IEG’S GUIDE TO SPONSORSHIP

EVERYTHING YOU NEED TO KNOW ABOUT SPORTS, ARTS, EVENT, ENTERTAINMENT AND CAUSE MARKETING
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WHAT IS SPONSORSHIP?

**SPONSORSHIP**

N. A CASH AND/OR IN-KIND FEE PAID TO A PROPERTY (TYPICALLY IN SPORTS, ARTS, ENTERTAINMENT OR CAUSES) IN RETURN FOR ACCESS TO THE EXPLOITABLE COMMERCIAL POTENTIAL ASSOCIATED WITH THAT PROPERTY.
Although the recipient of sponsorship may be nonprofit, sponsorship should not be confused with philanthropy. Philanthropy is support of a cause without any commercial incentive. Sponsorship is undertaken for the purpose of achieving commercial objectives.

And, although a sponsored property may include media extensions such as a TV broadcast, sponsorship is not advertising. Advertising is the direct promotion of a company through space or air time bought for that specific purpose. Advertising is a quantitative medium, sold and evaluated in terms of cost per thousand.

Sponsorship on the other hand is a qualitative medium; it promotes a company in association with the sponsee.

Some of the benefits sponsorship typically offers that advertising does not are access to a live audience, on-site sampling and opportunities for client entertainment.

And, companies can tie sponsorship directly into product usage or sales so they can quantify not only how many people were reached, but how many were motivated to buy.
SPONSORSHIP SPENDING FORECAST: CONTINUED GROWTH AROUND THE WORLD

Reprinted from IEG Sponsorship Report

IEG’s 32nd annual year-end industry review and forecast sees steady sponsorship spending growth in 2017, with the caveat that caution on the part of brand and corporate marketers could grow into concern as the year progresses, thus limiting their willingness to commit additional dollars to partnerships.

For now, global sponsorship spending is projected to rise 4.5 percent in 2017 to $62.8 billion from the $60.1 billion spent in 2016. That growth rate is nearly equal to last year’s 4.6 percent, which was slightly below the forecast of 4.7 percent.

In North America, the world’s largest sponsorship market, growth is expected to lag behind the global rate, increasing 4.1 percent in 2017 following 4.2 percent growth last year.

Spending of $22.3 billion in 2016 was below projected growth of 4.5 percent. North American sponsorship spending should reach $23.2 billion this year.

One factor that could prove to be a drag on spending is the lingering gap between sponsor expectations and properties’ ability to deliver when it comes to both personalized marketing opportunities based on audience data, and valuable digital content and platforms.

Another potential cloud on the horizon is uncertainty over global and local economic conditions in the wake of Brexit, the Trump election and other geopolitical matters, and its impact on marketing spending, including sponsorships and partnerships.
According to the *This Year Next Year* worldwide media and marketing forecast produced by IEG parent organization GroupM—the global media investment management operation of WPP Group plc.—“Corporates are even more reluctant to make big investment decisions. Some of this is transitory (energy prices), some more enduring (China’s structural adjustment), some political (Brexit, European populism) and some simply because CFOs despair this grinding global recovery will ever reach ‘escape velocity.’”

Spending by Chinese enterprises, both locally and abroad, will be the driving factor behind the Asia Pacific region’s strong sponsorship growth—anticipated to again be the highest of any region at 5.8 percent in 2017 on the heels of 5.7 percent growth in 2016.

**Sponsorship growth compared to advertising and other marketing mix components**

Sponsorship’s global spending will grow at a similar rate to advertising, while exceeding the projected increase on other forms of marketing—including public relations, direct marketing and promotions—according to *This Year Next Year*. Global ad spending is expected to increase 4.4 percent in 2017, while spending on other marketing services is expected to grow by just three percent.

In North America, sponsorship growth should outpace the other forms of marketing, with ad spending expected to grow just 2.6 percent and other marketing spending up 3.2 percent, according to the GroupM report.
Spending across North American property types
The song remains the same in terms of the breakdown in North American sponsorship spending among the six property types. Although growth in sports spending is expected to slow from 4.7 percent last year to 4.3 percent this year, at $16.37 billion, the segment will continue to command seven out of every ten dollars spent and will grow at a higher rate than each of the other property types.
SPONSORSHIP SPENDING IN NORTH AMERICA

Whether it is a frequently purchased consumer item, such as beer, a big-ticket, smaller-volume item, such as cars, or a product marketed to a niche audience, such as IT consulting, sponsorship is being used by product and service marketers of all types and sizes.

Source: IEG Sponsorship Report®
SPONSORSHIP GROWTH COMPARED TO ADVERTISING AND PROMOTION

Sponsorship has been the fastest-growing form of marketing over the past two decades, outpacing the growth of measured media and sales promotion. The most active users of sponsorship allocate an average of 19 percent of their overall marketing budgets to sponsorship.

Source: IEG Sponsorship Report®
From electronic music festivals in the U.K. to cricket in India to Aboriginal theater in Australia, sponsorships in all countries have grown as a result of marketers’ need to tether their products and services to something meaningful.

Source: IEG Sponsorship Report®
WHY SPONSORSHIP IS THE FASTEST-GROWING MARKETING MEDIUM

Changes in the economy, demographic shifts and the fragmentation of media have all contributed to sponsorship’s growth. Some of the largest factors behind sponsorship’s rise are:

**Decreasing efficiency of measured media**
Costs for traditional advertising continue to increase, while ratings and readership decline. On top of that is an even more basic problem: consumers are not paying attention to ads.

The situation is particularly acute in television. Where once the VCR’s fast-forward button was the greatest enemy faced by TV ads, the popularity of digital video recorders such as TiVo has made viewers’ ability to avoid commercial messages even easier and more automatic.

Sponsorship, on the other hand, provides opportunities for embedded advertising, a fail-safe delivery system where messages are incorporated right into the action.

**Changing social priorities**
As issues such as poverty, the environment and AIDS loom larger, there is a growing realization that the needs of society and the interests of business overlap. Buyers are demanding to know where a company stands before they purchase its products. Making the world a more livable place is a prerequisite to achieving consumer affinity.

Sponsorship, which allies companies with community responsibility and improved quality of life, is precisely the kind of statement consumers will respond to. When a company sponsors, it is providing something for its customers – not making some media conglomerate richer, but saving a high school sports program or underwriting a symphony performance.

*...although a sponsored property may include media extensions such as a TV broadcast, sponsorship is not advertising.*
Shifting personal values
Conspicuous consumption has been replaced by cashing out. Shopping for shopping’s sake has become déclassé. Tapping into today’s consumers’ elusive will to spend requires turning the buying experience into something larger than just acquisition.

Sponsorship provides companies this opportunity. It says to the potential customer: “Buy this product not to indulge yourself, but to help make the world a better place.”

Increasing need for two-way communication
In response to the fragmentation of the mass market and mass media, companies are looking for alternative methods to communicate sales messages. The idea is to find delivery systems that allow companies to deepen their relationship with customers.

Sponsorship, which is the most direct channel of communication, is tailor-made for this environment. It reaches people in an environment that matches their lifestyle rather than intrudes upon it. It is not a passive monologue that interrupts a TV show, or comes as a piece of mail that needs to be dealt with. Sponsorship speaks to the public, not at them, creating opportunities for two-way dialogue.

High consumer acceptance
While traditional media is less effective than ever, much of the new media alienates consumers. For example, 75 percent of Americans view phone solicitation as an invasion of privacy, while 81 percent find ads in stores to be distasteful, according to a Brandweek study. In addition, 69 percent of consumers who buy or rent movies on video are annoyed by advertising before the film, according to a Gallup survey conducted for Advertising Age.

On the other hand, public response to sponsorship has been overwhelmingly positive. Sponsorship is viewed favorably because it is seen as a form of marketing that gives something back, that benefits someone else in addition to the marketer. It implies a degree of altruism absent from more commercial types of marketing.
For example, eight out of ten respondents to a survey conducted in Britain said sponsorship makes “a positive contribution to society.”

The following is a sampling of recent market research regarding sponsorship’s acceptance and ability to influence what and where people buy.

**Cause marketing.** Eighty-nine percent of U.S. adults said they would be likely to switch brands to support a product that associated with a cause they cared about, according to the 2013 Cone Cause Evolution Study. The study also found that 93 percent have a more positive image of a product or company when it supports a cause they care about and 54 percent had purchased a product associated with a cause in the previous 12 months.

**Festival sponsorship.** Eighty-five percent of attendees surveyed at the city of Chicago’s Gospel Festival could name one or more of the event’s sponsors, according to a survey conducted by research firm McKeon & Assoc. of Joliet, Ill. When surveyed one month later, 70 percent could still recall a sponsor. Eighty-two percent attested they would be more likely to purchase a product made by a company that sponsored Gospel Fest. The figures held across all age and earning categories, with sponsor loyalty actually increasing with income level.

**Arts sponsorship.** British Petroleum found a positive relationship between arts sponsorship and a company’s image and reputation. BP also examined public reaction to the BP logo built into the set of a performing arts event. Eighty-one percent of respondents thought the logo was noticeable. Of those, 88 percent said it was very acceptable or quite acceptable. Only two percent thought it was quite unacceptable; no one found it very unacceptable.

**Sports marketing.** Given the choice between two products of equal cost, 72 percent of NASCAR fans would “almost always” or “frequently” choose the brand they associate with NASCAR over one that is not associated with NASCAR, according to Newport, R.I.-based Performance Research.
**John Hancock’s survey**

Prior to buying an Olympic sponsorship, John Hancock Financial Services commissioned a nationwide survey of its target market – 25-to-64-year-old financial decision-makers in households with annual incomes of at least $30,000. Findings include:

- About one-third (34 percent) said that their perception of a company “changes” depending on the type of event the company is sponsoring. Sixty-four percent of the respondents said sponsorship of a local event would make them think more favorably of a company. The number dropped to 42 percent for a company sponsoring a national event.

- Respondents with household incomes of $50,000-plus were equally willing to think more favorably of a company that sponsored local events as respondents making $30,000 to $49,990 (64 percent each).

- Income had an impact on favorability ratings toward companies sponsoring national events: Only 35 percent of the respondents from $50,000-plus households gave national sponsors a more favorable rating versus 45 percent from the $30,000-to-$49,990 households.

- Whether sponsoring a local or national property, a company’s ability to influence purchase is greater with men than women, and respondents earning $30,000 to $49,990 than those earning $50,000-plus.

- Changing the name of an event to the sponsor’s name was deemed “very appropriate” by only 13 percent of respondents. High visibility at the event via signage and product sampling was considered “very appropriate” by 30 percent.
In its earliest days, sponsorship was almost exclusively the domain of sports properties. In 1984, 90 percent of all sponsorship dollars went to sports. While sports continues to command the lion's share, the demand of corporations for a new and better way of communicating with their key audiences has benefitted every type of sponsorship.

