The Decision-Making Process of IMC Activities in the Sponsorship Bidding of Bank Jatim for the 2014 Jazz Traffic Festival Event

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This study aims to determine the activity of Integrated Marketing Communication (IMC) conducted by Bank Jatim in performing event sponsorship activities for the Jazz Traffic Festival 2014. This study is a qualitative research using the case study method. The data collection uses in depth interviews of four informants from Bank Jatim’s analyst team of proposal and scheme proposals. Other data and has been obtained from the court records originating from the secretarial staff of Bank Jatim. The results showed that the underlying decision-making process in Bank Jatim, the criteria to fund an activity, was determined by four aspects, namely; the credibility of the organisers, the benefit to the firms, the suitability of the target market and company, and the cost of sponsorship. Bank Jatim’s activities for the Traffic Jazz Festival was to spend a relatively large amount, because the cost was huge in the beginning, and then minimize the risk of the sponsorship activities of Bank Jatim by adding aspects of the event history to analyse the bid proposal sponsorship activities.

**Key words:** Sponsorship, decision making process, jazz traffic, event organisers, festival, music.

**Introduction**

Firms use event organisers (EOs) because they want something more efficient, more professional, with more satisfying results. EOs are expected to be able to combine concepts of promotion and entertainment that are more engaging and memorable to consumers. Belch and Belch (2007) argued that event sponsorship is part of integrated marketing communications activity where firms can expand actual sponsor relationships in an event by providing financial
support in exchange for the right to display their brand name, logo, or an advertising message identifying them as the supporter of the event (Belch and Belch, 2007).

To date, most kinds of event sponsorships done by firms are for sporting events. As research done by Slatten et al. (2017) stated that most firms tend to sponsor sporting events for a sporting organisation (Slåtten et al., 2017). On the other hand, music events are the kind of events organised by event organisers in the last few years. Music is considered a platform that generates positive effects on firms delivering their aspirations and good will to consumers (Schuurman, 2012). One of the relatively large music events in 2014 is the Jazz Traffic Festival (JTF) which started from an on-air Jazz Traffic program in Suara Surabaya radio station. Suara Surabaya collaborated with Bank Jatim to organize JTF in Grand City Mall, Surabaya. Bank Jatim (BPD Jatim) is a regional-owned bank headquartered in Surabaya and founded in 1961 (Bank Jatim Jazz Traffic Festival, 2014). The transformation of Bank Jatim becoming a regional development bank that went public back in July 2012 carried out a consequence to its marketing efforts. Their marketing approach definitely demands high effort and creativity in order to create events suitable for their target market.

With all the conditions, BPD Jatim deemed it necessary to work with event organisers to present an event that can increase brand image, and to preserve firm value. Hence, BPD Jatim was involved in sponsoring the Jazz Traffic Festival. The event then was known as Bank Jatim Jazz Traffic Festival 2014. As the first event sponsorship Bank Jatim had ever done, there was much to be examined regarding factors underlying the decision making. This event sponsorship activity was also a new concept for Bank Jatim – holding a jazz music festival. Because the bidding was done in the beginning of the event (along with the payment), the firm could not determine whether it would receive any profit from the event sponsored (Schroeder, 2017). Companies often decide to sponsor an event with hopes of benefits in return by synergizing as sponsor, but facts suggest those benefits are too small compared to cost companies spend. Many companies receive event sponsorship requests that should be classified as a must-reject offer. On the contrary, companies sometimes only reject events offered by event organisers based on timing, budget, and accordance with a firm’s objectives. So far, works of literature regarding sponsorship selection process, especially regarding musical events is still limited. Besides that, there is a need for studies about effective proposal selection process that has conformity or that builds synergy between sponsorship activities and organisational strategy. Organisational learning strategies have an important role in encouraging companies to improve firm performance (Ismail, 2019). This study will become one of the references to be adapted by companies and event organisers. The focus of this study is how the decision-making process was done in BPD Jatim in Jazz Traffic Festival 2014 event.
Literature Review

*Integrated marketing communication (IMC)*

For years, promotions in most firms has been dominated by the use of mass media. Communication that is often used and is able to provide long-term relationships with customers is usually through media, such as TV, broadcast, cable TV, personal and family computers, and the Internet (Gunawan et al., 2014). Firms rely on their advertising bureau to provide education about almost all fields of marketing communications. Today’s companies are beginning to use integrated marketing communication (IMC), which involves coordination with some promotional elements and other marketing activities to establish communications with customers (Epure and Mihăeș, 2018). As the marketer that uses the IMC, companies begun to ask their advertising bureau to coordinate the use of various promotional tools rather than just using media advertising.

