketers) to uplift the event image and events play the role of promotional activities for most brands in Sri Lanka (Branding Sri Lanka, 2013). Using celebrities in Sri Lanka has both positive and negative impacts, especially when multiple endorsements take place, and thus, integrated marketing communication events need to use celebrities carefully for activations, event marketing, sponsorships and advertising, particularly when celebrities are over-used to promote a number of different brands (Dissanayake, et.al.2017).

4. CONCLUSION AND FUTURE RESEARCH DIRECTIONS

Event marketing claims to be a customer experience creator which enhances trust (Drengner et. al., 2008). Moreover, event marketing is considered to be a relationship building mechanism and it acts as a creator of social exchange (Cropanzano & Mitchell, 2005). Thus, event attendees will have a long-term relationship with the event organizers and the event property itself. Empirical studies prove that event marketing relates to experience marketing and its integral components are intensively connected with different marketing communication aspects. Additionally, the researchers highlighted how the Sri Lankan event marketing industry is linked to specific industries and the important role it plays in the country’s economy. The connection between event marketing and activations, sponsorships and traditional marketing communication tools like advertising is also highlighted in this paper. There is a dearth of empirical studies or case studies that pay special attention to managerial challenges in the research domain of event marketing in Sri Lanka. Thus, the current researchers suggest that future studies focus on the impact of event marketing on brand related behaviors and revenue models of corporates. In addition, future research could examine the responses of stakeholders, including consumers, towards event marketing activities executed via the digital mode or via hybrid modes. This would prove a significant contribution to the limited body of knowledge in the event marketing domain in Sri Lanka.

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