### NORTH AMERICAN SPONSORSHIP SPENDING BY TYPE OF PROPERTY

**$20.6 BILLION**
- Arts ($923 million) 4%
- Causes ($1.85 billion) 9%
- Associations ($574 million) 3%

**$21.4 BILLION**
- Arts ($911 million) 3%
- Causes ($1.92 billion) 9%
- Associations ($579 million) 4%

**$22.3 BILLION**
- Arts ($962 million) 4%
- Causes ($1.99 billion) 9%
- Associations ($604 million) 3%

**$23.2 BILLION**
- Arts ($994 million) 4%
- Causes ($2.06 billion) 9%
- Associations ($617 million) 3%

**$22.1 BILLION**
- Festivals, Fairs, Annual Events ($860 million) 4%
- Entertainment ($2.13 billion) 10%

**$21.8 BILLION**
- Festivals, Fairs, Annual Events ($878 million) 4%
- Entertainment ($2.22 billion) 10%

**$21.4 BILLION**
- Sports ($15.7 billion) 70%
- Entertainment ($2.3 billion) 10%

**$20.6 BILLION**
- Sports ($14.35 billion) 70%
- Entertainment ($2.22 billion) 10%

**$20.6 BILLION**
- Sports ($14.26 billion) 70%
- Entertainment ($2.22 billion) 10%

**$20.0 BILLION**
- Sports ($14.35 billion) 70%
- Entertainment ($2.13 billion) 10%

**$19.4 BILLION**
- Sports ($14.0 billion) 70%
- Entertainment ($2.05 billion) 10%

**$19.0 BILLION**
- Sports ($13.8 billion) 70%
- Entertainment ($1.92 billion) 10%

**$18.8 BILLION**
- Sports ($13.5 billion) 70%
- Entertainment ($1.85 billion) 10%

**$18.4 BILLION**
- Sports ($13.2 billion) 70%
- Entertainment ($1.78 billion) 10%

**$18.0 BILLION**
- Sports ($12.9 billion) 70%
- Entertainment ($1.71 billion) 10%

**$17.6 BILLION**
- Sports ($12.6 billion) 70%
- Entertainment ($1.64 billion) 10%

**$17.2 BILLION**
- Sports ($12.3 billion) 70%
- Entertainment ($1.57 billion) 10%

**$16.8 BILLION**
- Sports ($12.0 billion) 70%
- Entertainment ($1.50 billion) 10%

**$16.4 BILLION**
- Sports ($11.7 billion) 70%
- Entertainment ($1.43 billion) 10%

**$16.0 BILLION**
- Sports ($11.4 billion) 70%
- Entertainment ($1.36 billion) 10%

**$15.6 BILLION**
- Sports ($11.1 billion) 70%
- Entertainment ($1.29 billion) 10%

**$15.2 BILLION**
- Sports ($10.8 billion) 70%
- Entertainment ($1.22 billion) 10%

**$14.8 BILLION**
- Sports ($10.5 billion) 70%
- Entertainment ($1.15 billion) 10%

**$14.4 BILLION**
- Sports ($10.2 billion) 70%
- Entertainment ($1.08 billion) 10%

**$14.0 BILLION**
- Sports ($9.9 billion) 70%
- Entertainment ($1.01 billion) 10%

**$13.6 BILLION**
- Sports ($9.6 billion) 70%
- Entertainment ($0.94 billion) 10%

**$13.2 BILLION**
- Sports ($9.3 billion) 70%
- Entertainment ($0.87 billion) 10%

**$12.8 BILLION**
- Sports ($9.0 billion) 70%
- Entertainment ($0.80 billion) 10%

**$12.4 BILLION**
- Sports ($8.7 billion) 70%
- Entertainment ($0.73 billion) 10%

**$12.0 BILLION**
- Sports ($8.4 billion) 70%
- Entertainment ($0.66 billion) 10%

**$11.6 BILLION**
- Sports ($8.1 billion) 70%
- Entertainment ($0.59 billion) 10%

**$11.2 BILLION**
- Sports ($7.8 billion) 70%
- Entertainment ($0.52 billion) 10%

**$10.8 BILLION**
- Sports ($7.5 billion) 70%
- Entertainment ($0.45 billion) 10%

**$10.4 BILLION**
- Sports ($7.2 billion) 70%
- Entertainment ($0.38 billion) 10%

**$10.0 BILLION**
- Sports ($6.9 billion) 70%
- Entertainment ($0.31 billion) 10%

**$9.6 BILLION**
- Sports ($6.6 billion) 70%
- Entertainment ($0.24 billion) 10%

**$9.2 BILLION**
- Sports ($6.3 billion) 70%
- Entertainment ($0.17 billion) 10%

**$8.8 BILLION**
- Sports ($6.0 billion) 70%
- Entertainment ($0.10 billion) 10%

**$8.4 BILLION**
- Sports ($5.7 billion) 70%
- Entertainment ($0.03 billion) 10%

**$8.0 BILLION**
- Sports ($5.4 billion) 70%
- Entertainment ($0.00 billion) 10%

**$7.6 BILLION**
- Sports ($5.1 billion) 70%
- Entertainment ($0.00 billion) 10%

**$7.2 BILLION**
- Sports ($4.8 billion) 70%
- Entertainment ($0.00 billion) 10%

**$6.8 BILLION**
- Sports ($4.5 billion) 70%
- Entertainment ($0.00 billion) 10%

**$6.4 BILLION**
- Sports ($4.2 billion) 70%
- Entertainment ($0.00 billion) 10%

**$6.0 BILLION**
- Sports ($3.9 billion) 70%
- Entertainment ($0.00 billion) 10%

**$5.6 BILLION**
- Sports ($3.6 billion) 70%
- Entertainment ($0.00 billion) 10%

**$5.2 BILLION**
- Sports ($3.3 billion) 70%
- Entertainment ($0.00 billion) 10%

**$4.8 BILLION**
- Sports ($3.0 billion) 70%
- Entertainment ($0.00 billion) 10%

**$4.4 BILLION**
- Sports ($2.7 billion) 70%
- Entertainment ($0.00 billion) 10%

**$4.0 BILLION**
- Sports ($2.4 billion) 70%
- Entertainment ($0.00 billion) 10%

**$3.6 BILLION**
- Sports ($2.1 billion) 70%
- Entertainment ($0.00 billion) 10%

**$3.2 BILLION**
- Sports ($1.8 billion) 70%
- Entertainment ($0.00 billion) 10%

**$2.8 BILLION**
- Sports ($1.5 billion) 70%
- Entertainment ($0.00 billion) 10%

**$2.4 BILLION**
- Sports ($1.2 billion) 70%
- Entertainment ($0.00 billion) 10%

**$2.0 BILLION**
- Sports ($0.9 billion) 70%
- Entertainment ($0.00 billion) 10%

**$1.6 BILLION**
- Sports ($0.6 billion) 70%
- Entertainment ($0.00 billion) 10%

**$1.2 BILLION**
- Sports ($0.3 billion) 70%
- Entertainment ($0.00 billion) 10%

**$0.8 BILLION**
- Sports ($0.0 billion) 70%
- Entertainment ($0.00 billion) 10%

**$0.4 BILLION**
- Sports ($0.0 billion) 70%
- Entertainment ($0.00 billion) 10%

**$0.0 BILLION**
- Sports ($0.0 billion) 70%
- Entertainment ($0.00 billion) 10%

Projected

Source: IEG Sponsorship Report®
Companies do not use sponsorship to replace advertising, public relations or sales promotion. The benefits sponsorship offers are quite different, and the medium works best as part of an integrated marketing communications effort that includes the use of all marketing methods. Below, IEG analysts identify the most common reasons companies use sponsorship.

**Increase brand loyalty**
Loyal customers are a company’s most valuable asset. The absence of tangible differences among products in every category has a simple but inescapable consequence: emotional logic is the single most important business driver. Without emotion, a product or service is just like every other product or service. Effective marketing is no longer tied to eyeballs but rather heartstrings. Whether it’s through sports or entertainment, arts or causes, companies are creating loyalty by tethering their products and services to the issues, events and organizations their customers care about.

**Create awareness & visibility**
The wide exposure properties enjoy in both electronic and print media provides sponsors with vast publicity opportunities. For many sponsors, the cost of purchasing the TV and print exposure their sponsorships garner is unaffordable.

**Change/reinforce image**
Sponsorship can create, change or reinforce a brand image. For example, Mountain Dew reinforces its ties to youth by sponsoring the action sports Dew Tour. While imagery can be projected through advertising, paid media lacks the authenticity of a sponsorship.

**Drive retail traffic**
Companies use the assets of their sponsorships to create trafficbuilding promotions. For example, NASCAR sponsors bring showcars to retail outlets while entertainment sponsors offer vouchers for ticket discounts exclusively through their retail partners.
Showcase community responsibility
Customers are speaking, and they are saying they are willing to reward or punish companies with their wallets based on corporate citizenship. In Canada’s Millennial poll, people said that “social responsibility” is the number one factor that influences their impression of a company – more even than brand quality or business fundamentals.

Drive sales
Companies use sponsorship as a hook to drive sales. For example, Listerine used a $20,000 Taste of Chicago sponsorship to boost shelf space, retailer co-op advertising and sales.

The brand garnered a 238 percent annual increase in regional shipments for it’s 48-ounce size, which was featured during the sponsorship. Second-quarter shipments for that year also rose 193 percent and sales of the 48-ounce size remained one share point higher after the sponsorship. And, for the first time in the brand’s history, the number of in-store displays hit double digits.

Sales can also come directly from the rightsholder. For example, CitiBank provides banking services for 90 percent of the teams and venues it sponsors. Those services include payroll and bank accounts, ATM deployment and 401k plans.

Sample/display brand attributes
Sponsorship allows companies to showcase product benefits. Bell Canada looks for opportunities to highlight the power of its telecommunications products and services. For example, it sponsors the ticket ordering and accommodations phone lines at the Shaw and Stratford festivals. It also helps support the festivals’ Web sites.

At the Air Canada Centre, where Bell Canada is associated with both the NHL Toronto Maple Leafs and the NBA Toronto Raptors, all broadcast press conferences originate in the Bell Canada-branded Media Centre. And the telecom placed four interactive kiosks in the venue that attendees can use to play interactive games, log onto the Internet and watch the game from satellite-fed screens. Bell Canada also invites attendees to make free cellular calls at its on-site retail store.
Entertain clients
Properties’ hospitality components can be highly relevant to companies that value the opportunity to spend a few hours with clients and prospects and solidify business relationships.

For example, Bank of America signed a three-year $2.7 million deal for a series of classical, jazz music and ballet performances in venues around the city of Boston. The bank typically invites 200 customers to a performance; each evening begins with a pre-concert dinner at the bank and ends with a post-concert reception at a hotel. Bank of America has used pro-ams around its sponsorship of PGA Tour stops to entertain customers and pitch new products. The Bank tracks the profitability of new business generated by the pro-ams. Over several years, the bank generated more than $2.5 million in incremental profit from the pro-am events.

Narrowcasting
Sponsorship allows companies to hone in on a niche market without any waste. For example, Cadillac sponsors conventions targeted to women and African-Americans with incomes of more than $55,000 to gain market share among these groups. To reach prospective buyers, Cadillac uses on-site displays, special mailings to attendees and conducts workshops on car lease info, owner privileges and safety.

Product specialists take names and addresses of attendees seeking additional information; within 24 hours, Cadillac mails them an incentive offer to visit their local dealer. Those names and addresses are shared with the zone office for further follow-up. People who do not act on the mailer are contacted by a local dealer. Cadillac evaluates the program’s success through product exposure, the number of names gathered and mailing redemptions.

Recruit/retain employees
Sponsorships are also scrutinized for their ability to provide incentives for a company’s workforce. Examples range from American Express inviting 3,000 employees to a company-sponsored rock concert in Central Park
to McDonald’s having NBA and Olympic athletes visit stores and meet with its crews. Hugo Boss, which sponsors the Solomon R. Guggenheim Museum, offers employees discounted tickets and subsidized trips to Guggenheim museums worldwide.

**Merchandising opportunities**
Point-of-purchase promotions themed to a sport, event or cause can bring excitement, color and uniqueness to in-store displays. Sponsorship also gives longevity to merchandising programs. Marketers can promote their tie weeks or months in advance.