Kotler and Armstrong (2001) defines IMC as a concept where a firm carefully integrate and coordinate its communication channels to deliver a clear, consistent, and convincing message regarding their company and products (Kotler, 2001).

*Sponsorship*

One of the ways of marketing communications is to sponsor events that are considered able to build image effectively. Duncan (2005) defines sponsorship as financial support from an organisation, individual, or activity in exchange for brand publicity and association (Duncan, 2005). Meanwhile sponsorship, companies providing resources (money, human resource, tools) directly to an event or activity, is an exchange for a direct relationship to an event or activity. A successful sponsorship needs the right choice of an event, an optimal sponsorship program, and a measure of its impact (Ranjan, 2016). Due to large opportunities and cost, many marketers are more selective when it comes to choosing events to sponsor (Kotler and Keller, 2009). *Event sponsorship* is an integrated marketing communication activity where firms can expand real sponsorship relationships with an event by providing financial support with rights to display their brand, logo, or advertising message identifying them as the supporter of an event in return (Belch and Belch, 2007).

*Business to Business Decision Making*

Decision making is the process of choosing an alternative with methods in accordance with situation. As defined by Hasan (2002), decision making is a choosing of certain alternatives of behaviour from two or more present alternatives (Hasan, 2002). Jobber and Lancaster (2009) outline the process of decision making as: 1. Recognition of a problem (need); 2. Determination of characteristics, specification, and quantity of needed item; 3. Search for and qualification
of potential sources; 4. Acquisition and analysis of proposals; 5. Evaluation of proposals and selection of suppliers; 6. Selection of an order routine; 7. Performance feedback and evaluation (Jobber and Lancaster, 2006). The style of decision making is also significantly influenced by the management accounting system (Darmayanti et al., 2017).

**a. Foundations of Decision Making (Decision-making Models)**

**The Rational Model**

This model explains how a decision should be made and describes the ideal process of decision making (Cables et al., 2016). Moreover, decision makers are assumed to have all the information needed (Rahim, 2017). They can identify and prioritize all the possible alternatives, and determine the possible consequences (Titu and Bucur, 2010). Basically, this is the ideal model that works as one system consisting of a series of gradual procedures that guarantees the best results from all solutions and maximize benefits for the company (Rahim, 2017).

**The Bounded Rational Model**

*The bounded rational model* is related to how decisions are made day-to-day in an organisation (Rahim, 2017). Decision makers do not have other options but to choose the first solution that fulfil the minimum conducive standard to achieve organisational goals (Furnham, 2012).

**The Political Model**

Decision makers chase their own priorities, even by sacrificing the organisation. Furthermore, the person does an unethical practical action such as giving threats and pressure to make sure the decision supports their own goals (Rahim, 2017). This approach contains a mix of conflicts of interest and temporary alliance.

**The Garbage Can Model**

This model as the most pessimistic decision-making model if realistic perspective is used to understand organisational decision making. This is based on the assumption that there is no way to accurately describe how managers made decisions because of its complexity (Rahim, 2017).
b. Types of Organisational Purchases

**Straight Rebuys**

*Straight Rebuys* happens when sponsors repeat their purchases of products or activities, usually for the same kind of activity (Chandler and Johnston, 2012).

**Modified Rebuys**

*Modified rebuys* arise when buyers want to modify product specifications and assume that looking for an alternative is a good idea (Kotler and Keller, 2009).