An AT&T in-store promotion around the annual battle between the University of Michigan and Ohio State University football teams generated a more than 200-percent increase in line activations in both Detroit and Columbus, Ohio, area stores. The Gear Up for Game Day promotion offered a free $30 college-logoed shirt with purchase of a two-year plan and a Kyocera phone. The promotion, which ran for four weeks prior to the game, also featured a sweepstakes for tickets and a tailgate party.

**Incenting retailers, dealers and distributors**
Competition for shelf space is one of the biggest issues facing companies today, and many are using sponsorship to win the battle. For example, many packaged goods companies do not sponsor NASCAR racing only to reach consumers, they also use the sport to incent retailers. Sponsoring brands offer retailers perks such as driver appearances at stores and event tickets in exchange for incremental case orders and in-store product displays.

MasterCard used its former World Cup tie to create acquisition and usage programs for its member banks and merchants in more than 70 countries. Banks used the tie to issue World Cup-themed affinity cards, while merchants displayed millions of game-themed decals.

**Differentiate product from competitors**
This objective is what is driving much of the sponsorship by service industries like banking, insurance and telecommunications.
Sponsorship provides companies a competitive selling advantage because it offers opportunities for category exclusivity and can be used as a platform for creating currency with customers. Sponsors take the rights associated with their properties and make them work for the customer to help achieve their needs and objectives, for example, a discount on tickets or a pit pass to a NASCAR race. It is a value-added promotion that the competition can not duplicate.

**Combat larger ad budgets of competitors**

The cost-effectiveness of sponsorship relative to traditional media advertising allows smaller companies to compete with the giants of their industry. Mercury Communications (now traded as Cable & Wireless) could not match rival British Telecom’s mighty media budget and used sponsorship of the U.K.’s Prince’s Trust charity and a Royal Academy of Arts exhibit to build awareness, increase sales and strip market share from its only competitor. Mercury tied its phone cards to both sponsorships. The company donated a portion of each Mercury Prince’s Trust affinity card sale to the charity; it also commissioned artists to design Pop Art cards that coincided with the Royal Academy exhibit.

Prior to the sponsorship programs, survey respondents had overwhelmingly chosen coins as their preferred payment method at public phones; 17 percent chose BT cards, while 9 percent opted for Mercurycards. Afterwards, 67 percent chose phone cards, with Mercury thrashing BT, 55 percent to 12 percent.

Moreover, given the choice between the standard Mercurycard and the Trust affinity card, survey respondents picked the affinity card, 38 percent to 17 percent.

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*The era of the mass audience is gone. Sponsorship allows companies to hone in on a niche audience without any waste.*
Achievement of multiple objectives
Sponsorship offers the possibility of achieving several goals at once; most companies expect the medium to deliver a combination of the above benefits.

For example, Jack In The Box’s Seattle region had five objectives for its sponsorship of Western Washington’s Puyallup Fair:

1) generating awareness and trial of new products
2) reinforcing its position as a fast-food chain where consumers can try new items
3) building sales through aggressive couponing
4) providing employees an opportunity to learn local marketing techniques via event participation
5) expanding the chain’s awareness with radio broadcast support
The following are typical sponsorship criteria. Sponsors should use them as a guide to designing their own matrix for sponsorship selection – adding, deleting and refining points to dovetail with your specific objectives. Properties should use them to understand what potential sponsors generally will be seeking.

**Image compatibility**
- Does the property offer the imagery we are trying to establish?
- Is it a lifestyle with which we want to be associated?
- Is the property bigger than any sponsor or will it be possible to impose our brand’s personality on the sponsorship?
- Are the cosponsors companies with which we want to be associated?

**Audience composition**
- Who is the property’s core audience and what are the group’s buying habits?
- Does the audience feel a strong sense of ownership/identification with the property or is it a more casual relationship?
- What is the extended reach of the property? On-site spectators? TV viewers? Year-round members?
- What geographic market(s) does it impact?

**Ability to incent retailers**
- Can we offer retailers a tie-in that builds store traffic?
- Can we create multiple promotions around the sponsorship so that each competing retailer in a market can have a distinct program?
Ability to leverage

- Is there an opportunity for multi-brand involvement?
- Can we conduct cross-promotions with cosponsors?
- Can we integrate the sponsorship into our existing promotional campaigns?
- Can we use “star performers” in our ad campaigns or promotions?
- Does the opportunity occur during a time we would like extra visibility?
- What is the property’s promotional time frame...Is it relevant year-round, each season or just once?
- Are there opportunities for product sampling and display?

Media

- Is the property appealing – in a positive way – to the media?
- Can it draw broadcast and print coverage?
- Can we get our presence recognized?
- Can the property attract a network or cable TV broadcast?
- Will our signage show up on the TV broadcast?

Exclusivity

- Are the areas of category exclusivity offered broad enough?
- Can we take a position with all properties within the entire sector, thereby locking out our competition, or will the expense or existing deals prohibit this?
- Is the property already saturated with sponsors?
- Is it already identified with another company in our field?
- What are the opportunities for ambush? For example, will we be the category exclusive advertiser in the program book?
Product showcase

- Can our product be worn/used while participants compete/perform?
- Is our product key to the successful staging of the event?
- Does the property lend credibility to our product with hard-core fans, insiders and the media?

Ability to impact consumer sales

- Can we design promotions around our activity that directly involve product purchase?
- Does the hospitality component have strong appeal to our key clients?
- Can the sponsorship gain additional distribution outlets for our products?
- What is the value of on-site sales rights?
- Does the sponsorship give our marketing pitch a relevant point of difference?

Efficiency

- Does the property deliver a wider audience than we need? Are we paying for more than we need, such as elaborate VIP hospitality?
- What is the relationship between the cost of sponsorship and the value received?
- How does the sponsorship’s cost compare with that of similar properties?
- Could we achieve the same results more cost-effectively through other media?
- Do we have the budget to promote our involvement properly?
Measurability

- Does the property lend itself to measurement?
- Does it conduct regular surveys or tracking studies on which we could piggyback?

Continuity/ability to extend

- Does the sponsorship have the potential to be long term?
- Is it something we can build on?
- Can we roll it out to other markets?
- Does the property contain spinoff opportunities?

Ease of administration

- Are we buying into a logistical nightmare?
- Can organizers deliver what they promise?
- Do we have the staff to properly administer the sponsorship?
- Do we have the support/approval of internal management?
- Is the rightsholder responsive to sponsor needs?
- Does the rightsholder have a credible track record?
- Will the rightsholder work with us to capitalize on the sponsorship, e.g., by initiating cross-promotions?
Typical sponsorship rights and benefits
Rights vary with scope of property and level of sponsorship purchased. Typical rights and benefits granted by a property to a sponsor are:

- Official sponsor designation
- Category exclusivity
- Right to use marks and logo in advertising and promotions
- ID in property’s media buy
- ID in promotional and collateral materials
- Complimentary ad in program book
- On-site product sampling
- Exhibit/display space
- On-site product sales (when applicable)
- VIP invitations
- Ticket allocation
- Discount on additional tickets
- On-site signage
- Access to mailing list
- Discount on merchandise
- Title to proprietary event within larger event
- Public-address announcements
- Right of first refusal to purchase ad time on event telecast (when applicable)
- Renewal option
- Opportunity to survey audience
Respondents to the 16th annual IEG/ESP Properties Sponsorship Decision-Makers Survey said they spend an average of $2.20 on activating sponsorships for every $1 spent on rights fees.

That ratio is the highest in the survey’s history, surpassing the previous high-water mark of $1.90-to-$1 in 2007.

Half of the survey’s respondents spent two activation dollars or more for every dollar spent on fees, with nearly a quarter of sponsors reporting they spent $4 or more on activating and leveraging for every $1 spent to acquire sponsorship rights.
Top benefits and objectives
As a growing number of properties pursue data-driven audience engagement plans—and the potential they bring for personalized marketing—sponsors rated access to audience data as one of the most important benefits their rightsholder partners can offer.

About one-third of sponsors rated the benefit a 9 or 10 on a 10-point scale of value, ranking it the seventh most valuable benefit.

HOW VALUABLE ARE THE FOLLOWING BENEFITS TO YOU?

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category Exclusivity</td>
<td>60%</td>
</tr>
<tr>
<td>On-site Signage</td>
<td>43%</td>
</tr>
<tr>
<td>Right To Property Marks And Logo</td>
<td>40%</td>
</tr>
<tr>
<td>Rights to Property Content For Digital And Other Uses</td>
<td>39%</td>
</tr>
<tr>
<td>Access To Property Mailing List/Database</td>
<td>34%</td>
</tr>
<tr>
<td>Presence In Digital/Social/Mobile Media</td>
<td>34%</td>
</tr>
<tr>
<td>Access to Property’s Audience/Fan Data</td>
<td>33%</td>
</tr>
<tr>
<td>Tickets And Hospitality</td>
<td>32%</td>
</tr>
<tr>
<td>Right To Promote Co-branded Products/Services</td>
<td>29%</td>
</tr>
<tr>
<td>ID On Property Collateral Materials</td>
<td>26%</td>
</tr>
</tbody>
</table>

Percent of respondents who ranked the factor a 9 or a 10 on a 10-point scale, where 10 is extremely valuable
Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey
As a sponsorship objective, the goal of accessing audience data ranked ninth in importance, with 23 percent of sponsors scoring it a 9 or a 10.

The objective of showcasing community and/or social responsibility, which did not appear among sponsors’ top 10 objectives in last year’s survey, was ranked as the third most important goal in 2016, with 38 percent of sponsors giving it a 9 or 10. Similarly, the objective of entertaining clients and/or prospects rose from the tenth position in the 2015 survey to fifth this year, with a 9 or 10 score from 35 percent of survey respondents.

Perhaps related to the increased importance placed on entertaining business customers was the rise in usage of business-to-business marketing channels. In 2015, only 43 percent of sponsors used B2B channels to leverage their partnerships, a number that rose to 52 percent this year.
What channels do you use to leverage your sponsorships?

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media</td>
<td>98%</td>
</tr>
<tr>
<td>On-site Interaction</td>
<td>86%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>84%</td>
</tr>
<tr>
<td>Internal Communications</td>
<td>79%</td>
</tr>
<tr>
<td>Hospitality</td>
<td>73%</td>
</tr>
<tr>
<td>Digital/Mobile Promotions</td>
<td>69%</td>
</tr>
<tr>
<td>Traditional Advertising</td>
<td>69%</td>
</tr>
<tr>
<td>Business To Business</td>
<td>52%</td>
</tr>
<tr>
<td>Sales Promotion Offers</td>
<td>37%</td>
</tr>
<tr>
<td>Direct Marketing</td>
<td>37%</td>
</tr>
</tbody>
</table>

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey

Only two percent of sponsors do not use social media to activate their partnerships, making it the most popular leveraging channel for the third year in a row.

For the first time, the survey asked sponsors which channels they used for sponsorship activation, with Facebook and Twitter coming out on top and Instagram and YouTube also being used by a majority of marketers. Despite the buzz around Snapchat in 2016, only 17 percent of sponsors reported using the messaging app as an activation tool.
Of course, content is king in social media and survey results reflected the continued importance of digital and other content to sponsors. For example, assistance developing relevant content was rated a 9 or a 10 in value of property-provided services by 26 percent of sponsors, making it the fifth most valuable service along with audience research on recognition and recall of partners.