**New tasks**

*New Tasks* happens when buyers are faced with making decisions for the first time. In this case, complexity often arises when making decisions, especially if the cost and/or risk is significant (Kotler and Keller, 2009).

c. Buying Centre

- **User**: Members get and feel the impact of sponsorship.
- **Decider**: Members are given formal authority to decide the terms of an event and the event organiser.
- **Influencer**: Individuals whose insights and suggestions can influence decision making.
- **Buyer**: Individuals who possesses the formal authority to set the event.
- **Gatekeeper**: Members who possesses control of the information flow of an event.

**Methods**

**Data and Sample Gathering**

This research uses quantitative research with case study methodology. Case study is considered the most appropriate strategy if the main question of the research is regarding the how and why, if researchers only possess little opportunity to control the events that will be investigated and when the focus lies on contemporary phenomenon (Riediansyaf, 2014). This research uses depth interview data gathering in marketing especially in event sponsorship executed by Bank Jatim in Jazz Traffic Festival 2014 which was between November 22nd and 23rd, 2014. Depth interview was done with pre-determined participants. The questions in the interview are open and semi-structured. In the research, informants are the proposal analysis team in the Foreign Affairs and Funds division that concerns the Bank Jatim Jazz Traffic Festival 2014.
Table 1: Informant Profile

<table>
<thead>
<tr>
<th>Code</th>
<th>Name</th>
<th>Bank Jatim Entry Year</th>
<th>Title</th>
<th>Position in Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDL</td>
<td>Masjaya David</td>
<td>2008</td>
<td>Marketing Supervisor</td>
<td>Event</td>
</tr>
<tr>
<td></td>
<td>L</td>
<td></td>
<td>Foreign Affairs and Funds Division</td>
<td></td>
</tr>
<tr>
<td>MMH</td>
<td>M. Mahmud Hidayat</td>
<td>1991</td>
<td>Sub-Division Leader</td>
<td>Event</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Product and policy development</td>
<td></td>
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<tr>
<td>MC</td>
<td>Mia Christianti</td>
<td>2005</td>
<td>Marketing Supervisor</td>
<td>Event</td>
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<td>Proposal Registration</td>
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<td></td>
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<td></td>
<td>corporate secretary administrator</td>
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</tbody>
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Analysis Techniques

Quantitative research’s credibility lies on the success of achieving the purpose of exploring composite problems or its’ reliability of results. Efforts to preserve credibility in a research is through the following steps (Sarwono, 2006).

a. Expanding observation
   Researchers go back to the field to observe and understand the validity of data obtained to find new data.

b. Increasing Perseverance
   Executing a more careful and continuous observation. By increasing perseverance, researchers will check whether the data obtained is wrong.

c. Triangulation
   Data source triangulation is extracting the source of information through various methods and data sources. For example, besides interview and observation, researches can observe through involvement, written documents, historical documents, official notes, personal notes or writing, and pictures or photos.

d. Negative case analysis
   Researchers search for different or data that is contradictory to the prior obtained data. If there are no more different or conflicting data, the data obtained is reliable.

e. Using references
   References in this case refers to supporting materials to prove the validity of the data obtained by researchers. For example, interview results must be supported with a recording.
f. Member checking

Member checking is a data-checking process obtained by researchers through informants. If the data obtained is agreed upon informants, then the data is valid, hence more credible or reliable, but if the data gathered is not agreed upon, then researchers need to discuss with informants, and if there is a big difference, then researchers must change their findings, and have to adjust with what is given by informants.

Source Triangulation

Data source triangulation is extracting the source of information through various methods and data sources. For example, besides interview and observation, researches can observe through involvement, written documents, historical documents, official notes, personal notes or writing, and pictures or photos. To test the credibility of data about IMC activities decision making process analysis in bidding of Jazz Traffic Festival 2014 (case study of PT Bank Pembangunan Daerah Jawa Timur event sponsorship 2014), the gathering and testing of the data obtained is done to Sub-Division Leader of Product and Policy Development (Code MMH) in its’ headquarters in Surabaya who does the selection of sponsorship proposals offered to Bank Jatim.