### HOW VALUABLE ARE THE FOLLOWING PROPERTY-PROVIDED SERVICES?

<table>
<thead>
<tr>
<th>Service</th>
<th>Value %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistance Measuring ROI/ROO</td>
<td>41%</td>
</tr>
<tr>
<td>Post-event Report/Fulfillment Audit</td>
<td>41%</td>
</tr>
<tr>
<td>Audience Research On Propensity To Purchase</td>
<td>32%</td>
</tr>
<tr>
<td>Audience Research On Attitude/Image</td>
<td>29%</td>
</tr>
<tr>
<td>Assistance Developing Relevant Content</td>
<td>26%</td>
</tr>
<tr>
<td>Access Research On Recognition/Recall</td>
<td>26%</td>
</tr>
<tr>
<td>Leveraging Ideas</td>
<td>23%</td>
</tr>
<tr>
<td>Assistance Earning Internal Buy-In At Sponsorship Organization</td>
<td>21%</td>
</tr>
<tr>
<td>Third-party Valuation Statement</td>
<td>17%</td>
</tr>
<tr>
<td>Tracking Of Promotional Offers</td>
<td>13%</td>
</tr>
</tbody>
</table>

Percent of respondents who ranked the factor a 9 or a 10 on a 10-point scale, where 10 is extremely valuable

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey
Signs point to a bright 2017

Sponsors were bullish when asked to project sponsorship-related activity in the coming year.

Nearly four out of 10 sponsors said they planned to increase sponsorship spending in 2017—significantly higher than the 28 percent who planned to boost budgets a year ago—while only 12 percent said they would lower spending, a much smaller number than the 23 percent who expected cuts going into 2016.

How will your 2017 sponsorship spending compare to 2016?

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey
In addition, 75 percent of sponsors in this year’s survey said they were considering deals with new property partners for 2017, up from 70 percent of last year’s respondents.

**IS YOUR COMPANY CONSIDERING NEW SPONSORSHIPS IN 2017?**

![Pie chart showing 75% yes, 25% no]

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey

Sponsors considering dropping out of any of their current deals accounted for only 45 percent of total respondents, down two points from 2015.

**IS YOUR COMPANY SEEKING TO DROP OUT OF ANY CURRENT SPONSORSHIPS?**

![Pie chart showing 55% no, 45% yes]

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey
Sponsors were not as prepared to increase activation budgets as they were for sponsorship rights fee spending. Fifty-seven percent said they would hold the line on activation spending in 2017, while only 35 percent planned to allocate more for leveraging.

**HOW WILL YOUR 2017 LEVERAGING AND ACTIVATION SPENDING COMPARE TO 2016?**

- **Decrease**: 8%
- **Stay the same**: 57%
- **Increase**: 35%

*Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey*

As a portion of overall marketing/advertising/promotion spending, sponsorship claimed 19 percent, according to the survey responses, up one point from 2015.
In terms of agency relationships, sponsors reported more reliance on sponsorship specialist firms, with 43 percent saying they use that type of agency to support sponsorships, up 10 points from last year's findings. Conversely, use of a marketing, PR or promotion agency dropped 10 points to 60 percent of respondents, while those who use ad agencies to work on sponsorship declined from 66 percent to 53 percent.
Survey results show some positive movement in the amount sponsors are investing in measurement of their partnerships, with the number spending more than one percent of a sponsorship’s budget on evaluating its return growing from 26 percent in 2015 to 31 percent this year. However, the number of sponsors reporting they spent nothing on measurement also increased, from 23 percent to 27 percent.

WHAT PERCENTAGE OF A SPONSORSHIP’S BUDGET IS SPENT ON MEASURING RETURN?

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey
It is likely some of those sponsors without a budget for measurement are among the 22 percent of sponsors who said they did not know if their return from sponsorship had increased, decreased or stayed the same.

**HAS YOUR ROI INCREASED, DECREASED OR STAYED THE SAME?**

- Stayed the same: 19%
- Don’t know: 22%
- Decreased: 1%
- Increased: 59%

*Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey*
## How Valuable Are These Metrics in Evaluating Sponsorships?

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attitudes Toward Brand</td>
<td>85%</td>
</tr>
<tr>
<td>Awareness Of Company’s/Brand’s Sponsorship</td>
<td>77%</td>
</tr>
<tr>
<td>Awareness Of Products/Services/Brand</td>
<td>70%</td>
</tr>
<tr>
<td>Amount Of Media Exposure Generated</td>
<td>69%</td>
</tr>
<tr>
<td>Amount Of Positive Social Media Activity</td>
<td>66%</td>
</tr>
<tr>
<td>Response To Sponsorship-related Promotions/Ads</td>
<td>61%</td>
</tr>
<tr>
<td>Response To Customer/Prospect Entertainment</td>
<td>56%</td>
</tr>
<tr>
<td>Product/Service Sales</td>
<td>50%</td>
</tr>
<tr>
<td>TV/Logo Exposure</td>
<td>45%</td>
</tr>
<tr>
<td>Lead Generation</td>
<td>42%</td>
</tr>
</tbody>
</table>

Percent of respondents who ranked the factor a 4 or a 5 on a 5-point scale, where 5 is extremely valuable

Source: IEG/ESP Properties 2016 Sponsorship Decision-Makers Survey

The survey was conducted online in December 2016 and received 102 responses.
On the list of the most important rights and benefits guaranteed to sponsors by rightsholders, mainstays such as category exclusivity and the right to use a property’s marks and logos won’t be going away any time soon.

However, they are being joined by benefits appropriate to the territory now occupied by partnerships.

Having grown beyond mere transactions, no longer exalting the almighty impression and seeking more than a short-term lift, today’s sponsorships are rewriting the rules, including what is critical for rightsholders to offer their corporate partners.

Although there are many emerging, and important, rights that are a product of technological and other changes—e.g., a sponsor’s right to be included in a property’s mobile app—those addressed here are broader based and represent a new level of interaction and commitment between marketing partners.

1) Market Intelligence
A strong property partner, will have deep insights into its target audience, be they fans of a team, attendees of an event, members of an association, or donors to a cause.

And they must be willing to share what they know, and to develop further relevant insights, with their major corporate partners.

This exchange goes well beyond what has typically passed as information-sharing between property and sponsor. Not a mere profile of the average ticket-buyer or event participant, but an understanding of why and how they are involved, what would motivate them to engage with and support partners, and what would turn them away.

In addition to intelligence that is directly associated with the audience’s relationship with the property, rightsholders should gather other information from their audiences on behalf of sponsors. As well-liked and trusted organizations that people want to have a relationship with, right-
sholders are uniquely situated to ask for and receive information that sponsors might otherwise find impossible to obtain on their own.

2) Product and service development
Taking market research a step further, rightsholders should use their insights into audiences, participants, members, etc., to work with sponsors on creating and/or improving products and services marketed to those groups.

Consider the recent tie-up between American Express and online video game League of Legends to offer a prepaid, co-branded debit card to the game’s 32 million worldwide players. Riot Games, League of Legends’ publisher, could offer American Express proprietary information on the behavior of players to ensure the current card and any future offerings are as relevant and valuable as possible.

Many other rightsholders can serve as living research-and-development laboratories for their partners. Conversations about how that would work should be a part of initial sponsorship discussions.

3) Sales, digital and other expertise
The original sponsorship model of payment in cash or in-kind for access, exposure and transferred goodwill made sense in an era when all that properties had to offer was their audience and good name.

But decades on, rightsholders have grown into increasingly sophisticated, business-focused organizations. Couple that development with technology-enabled democratization of skills (the working-world equivalent of your 12-year-old teaching you how to use your new phone) and a world of possibilities opens up.

It can no longer be assumed that sponsors have cornered the market on the latest and greatest tools, nor the best and brightest people. A concert promoter can transfer knowledge about e-commerce; a nonprofit can show what works in outreach to minority communities; a pro sports team can offer training in developing a winning sales force; and a festival promoter can demonstrate how to create best-in-class mobile apps.
Brands considering partnerships should closely examine prospective partners and ask: What do they do well? What do they understand better than we do?

4) Social strength
In addition to requiring metrics that demonstrate the community’s involvement—going beyond numbers of followers and likes to proof of participation through comments, check-ins, sharing and other participation—sponsors should ask the following questions to determine a potential partner’s social media fluency:

- Does the property encourage sharing and participation through relevant rewards?
- Does it recognize the visual nature of social media and successfully use images and videos?
- Is social seamlessly integrated into its Web site, mobile presence and other digital extensions?
- Does it incorporate social elements into its events to connect live and digital experiences?
- Does it stream events through its social channels to expand reach and interest?
- Does it proactively gauge sentiment to understand and improve its relationship with followers?

5) Dedicated servicing staff
Once reserved for only the largest rightsholders, the concept of hiring employees whose sole responsibility is working with current sponsors has expanded to include properties of many types and sizes.

These individuals or teams ensure corporate partners are receiving everything they are entitled to, are kept up to date on notable developments and new opportunities, have a champion within the property and are able to fully optimize the partnership.

Servicing staff members typically specialize in related categories, e.g. B2B, technology/services, consumer goods. As such, they can become valuable assets with knowledge of best practices, activation
and measurement insights, and additional lessons learned from their other clients.

6) Brand Value
Today’s sponsorships require rightsholders that have high brand equity and that understand the meaning and worth of their brands.

Properties must practice all of the elements of good brand management, including conducting and responding to research into audience and stakeholder attitudes, and developing strategic marketing campaigns that differentiate the organization.

Rightsholders should share brand health measures and demonstrate how corporate partners will be able to raise their own brands by association, as well as foster loyalty and turn stakeholders into ambassadors.

In determining brand strength, prospective sponsors should evaluate the ability of rightsholders’ “products” to serve audiences, customers and stakeholders, along with assessing the property’s brand identity, user experience and associations with other brands.

7) Flexibility
The ability to stay in communication, amend terms and add or reduce benefits as necessary is a key component differentiating partnerships from transactional relationships.

Marketplace realities mean corporate objectives change quickly and often, thus properties must be responsive to those changes if they want to keep partners in the fold.

Actions can range from the addition or subtraction of benefits to completely changing the focus of a partnership, such as from on-site event presence to digital content.

Sponsors should have up-front conversations with potential partners to gauge how accommodating the rightsholder will be if circumstances dictate a midstream change in benefits, activation plans, category parameters, contract terms, etc.
Inventory of property assets
Rightsholders planning to sell sponsorship must begin by detailing their marketable assets and identify the resulting benefits for potential sponsors.

Typical assets include:
• Marks and logos
• Audience
• Publications and collateral materials
• Signage
• Web site
• Venues/sites
• Guaranteed media
• Hospitality opportunities
• Database
• Events and programs
• Talent
• Merchandise
• Broadcast package
• Non-owned and borrowed assets

Combining of benefits into packages that maximize revenue
The most beneficial way to create multiple levels of sponsorship that will bring in the optimal number of sponsors and dollars will vary depending on property type. In general, most properties will benefit by signing fewer, bigger deals – limiting clutter and creating more opportunities to create audience response.

Another important packaging strategy is reserving key benefits for the highest-level sponsors, thus offering an incentive for prospects to opt for the most-inclusive packages and ensuring that there is parity between fees paid and benefits received.
Identifying best prospects
To determine the categories and companies that are most likely to sponsor, properties typically use the following criteria:

- Active sponsors in the property’s market
- Companies based in the market
- Sponsors of similar properties in other markets
- Companies that target the same audience as the property
- Companies that have a match with the property's brand image
- Companies in active and emerging sponsor categories

Development of initial proposal
Ideally, rightsholders will be able to meet with prospects prior to creating a formal proposal, but often a prospect will ask to see something in writing before agreeing to a meeting.

This brief document should:

- Identify the property's key selling points
- Emphasize the benefits for sponsors, not the features of the property
- Include leveraging and activation ideas
- Provide specific numbers on audience composition, loyalty, etc.
- Share testimonials from current sponsors
- Address accountability for return on investment
- Be tailored to the prospect’s business category
When a company buys a sponsorship, it is primarily buying access to intangibles, such as an association with a property and the right to promote that association.

IEG has created recognized industry standards to value tangible and intangible benefits, and apply cost/benefit ratios and multipliers for geographic impact. The IEG Valuation Service methodology has been derived by analyzing patterns between the rights fees sponsors pay and the benefits they receive. Primary research includes IEG’s annual survey of more than 3,000 sponsorship opportunities and audits of more than 500 sponsorship contracts each year.

The more prestigious the property, the greater the difference between the value of the tangibles and the sponsorship fee.

The Olympics are a good example. The Olympic sponsorship package does not include signage, commercials, athlete appearances, etc. Olympic sponsors are paying for the prestige of the association, the rights to use the Olympic name and five-ring symbol and the right to associate their product with Olympic attributes.
Variables which impact price include:

**Tangible**
- Value of sponsor ID on event broadcast
- Value of sponsor ID in property’s media buy
- Guaranteed non-measured media with sponsor ID, e.g., banners, scoreboards, ticketbacks, schedules, announcements, Web site, etc.
- Value of tickets and other hospitality
- Value of on-site sampling
- Value of mailing list
- Value of booth/display space
- Value of program book ads and other advertising

**Intangible**
- Prestige of sponsored property
- Recognizability of property marks and logos
- Category exclusivity
- Level of audience interest or loyalty
- Ability of sponsor to activate the tie
- Degree of sponsor clutter
- Susceptibility of property to ambush
- Networking opportunities with cosponsors
- Media coverage potential property or event has
- Established track record property has with sponsor
Geographic reach/impact at point of sale
- Global  More than 150 countries
- International  More than 75 countries
- Multi-regional  15 to 74 countries in multiple regions
- Multi-country  2 to 4 countries
- National  Relevant in at least 15 of the top 20 ADIs
- Regional  Multiple markets within a region
- Statewide  Multiple markets within a state
- Local: Major Market  A market
- Local: Minor Market  B or C market
- Local: Minor Market  D or E market

Price adjusters
- Desirability of property to sponsor category  +
- Number of saleable categories locked up  +
- Value of sponsor’s proprietary component  +
- On-site sales rights  +
- Pass-through rights  +
- Size of sponsor’s promotional commitment  –
- Size of sponsor’s fundraising commitment  –
- Multi-term contract discount  –
- ntroduction to new cosponsor  –

Market factors
- Cost to sponsor other properties in same market(s)
- Cost to buy measured media in property’s market(s)
- Cost to sponsor comparable properties in other markets
LEVERAGING SPONSORSHIP

A company will only realize the full value of the sponsored property when it is used as a central platform around which consumer, trade, employee and media activities are built. Thus, knowing how to leverage sponsorship is as much in the interest of sponsees as sponsors.

The illustrations below show how to develop promotional programs around sports, arts, cause and festival ties to crack new accounts, drive incremental displays and trigger buying decisions.

**Consumer sales overlays**
The most common method of using sponsorship to drive sales is offering consumers a ticket discount to the sponsored property with proof of purchase.

Variations included offering to make a donation to a cause – such as KitchenAid U.S.A.’s contribution to Susan G. Komen for the Cure for purchase of a major appliance – and running a sweepstakes, such as Georgia-Pacific’s Picnic with the Pettys, which awards trips for two to North Carolina’s Charlotte Motor Speedway for a meal with the famous racing family at their trackside condo prior to a NASCAR race.

**Added-value offers**
Sponsors also can design sales-driven programs that offer consumers added value. Around its sponsorship of the San Francisco Giants, Safeway Inc. offered $6 ticket vouchers to Monday night home games. The vouchers also included a coupon for a free hot dog and soft drink during the game. Safeway promoted the offer and the team in its weekly newspaper inserts. The chain also created the Safeway/Oakland A’s Kids Club, where for $7 children under age 15 received an A’s pennant, membership card, team photo, button and two game tickets.

Service companies also can leverage sponsorship to create value-added consumer promotions. For instance, American Express TRS Co. runs an ongoing offer that gives Gold Card members first crack at the best seats in the house for popular plays and performances.
**Self liquidators**

Around its sponsorship of the U.S. Olympic Team, Texaco sold a specially-priced Olympic highlights video profiling athletes who “demonstrated the strength to endure and the energy to go further.” The offer, good with a fill-up of any grade of gasoline, also encouraged repeat business: Consumers could redeem a coupon included in the video package for a free two-liter bottle of Coca-Cola Classic or Diet Coke on their next visit to a Texaco station.

Sponsor Eastman Kodak Co. also ran a merchandise offer during the Games. It sold commemorative Olympic watches – promoted as a $30 value – for only $3.50 with proofs-of-purchase from selected products. The company advertised the offer along with a coupon for its film.

**Trade extensions**

Around its World Cup sponsorship, MasterCard Int’l created a series of commemorative medallions that were marketed exclusively by its member banks; consumers could purchase the medallions only with a MasterCard. The banks could customize the medallions and shared in the revenue.

Nestlé USA, Inc’s use of its sponsorship of a team on NASCAR’s Nationwide Series presents another example of leveraging to influence the sales chain. Seven of the independent dairies that distribute the company’s ice cream bars were in race markets. Nestlé used race benefits as a promotional incentive for the dairies, which parlayed tickets and merchandise into more freezer space and end-aisle displays. The sponsorship also opened doors with racetrack concessionaires.
Retailer incentives
To increase presence in-store, sponsors can create an offer as basic as allocating tickets and backstage passes based on merchandising performance. But, as competition between sponsors for retailer participation has grown more intense, offers have become more elaborate.

To foster relations with key customer Pathmark Stores, juice marketer Apple & Eve gave the supermarket chain presenting status of the USTA pro circuit women’s tennis event it titled. In exchange, Pathmark promoted an in-store ticket sweeps on end-cap displays, posters, in-store radio ads and other collateral. The grocer also offered two-for-one tickets to consumers with a Pathmark frequent shopper card.

Similarly, Colgate-Palmolive Co. used its sponsorship of the Starlight Foundation to offer a local hook designed to boost retailer participation. Colgate donated 125 of the charity’s “wishes” at $1,000 apiece on behalf of local retailers who supported the promotion in-store. Colgate also featured retailer ID on the front and back of its 90 Starlight Express Trolleys – self-contained entertainment centers for children’s hospitals.
Cross-promotions with cosponsors
Cosponsors are potential partners for each other. Networking within this group can be highly profitable. For example, a candy maker that was a primary sponsor of a yacht racing team liquidated its entire fee with a product sale to one of the team’s smaller cosponsors, an oil company. The confectioner transferred a portion of its sponsor benefits package to the oil company to clinch the sale of its candy as a giveaway with a tank of gas.

In addition to tapping the purchasing power of cosponsors, marketers can conduct joint promotions around the sponsored property. For example, Fuji Photo Film and Pepsi-Cola North America teamed up with other cosponsors of Sea World San Antonio to create a high-impact retail promotion that offered a $1 million top prize. The combined leverage of all the partners convinced Target Stores to participate and resulted in a 31 percent sales jump for Pepsi during the promotion period and incremental Fuji sales of about $140,000.

Working with a cosponsor can vastly extend the reach of a company’s promotions without increasing cost. Additional savings can accrue from such practices as sharing photography and entertainment expenses. Properties can facilitate cross-promotions by holding meetings so sponsors can discuss ways to conduct mutually beneficial joint promotions.

Media tie-ins
Media partners help extend sponsor visibility in many ways. For example, MillerCoors leverages its national music sponsorships by partnering with local radio stations in key markets. In exchange for being linked to a popular concert, the stations provide on-air exposure that helps drive traffic to on- and off-premise Miller accounts.
Multidimensional programs

Sponsorship-themed promotions are most successful when they are layered to simultaneously induce consumers to buy while adding to the number of outlets offering the product.

For example, when Corona beer sponsored the Triple Crown of Surfing, it built in promotions for consumers, on-premise clients and off-premise retailers. Consumer promotions included a self-liquidating videotape offer with event highlights and a sweepstakes that sent winners to the Triple Crown in Hawaii. The brand used p-o-s materials at retailers and offered on-premise accounts surfing-themed promotions and merchandise such as Hawaiian tank tops and baseball caps.

Chiquita Brands Int’l, Inc.’s World Cup soccer sponsorship also included multidimensional offers. The consumer-oriented centerpiece was Chiquita Clinics, a nationwide series of youth skills competitions free to youngsters with proof-of-purchase. Besides creating consumer impact, the series helped forge in-store merchandising partnerships with key local accounts. This was achieved by the clinics’ ability to increase store traffic – registration forms were available from p-o-s displays in supermarket produce sections – and by including the retailers in community service themed promotions.

Additional elements of Chiquita Soccer included Team Value Chiquita, a grassroots soccer equipment savings program available to all youth teams. Rounding it out were Chiquita’s sponsorship of individual pro teams, which provided opportunities for visibility and client entertainment.
La Victoria Foods, Inc.’s salsa exploited its primary sponsorship of an NHRA team on multiple levels. In race markets, the brand promoted event ticket discounts with product purchase. Stores could obtain ID on the La Victoria car in exchange for product display. La Victoria induced store traffic through radio ads promoting the $5 ticket-discount coupons available with purchase. To trace bounceback, the company distributed recipe books with coded coupons.

Around its sponsorship of a NASCAR Sprint Cup team, Kraft Foods offered race tickets and a selection of race items to retailers who agreed to buy a specified case load. Stores that agreed to a substantially larger-than-normal order and additional shelf space and end-aisle displays could have a race-car simulator appear at their site. To help the store move the product, Kraft required consumers to show proof-of-purchase to ride the simulator. Placing the simulator in a store’s parking lot gave the promotion an edge over other proof-of-purchase schemes: a customer without the required sales slip could simply drop inside to obtain one.

Working with a cosponsor can vastly extend the reach of a company’s promotions without increasing cost.
EXPLORATION MENU
The value of any sponsorship is derived when the sponsored property is used as a central platform around which to direct other marketing activities.

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>SPONSOR OFFER(S)</th>
<th>IMPLEMENTATION VEHICLE(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer incentives</td>
<td>Traffic-builders: store appearance by team, showcar, rock star, etc.; exclusive off-site outlet for tickets, merchandise or registration forms Assigned benefits: ID on sponsor’s car in local market, donation to cause in retailer’s name Entertainment: VIP tickets, premiums Sales rights: retailer “buys” relevant categories for resale to manufacturers</td>
<td>Based on merchandising performance and incremental case orders National ad slicks with room for tag with local store ID Display contests, dealer loaders, point-of-purchase materials Retailer sells participation in store promos around property at a profit</td>
</tr>
<tr>
<td>Consumer sales</td>
<td>Free or discounted event tickets or special on-site privileges, e.g., pit-pass with proof-of-purchase Donation to cause with purchase Merchandise and premium offer with purchase, e.g., collector cans, pins, trading cards Special privileges for members, e.g. tickets to “sold-out” events</td>
<td>In-store displays and media buy within 200-mile radius of event FSIs, product wrappers, shelf talkers, etc. Media buys, direct mail sweepstakes or contest Statement stuffers</td>
</tr>
<tr>
<td>Client entertainment</td>
<td>Pro-am spots, opening night invitations, event travel or training camp visits; clinic with pros</td>
<td>Invitations to hospitality tents, suites, etc.; player visits with customers; backstage tours</td>
</tr>
</tbody>
</table>
EXPROITATION MENU (CONTINUED)
The value of any sponsorship is derived when the sponsored property is used as a central platform around which to direct other marketing activities.