Marketing Supervisor (Code MDL and MC) whose insights and suggestions could affect decision making. Secretariat Staff and Corporate Secretary Administrator (Code KI) as the member who control the top of information flow, and from researchers’ field notes coming from KI containing proposal flow scheme in Bank Jatim’s headquarters in Surabaya. All four data sources are described, categorised, looked for same and different arguments, and its specifications. The data analysed by researches produce a conclusion where there will be member checking to confirm all the data.

Data Analysis and Discussion

Decision Making Process in Jazz Traffic Festival 2014 Event Sponsorship

The aspects underlying Bank Jatim funding the event are the organisers, event contents, budget, and its accordance with the firm’s objectives.

“For aspects, first things first is we see the organisers, are they credible? From there we take a look at the contents of the event, then we examine and analyse their budget for the event and whether the budget suits our brand image and promotional rights, we discuss it and then we bring it to the top management.” (MDL, Marketing supervisor from Foreign Affairs and Funds Division)
Based on the interview, the informant outlines the aspects supporting Bank Jatim in funding an event: organisers, content, budget, and its accordance with the promotional activities Bank Jatim will later execute. Prior to that, Bank Jatim will gather data regarding the credibility of the event organiser for the previous events. The credibility of the event organisers can show quality and capability that has power to establish trust to the sponsors. Organisers credibility is assumed from previous events held by the organisers, for Bank Jatim Jazz Traffic Festival 2014, it is the fourth event of its kind held by the organisers but from innovation and creativity perspective, the organisers are trying to present a different show from the previous three events by providing 3 stages in 2 days.

After that, marketing unit analyzes the content of the event whether the budget proposed by the organisers to Bank Jatim is compatible with the benefits gained through increase in branding image. The budget proposed and the event’s compatibility with Bank Jatim’s target audience is one of the concerns of Bank Jatim in agreeing to approve the sponsorship proposal. Compatibility in this context is Bank Jatim gained the appropriate benefits from sponsoring the event. The comparison between funds released and benefits received is bigger after the event, such as increase in number of customers or funding. Generally, the aspects underlying Bank Jatim in sponsoring the event is the organisers.

**Event Organisers**

The informant argued that to determine the suitable event to be granted sponsorship by Bank Jatim, is the one organised by an event organisers that is affiliated with the government, whether the central or regional government, or Bank Jatim is obligated to sponsor the event.

“One thing is for sure whether an event is qualified to be granted sponsorship is that the organisers are affiliated with the government; central or regional, and we have to be involved directly, we will sponsor the event. (MDL, Marketing Supervisor, Foreign Affairs and Funds Division)

In funding an event, Bank Jatim is looking for the credibility or the organisers (quality or capability). An organisers’s credibility can be assumed from the kind of event they held previously. Bank Jatim has the limitations if they were to hold the Bank Jatim Jazz Traffic Festival 2014 without the support of event organisers. PT Fiskaria Jaya Suara Surabaya as the organisers was the initiator and the organisers for the event.

**P1:** Bank Jatim prioritises the funding an event if the event can be associated with the government, without really seeing the details of the offered contents of the event.
P2: The private organisers that pointed out the following qualifications in their proposal will increase the probability of approved sponsorship by Bank Jatim.

1. Organisers Credibility
2. Benefits Offered to the Company
3. Accordance with Company and its Target Market
4. Proposes the Sponsorship Budget
5. Previous Events Held by the Organisers

P2a: If the organisers have good credibility regarding previous events, the higher the probability of the proposal being approved.

Event Accordance with Company Objectives

For a private event organisers providing an event, Bank Jatim is examining whether the event provided by the organisers is in accordance with their goals in branding and increasing their corporate image.

The compatibility of the provided event with Bank Jatim’s objectives can increase the probability for the organisers to obtain funding. Jazz Traffic Festival was chosen because jazz music in the event is deemed relatively proper for Bank Jatim.

According to the interview results, informant stated that the reason for Bank Jatim to fund sponsorship for Jazz Traffic Festival was because jazz music can be acceptable to a wide audience and suitable for Bank Jatim’s target market in East Java.

P2b: If there is a benefit and event suitability to the company’s objectives, the higher the probability of the proposal being approved.