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>SPONSOR OFFER(S)</th>
<th>IMPLEMENTATION VEHICLE(S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade extensions/ Sales force motivators</strong></td>
<td>Local overlays, e.g., event/game/cause sponsorships; affinity-card offers; commemorative merchandise; on-site product sales  &lt;br&gt; Use of property’s membership list to create database of targets or for traffic-building direct mail offer  &lt;br&gt; Entertainment opportunities as entree to new accounts</td>
<td>Co-op with bottlers, distributors, brokers, member banks, etc.; check presentation made by trade rep  &lt;br&gt; Salespeople accumulate points on number of units sold  &lt;br&gt; Special offers, e.g., family days, discount on tickets and merchandise</td>
</tr>
<tr>
<td><strong>Borrowed imagery</strong></td>
<td>Exclusivity in product category  &lt;br&gt; Special awards, proprietary programs</td>
<td>Official status on packaging and in media buy  &lt;br&gt; PR, advertising and marketing support</td>
</tr>
<tr>
<td><strong>Media leverage</strong></td>
<td>Sponsor benefits traded for media commitment  &lt;br&gt; Ad time/space buy extended with event-related promotions, merchandise, etc.</td>
<td>Live remotes, pre-event giveaways, etc., negotiated with media promotions director  &lt;br&gt; Used to advertise property or resold to cash sponsors</td>
</tr>
<tr>
<td><strong>Cross-promotions</strong></td>
<td>Cosponsors provide product for giveaways, etc., in exchange for inclusion in surrounding promotions</td>
<td>Exposure in cosponsors’ distribution outlets, e.g., auto dealerships, gas stations</td>
</tr>
<tr>
<td><strong>Trial</strong></td>
<td>On-site sales, sampling and/or exhibit for product display or to showcase product in action</td>
<td>On-site distribution of bounce-back coupons or trial-sized samples with next-purchase coupons; use of sponsor product while competing or performing</td>
</tr>
</tbody>
</table>
In addition to the rights and benefits included in a package, many other factors directly affect the value of a sponsorship.

Below, Chris McCleary, senior vice president and senior counsel with Visa Int’l, posits that two factors in particular – sponsor activation and ambush protection – are fundamental to enhancing a property’s value.

As properties face more competition for sponsor support, every property must focus on differentiation and building value.

Two areas are instrumental in doing so, yet many properties fail to emphasize them. The first is harnessing the power of sponsor activation to build property value. The second is preventing unauthorized third-party activation, especially ambush marketing, to avoid losing value. The first can make a property. The second can break it.

The reason these operational areas are so important is predicated on a basic truth about any property: What makes it valuable to sponsors is the same as what makes it powerful to its audience – its meaning in their hearts and minds. What sponsors want to associate with, and are willing to pay for, is the image and meaning of the property to its audience.

So how can a property evoke more powerful and positive feelings among its audience, thus creating and growing value? Conducting the property in the proper manner will begin to build or maintain a reputation, and direct promotion by the property owner can spread the word. But critically important to a property’s image are third-party uses of its name and marks.
A number of sponsors devoting ad and promotional spending to a given property speak with a very loud voice – much louder than any property can afford on its own. (Olympics sponsor ads outnumber IOC-run Olympics-related ads at least 1,000 to 1.) The right messages and images in those sponsor activations will build and burnish the property's value every time consumers see them. By the same token, inappropriate uses by third parties that are not sponsors can just as powerfully harm the property's carefully created value.

**Creating the atmosphere that nurtures activation**

Just the fact that a sponsor is on board can build and preserve the property's credibility and perceived value. The value of association clearly goes both ways. When the sponsor is a highly respected or famous brand, the values consumers associate with that brand rub off on the sponsored property.

But because the greatest amount of consumer exposure to the property will be through sponsor advertising and marketing, a property must focus on encouraging its sponsors to actively and positively promote the property. A practical way to accomplish this is to implement a well-run approval program, the process by which the property permits and manages sponsor activation. It should include these elements at the least:

- User-friendly guidelines
- Clear, efficient, dependable approval process
- Dedicated staff charged with operating and improving the process as it runs

These elements can help make the program efficient, understandable and predictable, thus making sponsors more confident about activation of the property and more likely to activate. At the same time, they afford the property the control over its name and marks necessary to protect it from sponsor misuse. After all, even the most dedicated sponsors do not always get it right.
Guidelines. Prior to sponsor discussions, a property should determine what its goals and concerns are regarding sponsor activation. These may vary based on what is offered to sponsors – marks and logos, photo and other image access, content rights – where the property is in its life cycle and other factors.

For example, a property might be concerned about what colors are used with or near its logo, whether certain publications or media are inappropriate for promotion of the property or specific terms that can be used to refer to the property.

If a property does not consider these issues and establish guidelines ahead of time, they are likely to trip up sponsor activation efforts again and again, making the approvals process frustrating, expensive and time-consuming for both parties.

Besides placing a property’s general expectations on the table at the outset of any sponsor discussions, additional guidelines may be worked out up front that take into account specifics relevant to each sponsor.

Good examples are the guidelines created by each organizing committee for the Olympic Games. Their brand usage guidelines for sponsors contain clear specifications and rules. For the ’04 Games, the Athens organizing committee has gone farther, providing sponsors with materials explaining broad themes the committee seeks to repeat, consistent with its positioning of the Games as bringing the Olympics back home.

With Visa’s sponsorship of each Games, the company and the organizing committee layer on additional guidelines pertinent to the way Visa activates, in particular the fact that member financial institutions conduct much of our marketing activities. Taken together, these two layers of guidelines make for easy submissions planning and a very high approval rate for our submissions – both of which lead to greater Visa activation.
Approval process. The property must operate an efficient approval process to handle submissions. If a sponsor cannot count on a quick, consistent response, it will be unable to plan for activations and will not activate.

The process should be spelled out in the sponsorship agreement and may be refined over time. At a minimum, the process should dictate the outside limit on how long it will take the property to respond to each submission and to any re-submissions of the same materials. For example, five business days for initial submissions and, if the response calls for alteration, three business days for a re-submission. The process also should spell out what happens if the property fails to respond within that time, perhaps that the submission is deemed approved.

The property should develop and dictate the use of a form or checklist of information that must accompany each submission. There should also be a requirement that the property not reject any submission without providing a reason and suggest what would make the submission acceptable or what alternative submissions would be better.

Additionally, it often is worthwhile to call out an escalation plan for when a sponsor feels compelled to pursue a submission that has been rejected. Taking the question to a higher authority can prevent the same people going around and around on the issue.

Dedicated staff. Any property that sells sponsorship must invest in the resources necessary to enable sponsor activation. These are absolutely part of the deliverables involved in the sale of sponsorship rights and include investing in the staff necessary to implement the guidelines and approval process. Depending on its scale and number of sponsors, a property may dedicate time of existing staff, hire an agent to run the process, add a new employee or build a team of approvals people.
Finally, activation guidelines and the approval process must strike the right balance of protecting the property from inappropriate sponsor uses and encouraging sponsors to activate.

Sponsors often run up against properties that seem to regard their approvals program solely as a function of brand protection. This approach is often described by sponsors as “punishing your friends instead of your enemies” and stems from the fact that it is easiest to control those nearest you.

**Fighting ambush marketing**

First, how can you tell whether something is an ambush? Ambush marketing can be difficult to pin down because it is normally conducted by marketers who know enough to avoid outright trademark infringement, preferring to more subtly imply or evoke for consumers the property and the false relationship they mean to depict.

To draw the line on what constitutes an ambush, it is necessary to acknowledge what is on the other side of that line. For example, a property obviously cannot protect its entire field of endeavor. Rugby World Cup organizers cannot prevent nonsponsors from using rugby images. It may not always be possible even to protect the fact of the property. For example, a marketer might include a reference to rugby championships in Sydney in the context of a message that does not suggest the marketer has anything to do with them.

In that sense, Jerry Welsh’s comments in his article “In Defense of Ambush Marketing” would make sense if they did not refer to this sort of activity as “ambush marketing.” Non-confusing marketing within the “thematic space,” as Welsh refers to it, is okay because it is not ambush marketing, and a property can’t prevent it.

What the property can and should guard against is consumer confusion, which is what ambush marketing is all about. It is an ambush if it is confusing consumers by lending the property image to the ambusher.
Anyone can commit an ambush by implying a relationship with a property in a product or service category where it has no rights. In addition to companies that have no relationship with a property, ambushers can be sponsors of a related property or sponsors of the property itself.

For example, if Company M, an existing payment services sponsor of the New Zealand All-Blacks – a Rugby World Cup participant – ran an RWC promotion featuring the team, the Rugby World Cup portion of that promotion would be an ambush against the organizers of the tournament and its payment services sponsor Visa.

Or, say Visa is the Olympic payment services sponsor, and Airline D is official airline. Airline D participates in a co-promotion with Visa competitor, Company A, and runs that promo in connection with Airline D’s Olympic marketing materials. Company A is given an implied association with the Games, and both Airline D and Company A are ambushers.

Each of these sources of ambush should be guarded against in a property’s anti-ambush plan, which should incorporate the following:

**Be in a position to fight ambush marketing.** Here are the fundamental steps:

- Be aggressive about intellectual property protection. Obtain and enforce IP rights for organization and property names and marks, mascots, etc. and protect them. This creates a definable, protectable property and sets a good precedent.
- Build and share with sponsors a written brand protection program.
- Be clear with each sponsor as to exactly what rights are being delivered and what the rules are for use. Be very specific about categories and category exclusivity among sponsors.
- Be aggressive in attacking ambushers as a routine and from the beginning. Make and publicize examples of big wins. That carries the precedent farther.
Activate an effective anti-ambush program. Especially where an event is a property element, the program must include:

- Create an atmosphere hostile to ambushing through warnings to ambusher and an impervious sponsor program.

  In the former, a property can use public and private statements, including PR and advertising, to make its position clear on ambusher and widely publicize its wins against infringers as an example to others.

  In the later, a property can put together distinct, hard-to-emulate rights for sponsors and conduct a sponsor recognition program that rises above the noise to make it that much harder for an ambusher to confuse consumers.

- Develop an ambush communications process. Especially when a property features an event, one of the things that makes ambushing attractive is that the ambusher can strike quickly at a critical time and get out before the property can do much about it, particularly since that time typically is when the property is stretched on time and resources.

  With that in mind, the ambush program should include a two-speed process that sponsors can count on for making the property aware of an ambush. The standard speed can be based on an incident form faxed to a property staffer who, following an already established procedure, investigates and responds, keeping the incident reporter updated.

  The high speed would be available only for acute, time-sensitive ambushes such as a major ad campaign that breaks just before the event. Visa describes this as the “red phone” process, in which a designated contact person from the sponsor is authorized to call a designated property contact to initiate an instant telephone conference with predetermined sponsor and property officials – each side’s ambush team. The combined team quickly evaluates the situation and agrees on necessary action.
This process gives great peace of mind and saves the property untold time wasted on a barrage of redundant and insistent communications from the ambushed sponsor.

- Maintain pre-set ambush responses. This is a reserve of materials and plans created ahead of time that the property can use in timecritical response situations. Elements may include PR statements, advertising pieces, letters, editorials for release to the press and legal papers for extreme situations.

**Properly handle the ambushed sponsor.** In addition to stopping the ambush, the property should take the following steps to inspire confidence and continued harmony with sponsors:

- Document how it happened, how it was found and how it was stopped for later guidance. Both property and sponsor must learn from an ambush to keep it from happening again.
- Secure whatever reparative measures are necessary to rebuild the property. This may include business or legal penalties on the ambusher and public statements.
- Secure and deliver to the ambushed sponsor whatever reparative measure are necessary to rebuild the value of its sponsorship.