Target Audience Compatibility

Bank Jatim’s target audience is wide, from students, small business owners to big business executives, but it does not rule out the possibility that the future core target of Bank Jatim are corporations. Jazz music itself is a genre that is acceptable to a wide audience from young adults to the elderly, even children and teenagers enjoy jazz music. The important characteristic supporting the event proposal to be funded by Bank Jatim is its accordance with the target audience.

Based on the interview results, informant explained the kind of music performed in Jazz Traffic Festival 2014 was desirable for the target market of the event; the upper middle class. The
event was rated as compatible to Bank Jatim’s target market which is the upper middle class. The upper middle class is the target market of Bank Jatim in order to increase funding.

**P2c: If the target audience is compatible with the company’s objectives, the probability of the proposal being approved is higher.**

**Budget**

In sponsoring an event, Bank Jatim also examines the budget proposed by the organisers and determine whether if it is suitable with their objectives in increasing brand image or doing promotional activities. In the interview, the informant explained the marketing unit analysed if the budget proposed by the organisers to Bank Jatim is appropriate compared to the impact gained which is an increased brand image for Bank Jatim.

The compatibility mentioned is to determine if Bank Jatim obtained convenient benefits by funding the event. The impact gained needs to be compared with the expenses after the event; like the increase in account openings. Generally, the aspect that underlies Bank Jatim’s decision to sponsor an event is the organisers.

**P2d: If the budget (sponsorship expenses) is shown in the proposal, the probability of the proposal being approved is higher.**

**Event History**

The 2014 Jazz Traffic Festival was the fourth jazz event, previously held in 2011, 2012, and 2013. An informant also described that the main concern of Bank Jatim in choosing the Jazz Traffic Festival was their successful history. Jazz Traffic Festival in 2014 was different from the previous three events, because in the previous three events the event was only held for one day and was considered successful, while the 2014 edition was held for two days with higher expectation of success.

From the interview, an informant explained the considerations of sponsoring the Jazz Traffic Festival which is it is not the first time the event had been held, but has been held previously in Surabaya and the previous three events were considered successful by its audience, it was also shown in sold out tickets, reaching the determined target. Based on those considerations, the informant argued that the Jazz Traffic Festival in 2014 was good to be funded by Bank Jatim.

**P2e: If the proposed event has a successful history in their previous editions, the probability to be approved is higher.**
Discussion

Proposal Flow Scheme of The 2014 Bank Jatim Jazz Traffic Festival

Based on the research about decision making analysis on Bank Jatim Jazz Traffic Festival, it was concluded that the proposal flow scheme of The 2014 Bank Jatim Jazz Traffic Festival are the following (see Picture 1). All proposal and files from inside and outside of Bank Jatim will first enter the Corporate Secretary Division through their staff. In this case study, the 2014 Jazz Traffic Festival event proposal was approved and noted by the secretariat staff in the internal communications sub-division then passed on to the director responsible which is the director of medium business and corporations.

After obtaining a disposition from the director of medium business and corporations, the proposal was handed back to the secretariat staff to be passed on to foreign affairs and funds division. The division leader gives the proposal to the leader of product development sub-division to be further analysed along with the product group. The sub-division leader with the product group consisted of few supervisors to analyse the proposal. Then they write a suggestion note for the head of foreign affairs and funds division to be examined. The given suggestion note contains the consideration of approving or rejecting the proposal, to be presented in front of the director of medium business and corporations.
According to Picture 1, The head of foreign affairs and funds division, the head of product development sub-division, head of strategic planning, head of corporate secretary division, and
head of general division will present the case in front of the director of medium business and corporation. Next, based on the meeting notes, the head of foreign affairs and funds division forward the notes to the board of directors as the final analysis results. Then the directors will give a disposition to the head of foreign affairs and funds division to negotiate the terms with the organisers.

**Organisational Decision Making Tips**

*New Task*

As an off-air event, the Jazz Traffic Festival has been around three times in Surabaya in 2011, 2012, and 2013 with PT Djarum as the main sponsor. But in 2014, Jazz Traffic Festival presented a different concept from the previous three events. In the 2014 edition, Jazz Traffic Festival was held for two days with 3 stages on 2 days concept, while the previous three editions are only held for a day. *New Task* is a new event perception surfaced in decision making based on the experience of people involved in the process, and the history of the company itself is related to past and present sponsorship activities.

In analysing new task, the company approaches consultants to receive advice, and strategically analysed the target audience suitability and company objectives. Bank Jatim as the company involved in sponsoring Jazz Traffic Festival 2014 for the first time was trying to make sure that the contract between the two parties can be renewed in every event. The purpose of this is for Bank Jatim to secure another deal with Suara Surabaya or decided not to be involved in the next editions of Jazz Traffic Festival.

*New task* involves the role of each party in sponsorship decision making. Few roles involved in the decision-making process are identified in the buying centre.

**Decision Making Centre / Buying Centre**

Each person in Bank Jatim has their own role in analysing every proposal. In the sponsorship decision making process of Jazz Traffic Festival, each person refers to the research done with the buying centre theory. This theory is needed to describe the roles of each party involved in decision making. Some roles involved in the decision-making process are identified as the following:

*User:* Members who gained and experience the sponsorship impact (Bank Jatim customers and non-customers).
Decider: Members who are given formal authority to decide the terms of the event and its organisers.

(Mrs. Revi: Head of foreign affairs and funds division, Bank Jatim Headquarters in Surabaya)

Influencer: Individuals whose insights and advices can influence decision making.

(Mr. MMH: Head of Product Development Sub-Division
Mrs. MC: Marketing Supervisor in Domestic Service Funds
Mr. MDL: Marketing Supervisor in Domestic Service Funds)

Buyer: Individuals with the formal authority to determine the event.

(Mr. DL: Director of Medium Business and Corporation)

Gatekeeper: Members who possess early control of information flow of an event.

(Mrs. KI: Secretariat staff in corporate secretary)

Foundations of Decision Making

The Rational Model

Bank Jatim gathered all information accurately from PT Fiskaria Jaya Suara Surabaya regarding the previous three editions of Jazz Traffic Festival which was considered a success to attract excitement in Surabaya, especially those who enjoy jazz music. From the information obtained, Bank Jatim can identify and prioritize all possible alternatives, also determine the consequences associated. Basically, this is the ideal model that works as a system that consists of a set of procedure that guarantees the best results from the solutions and maximize benefits for the company (Rahim, 2017). There is a high involvement between the members from the decision-making unit, and formal communication channels. The sponsorship activity planned is in accordance with the annual budget and goals are well-defined. They evaluate all alternatives and made a decision.

Conclusion

The conclusion from the question “How BPD Jatim makes decision about event organisers and Jazz Traffic Festival?” and the research done is that it is important for organisers to outline their credibility, benefits to the company, accordance with their target market and company objectives, propose a sponsorship budget, and provide history of previous events for Bank Jatim to make decisions about sponsoring an event.
Suggestions

For Practitioners

It is essential for event organisers to pay attention to these five points in offering a sponsorship proposal:

a. Credibility
b. Benefit to Company
c. Accordance with Target Market and Company
d. Outline the Budget for Sponsorship
e. Previous Event History

For Next Research

Because of the limitations of this research, the suggestions for the next research are the following:

1. There are five points to be considered for decision making process: organisers credibility, accordance with target market and company, benefits to company, sponsorship budget, and previous event history. Those five points are the foundations for the next research, which variable of those five points is the most influential in decision making process.
2. Suara Surabaya as the event organisers already has the credibility needed and Jazz Traffic Festival has a successful history, there must be a further research focused in decision making process regarding event organisers who do not possess the necessary credibility with a successful track record.
3. Every company has a different proposal flow scheme; thus, the next research can do a case study in a different company to examine different scheme and different roles and decision-making authorities.
4. Next researches will need to expand the topic that discuss the behaviour patterns which is the combination of roles involved in decision making and the time needed to make decisions.
5. Further research can also investigate different cases which is the decision making process with The Bounded Rational Model, Garbage Can Model, and The Political Model for companies that take on big events for the first time (new task) or straight rebuys and modified rebuys organisational decision making type.
REFERENCES