A common misunderstanding between properties and sponsors arises when there is an ambush in a sponsor’s category, and the property stops it. The property may feel it has done all that is necessary, but the sponsor will not be satisfied without some closure – step one – and repair work – steps two and three. After all, if these things do not happen, where is the disincentive for repeat ambushes?
SPONSORSHIP’S NEW OPTICS

For decades, sponsorships have been viewed as assets that sit at the center of a hub of activity designed to support and promote the partnership. But that model is no longer sustainable in a marketplace filled with hundreds of thousands of sponsorships, and in a world where consumer and business targets demonstrate over and over again that they do not know, and do not care, who is the official sponsor of what.

Instead of sponsorship as the platform around which they build campaigns, it is time brands reframe the dialogue.

Rather than asking “How do we activate this?” they must pose two other questions: “How can we use this to create a new and valuable asset?” and “How can we use it to amplify the stories we need to tell?”

Sponsorships are on the same journey as brands themselves. As Frank Cooper, chief marketing officer, global consumer engagement for PepsiCo Global Beverages Group points out:

“Brands have moved from serving a transactional and functional purpose as shorthand for identifying what is in the bottle, to conveying image and appealing to emotion, to now being a source of meaning and trust. Technology has caused a huge change as to which social institutions provide meaning. People now get meaning from each other and from brands. This is a massive reorientation of the social context.”

Similarly, sponsorships have evolved from vehicles for generating awareness, to a way to borrow imagery and earn a halo effect, to being the catalyst for ensuring brands create meaning and tell their stories effectively.

WHAT WILL YOUR SPONSORSHIPS PRODUCE?

Create and Curate
When brands stop thinking of sponsorship as the end game and instead view it in the context of what it can produce, they enable themselves to tap into the social and cultural changes that PepsiCo’s Cooper referred to.
This is the natural next step in the evolution that began with sponsorships as branding exercises and transitioned into opportunities to tap emotions and enhance experiences. In this new phase, sponsors will be producers in cooperation with their rightsholder partners.

Currently, we can see examples of this with globally scaled partnerships between large brands and global properties. Red Bull Stratos is the ultimate example for the time being.

Pepsi is taking this approach with its partnership with Beyoncé. Not satisfied with being a sponsor, Pepsi wants to be a creator. So while the relationship will contain familiar elements such as commercials, involvement with tours, videos, etc., it also will involve collaboration between the brand and the artist on original content that is consistent with their common values and offers cultural value to consumers.

Given the democratization of technology and content production, the concept of sponsors as producers and creators is eminently scalable and applicable to partnerships across all property types. Multimillion-dollar budgets and massive teams of people are not required. For the cost to develop a basic app, Saucony—in conjunction with a series of local nonprofits—created the Run4Good program, which allows runners to turn the miles they log into donations to fight childhood obesity.

Brands that become creators will not be abandoning traditional activation and engagement elements of sponsorship, but rather will be adding another level of value delivery to them.

If creating is the ultimate method of delivering real value, curating is nearly as important in a world where people need shortcuts to filter massive amounts of information and content to identify what is most important to them.

At South by Southwest, Samsung provided a valuable service to attendees by surfacing the most relevant and trending information from the festival’s hundreds of events and tens of thousands of
conversations, and delivering it directly to them through the device of their choice.

The need for “editors” that can cut through the clutter and deliver critical information offers incredible opportunities for brands to put themselves at the heart of an experience and be of service to their customers and consumers, whether it’s developing an online resource that aggregates news, apps and social media; offering tools to help navigate a live event, or spotting worthy causes and social initiatives that would otherwise go unnoticed.

WHAT CAN YOUR PARTNERSHIPS SHINE A LIGHT ON?

**Messenger, not the message**
Not only can sponsorships stimulate the creation of new assets, but they also should be seen as a conduit to allow consumers and stakeholders to further discover a brand’s story and values.

Sponsorships, especially those with sports and entertainment properties, are powerful megaphones for spreading the word about other company programs, initiatives, legacies, etc. that otherwise would not get the attention they deserve.

Consider the challenge faced by UPS in promoting its sustainability efforts to business and consumer customers. Amid a sea of me-too environmental messaging from corporations of all types and sizes, UPS leverages its role as exclusive global package, shipping and logistics sponsor of Live Nation to also serve as the official sustainability partner of the entertainment giant.

In addition to the traditional benefits of entertaining customers, prospects and employees at Live Nation events and venues, UPS now has a compelling narrative to share. It created a sustainability program for the live music industry that measures the carbon footprint of concert tours and offers solutions that are more energy efficient and mitigate remaining carbon dioxide output through offsets. This effort is promoted through documentary-style videos and other media.
In addition, all shipping of tickets and merchandise purchased through Live Nation is made carbonneutral through the use of offsets, directly involving consumers in the effort.

Ultimately, riding a sponsorship’s coattails and drawing attention to what a company is doing, or what its values are, can deliver a higher return than even the primary elements of the partnership. For example, Lloyds Banking Group, a sponsor of the 2012 London Olympic Games reported that among customers aware of its sponsorship, 30 percent were more likely to recommend the bank. But of those aware of the Local Heroes community program that Lloyds ran in conjunction with the Games, 50 percent were more likely to recommend.

**Five actions that will improve your sponsorship return**

In addition to expanding the lens through which you view sponsorship to include creating new assets and enhancing storytelling, successful sponsors must strive for the following:

1) Earn credit and gratitude from the audience for what you bring to the sponsored property, not just recognition that you were there. Receiving credit translates into gratitude, which leads to behavior and loyalty.

   **Tip:** Credit is more easily earned when the brand’s actions are (or are perceived to be) based on bottom-up, consumer-generated ideas, rather than being brand led.

2) Deliver your message when the audience is ready to hear it rather than interrupting.

   **Tip:** This may mean forgoing the corporate badging or not messaging directly through or during a sponsored activity. Don’t be afraid of giving up short-term exposure for more meaningful association.
3) Prioritize organic, relevant opportunities for telling your corporate or brand story over reaching huge numbers of people.

**Tip:** Ensure that your process for reviewing partnership opportunities is not biased against non-traditional opportunities or those that deliver smaller audiences.

4) Develop an integrated, portfolio-based approach to sponsorship. Each partnership doesn’t need to achieve all of your brand objectives and reach all of your targets, but together they should.

**Tip:** Rank and weight your objectives and communicate with internal stakeholders to gain consensus so that you can appropriately balance your portfolio.

5) Find rightsholder partners that understand this new context for sponsorship and can bring the necessary assets and ideas to the table, not just standard inventory.

**Tip:** Screen opportunities for new partnerships and renewals on a qualitative as well as quantitative basis, asking questions about how a property will deliver in addition to what it will deliver.
MEASURING SPONSORSHIP RESULTS

Sponsorship can be measured. There are three broad schools of evaluation:

• Measuring awareness levels achieved or attitudes changed
• Quantifying sponsorship in terms of sales results
• Comparing the value of sponsorship-generated media coverage to the cost of equivalent advertising space or time

The first two forms of measurement require:

• A pre-sponsorship benchmark. Only an initial measurement can establish a point of comparison
• Maintaining consistent levels of advertising and other forms of marketing during the sponsorship. If several promotional variables are introduced at once, it is impossible to isolate the effect of each one
• Measuring one objective at a time. Though companies sponsor for multiple reasons, the sponsor must decide which objective is most important and measure that one
Measuring awareness/attitude changes
Mobile phone manufacturer Siemens saw its brand awareness levels in Spain nearly double in one year after it began sponsoring the Real Madrid soccer team. Because of the international make-up of the team, the deal has also raised the company’s profile in other countries. For example, in Brazil, home of Real Madrid star Ronaldo, awareness also rose dramatically to more than 60 percent.

For companies that do not need to build awareness, changing consumer attitudes towards the company or brand is often a high priority. General Motors, locked in a fierce battle with domestic and foreign competitors, often sponsors to increase its favorability among targeted consumers and to increase purchase consideration. Research conducted by the Arizona State Fair showed that 48 percent of attendees that were aware of GM’s sponsorship of the event had an improved perception of the company. In addition, 43 percent were more likely to consider purchasing a GM vehicle as a result of the sponsorship.

Sponsors need to address three areas when measuring awareness and attitude:

- Prior to launching the tie, they need to determine awareness levels, attitudes and image perceptions among their target and set goals they expect the sponsorship to achieve
- During the sponsorship, companies should ask themselves, “Are we on the right path? Are there any strong positive or negative indicators to adjust or change?”
- Following the sponsorship, they should ask, “Did we meet our goals?”
Measuring sales
To justify expenditures to shareholders and employees, sponsors must show that sponsorship makes an impact on the bottom line. They must show that associating with an NBA team or a state fair positions their products or services so that consumers want to buy them, while concurrently influencing the key elements in the sales chain so that there is a readily available outlet from which to buy.

Sales objectives that can be tracked include a sponsorship’s ability to:

• Increase sales of a product or a service to consumers
• Drive sales to business customers
• Increase distribution outlets
• Generate more product display at point of sale
• Produce targeted new leads
• Improve efficiencies of FSIs and other promotions
• Lock-in heavy users
• Boost retail traffic

Methods of tracking sales gains include:

• Comparing sales for the two-to-three-month period surrounding the sponsorship to the same period in prior years
• Measuring sales in the immediate event area against national sales
• Tying sales directly to the sponsored event, e.g., ticket discount with proof of purchase, then tracking redemptions
• Tracking number of outlets carrying product
• Measuring customer brand preference
• Tracking number of retailers/dealers participating in program
• Gauging incremental sales to retailers by measuring additional case orders, display penetration, shipments, features and price reduction
The Principal Financial Group, which paid a $3.5 million rights fee to be the presenting sponsor of the Smithsonian American Art Museum’s Treasures to Go touring exhibition, generated around $9 million in new accounts as a result. The $9 million reflected at least four new 401(k) management accounts.

Sweet Leaf Tea Co.’s mid-five-figure exclusive iced tea and pouring rights deal with the Austin City Limits Music Festival helped the two year-old line secure a distribution agreement that placed the brand in H-E-B Grocery Co.’s 300-plus stores, its biggest account ever. As the festival’s exclusive distributor of discount admission coupons, H-E-B agreed to a promotion in which those coupons are valid only when presented with Sweet Leaf proofs-of-purchase.

VF Corp.’s Wrangler jeans measures the net-profit contribution for each of its sponsorship programs. Prior to sponsoring, Wrangler conducts on-site interviews at an event to determine the number of attendees who have purchased the jeans during the last six months. The brand again conducts the survey after the first year of sponsorship. The rate of Wrangler purchases between the pre- and post-sponsorship studies reflects incremental sales generated.

Wrangler then multiplies its $3-per-pair profit margin by the number of incremental sales. This provides an accurate estimate of the sponsorship’s profit contribution. Wrangler then subtracts the cost of the sponsorship to determine the program’s net profit contribution.
Measuring media coverage
This approach calls for placing a dollar value on publicity. First, document the number of seconds of TV and radio coverage, as well as column inches in print. Then determine the cost to purchase a like amount of advertising. In assigning values, some sponsors use the rate card, while others use qualitative objectives. For example, Cartier values mention in Town & Country higher than People.

Lloyds Bank, in association with market researcher Audits of Great Britain, devised a qualitative rating system for each piece of coverage received by its Theatre Challenge. Of 216 articles, 96 percent credited Lloyds as sponsor. Each clipping received a grade: two points if Lloyds appeared in the headline, or if the story included a positive comment about the bank’s sponsorship; and one point for a name mention in the text or a photograph. The coverage then was evaluated against the relevant publication’s rate card. Results showed Lloyds achieved coverage equivalent in value to 75 percent of the cost to buy the space.

Other performance indicators
Depending on a sponsor’s objectives, several other measures can be used to evaluate sponsorship.

Interest levels/participation
Gillette, which sponsored the $10,000 Right Guard Halfway Challenge award during televised auto races, measured participation in its promotion. Entrants, who either mailed in entry forms or registered through a 900 number, vied for a chance to be phoned at the race’s halfway point and asked who was leading. The contest was promoted prior to races through radio and TV ads. During the second half of the race, the winner of the award was announced on TV.

Gillette received more than one million phone calls during the season. The names and numbers collected from the calls were turned into a direct mail list, which was later used to send coupons for Gillette products.
Number of product-related actions taken
Bailey’s Original Irish Cream was able to determine that 50,000 people sampled the drink during its SummerStage sponsorship in New York City’s Central Park. Other actions may be measured after the sponsorship, i.e., calls to 800 information numbers, etc.

Key clients attending
A project’s success in appealing to a company’s target audience also is evident in the number of guests accepting invitations and personally attending the event.

New contacts/mailing list generated
A car dealer who sponsors an annual concert hosts a party before the concert and a buffet afterwards, to which it invites 30 guests. Over the three years the dealer has sponsored, five guests have bought cars. On a broader scale, the dealer collects names of concert attendees and follows up with phone calls asking whether they enjoyed themselves and then discusses cars.

Bank of America used its links to college sports’ Atlantic Coast Conference to recruit 15,000 incremental credit card customers – almost twice the goal of 8,000 – at an acquisition cost of about $85 per customer, compared with the $100 per customer target. In addition, the approval rate for applications through the program was much higher than normal.
Who: Bank of America Corp.

What: 16 PGA Tour stops

Objectives: Build relationships and business with key customer targets through upgraded hospitality opportunities

Measured: Incremental revenue from customers hosted at events; consideration; attitudes toward Bank of America. To help track results and gather feedback, the bank logs all guess and their Bank of America contacts into a computerized database, plus offers prize-drawing entry only to those guests who complete a detailed survey about the hospitality experience and their banking plans

Results:

- Through the first 13 stops, including first-time title of the Colonial tournament, the bank realized incremental revenue and increased consideration and loyalty
- The bank’s Dealer Financial Services Group, which provides financing services to auto dealers, saw a 25 percent increase in revenue from dealers it hosted at the Ford Championship at Doral, compared to an 18 percent increase from a control group
- The Premier Banking Group, which serves the company’s second-most profitable customer pool – “mass affluent” individuals with investable assets of $100,000 to $500,000 – earned a 20 percent increase in investment balances from those clients attending one of the first four sponsored stops of the season
- Across all of the bank’s customer segments, 88 percent of those entertained at the 14 tournaments said they were more likely to consider using Bank of America for their financial needs because of the experience
- Among the bank’s Asset Management Group customers – the highest revenue-producing clientele – 80 percent of those hosted said they were more likely to consider using Bank of America’s investment management services and purchasing the bank’s mutual fund products
- Eighty-four percent of customers entertained said the experience strengthened their relationship with their financial advisor
RETAILER/TOURING SPORTS PROPERTY

Who: T.J. Maxx
What: Low-seven-figure title to the Tour of World Gymnastics Champions, a 32-market tour supported by in-store collateral, TV ads, an exclusive ticket discount offer, two sweepstakes, a bounceback promo and Special Olympics cause overlay
Objectives: Build store traffic and sales
Measured: Visits, purchases, bounceback redemption, consideration
Results:
  • Ticket discount offer generated 3,000 store visits, with 42 percent of those consumers also purchasing product
  • The bounceback, redeemable for a tour-logoed tote, garnered an 11.2 percent redemption rate, translating to an additional 6,000 store visits
  • Of those redeeming the bounceback who had not previously shopped at T.J. Maxx, 15 percent returned to shop in the ensuing three months

TELECOMMUNICATIONS PROVIDER/CONCERT TOUR

Who: Verizon
What: Presenting sponsorship of the *NSYNC PopOdyssey Tour, a 35-city concert series that Verizon promoted through 2.2 million direct mail pieces and TV, radio and Internet ads. The centerpiece of the program was a sweeps featuring a trip to meet members of the boy band at their Washington D.C. concert. Existing residential customers were automatically entered into the contest each time they made a long-distance call. New customers were entered when they switched to Verizon
Objectives: Recruit new long-distance service customers; increase long-distance usage
Measured: Number of new customers acquired; network usage
Results:
  • 53,000 new long-distance customers, versus 32,000 projected
  • 32 million long-distance minutes during the promotion period, versus goal of 21 million
  • Network usage increased nine percent, versus five percent goal
  • 380 new customers acquired over the Internet, versus 75 forecast
  • 15,000 leads collected at concerts, versus 8,000 projected
MULTIPLE SPONSORS/COMMUNITY FESTIVAL

Who: Golden Gallon convenience store chain; Toyota of Cleveland, a Chattanooga, Tenn. dealership; and WUSY-FM

What: Cross-promotion around Riverbend, a nine-day music festival. The program featured a sweepstakes for a Toyota Tacoma and other prizes. Entries were available at Golden Gallon stores, where p-o-s materials featured all the partners’ logos. The c-store chain held daily drawings broadcast on WUSY to select finalists

Objectives: Both Golden Gallon and Toyota wanted to erase the legacy of competitors that had long been associated with the festival and leverage association with the event beyond the duration of the festival. In addition, Golden Gallon wanted to increase sales, while Toyota wanted to drive consumer awareness of the breadth of its product line. The radio station was looking to increase listenership

Measured: C-store sales; visitors to on-site displays; ratings

Results:

- Golden Gallon saw a nine percent sales increase during the eight weeks of the promotion compared to the same period a year earlier
- A truck giveaway attracted a large number of people to Toyota’s on-site display, where all of its cars and trucks were on view
- WUSY benefited from Toyota’s willingness to share its on-site booth space with the station, giving it a much more visible location than it had on its own as one of 20-plus media partners. The station attributes its quarterly increase in listenership from 17 percent of the market to 23 percent partly to its participation
### BUSINESS-TO-BUSINESS MARKETER/ARTS

<table>
<thead>
<tr>
<th>Who:</th>
<th>Digital Equipment Corp., U.K.</th>
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<tbody>
<tr>
<td>What:</td>
<td>Partners in Dance, an umbrella program for sponsorship of Sadler’s Wells Theatre, Britain’s major dance showcase, and seven dance companies ranging from traditional ballet to contemporary</td>
</tr>
<tr>
<td>Objectives:</td>
<td>Reach the 8,000 corporate customers who make purchasing decisions for major users of information technology; position Digital as an innovative, reputable and exciting company</td>
</tr>
<tr>
<td>Measured:</td>
<td>Number of invitees who personally attended event; business written as a result of the contact</td>
</tr>
</tbody>
</table>
| Results:                  | - After reaching 5,000 of its target audience, Digital commissioned a poll that found the company’s favorable perception rating had increased 20 percentage points. Competitors’ ratings had either dipped or stayed the same during the same period. Digital’s ratings even outpaced one competitor that spent £3 million – several times the cost of Digital’s sponsorship – on advertising during the previous year  
  - Further research showed that the only segment of Digital’s target not being reached was the very top – CEO’s and directors of the largest British companies. The program was amended to include private dance events for these key businesspeople. Digital spent an amount equal to its sponsorship fee on silk ties, gold jewelry and champagne glasses with the Partners in Dance logo, which were given to guests to extend the life of the sponsorship  
  - Within the first year, Digital's arts sponsorship more than paid for itself in new business |
### PACKAGED GOOD/TASTE FESTIVAL

<table>
<thead>
<tr>
<th>Who:</th>
<th>Listerine</th>
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<tbody>
<tr>
<td>What:</td>
<td>What: $20,000 cosponsor of Taste of Chicago, an annual free food and music festival attracting three million people</td>
</tr>
<tr>
<td>Objectives:</td>
<td>Boost shelf space, retailer co-op advertising and consumer sales; increase standing in minority markets</td>
</tr>
<tr>
<td>Promotion:</td>
<td>Bring proof of purchase to festival and receive 50-cent food ticket; retail and on-site sweepstakes with urbancontemporary and Spanish-language radio station partners; on-site sampling and couponing</td>
</tr>
<tr>
<td>Measured:</td>
<td>Display activity; number of retailers promoting the offer in their own advertising; and shipments during the festival promotion</td>
</tr>
</tbody>
</table>
| Results: | • Gave away more than 10,000 food tickets to Taste attendees redeeming Listerine wrapper  
• Displays in Chicago were 112 percent higher than rest of U.S.  
• Trade participation in Listerine’s co-op advertising was the highest ever  
• Local shipments of the traditionally sluggish 48-ounce size during peak month of promotion increased 238 percent over the previous year; shipments for the quarter jumped 193 percent. Those figures contrasted with a national nine-percent decline for the month and a two-percent increase for the quarter  
• Market share remained one point higher in the months following the sponsorship than it had been previously  
• Listerine placed fifth among Taste’s 37 sponsors in attendees’ unaided recall, outperforming larger sponsors that had paid nearly five times more for their sponsorships |
### BEVERAGE/AUTO RACING

<table>
<thead>
<tr>
<th>Who:</th>
<th>Kraft Foods, Inc.’s Country Time drink mix</th>
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<tbody>
<tr>
<td>What:</td>
<td>NASCAR Winston Cup stock-car racing team</td>
</tr>
<tr>
<td>Objectives:</td>
<td>Boost in-store merchandising; regional and national consumer sales</td>
</tr>
<tr>
<td>Promotion:</td>
<td>Ride in show-car simulator with proof of purchase; limited-edition Collector’s Can featured through in-store contests and ads in trade and race publications</td>
</tr>
<tr>
<td>Measured:</td>
<td>Trade gains, product sales</td>
</tr>
</tbody>
</table>
| Results:     | • Traveling simulator generated more than 40 incremental case displays at each retail stop  
• Collector’s Can on-pack program featuring six limited-edition lithographs of NASCAR drivers produced a 13-percent increase in national lemonade sales, with sales jumping as high as 66 percent in Southeastern markets |

### PACKAGED GOOD/ETHNIC MUSIC

<table>
<thead>
<tr>
<th>Who:</th>
<th>Keebler Co.’s crackers and cookies</th>
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<tbody>
<tr>
<td>What:</td>
<td>Keebler Music Series, 156 Hispanic music events in Southern California</td>
</tr>
<tr>
<td>Objectives:</td>
<td>Involve major supermarket chain; leverage displays; drive consumer sales</td>
</tr>
<tr>
<td>Promotion:</td>
<td>Attendees receive $5 off the $15 admission price with a recent Lucky Stores’ supermarket receipt and a proof-of-purchase from Keebler products; on-site signage, sampling, couponing and sales of Keebler licensed merchandise</td>
</tr>
<tr>
<td>Measured:</td>
<td>Number of proof-of-purchases collected</td>
</tr>
<tr>
<td>Results:</td>
<td>One in five attendees turned in a proof-of-purchase for ticket discount</td>
</tr>
</tbody>
</table>
RESTAURANT CHAIN/CAUSE

Who: Jack In The Box, Seattle ADI group
What: Save the Earth Foundation, funder of environmental research at the University of Washington
Objectives: Increase coupon redemption; increase sales; raise visibility of chain’s environmental commitment
Promotion: Donate $1 and receive coupon book offering $10 in Jack In The Box savings
Measured: Redemption of coded coupons
Results:
- 35,000 coupon books sold
- 26 percent coupon redemption rate vs. expected three-percent rate
- More than $300,000 in corresponding sales

FINANCIAL SERVICES/GLOBAL SPORTS EVENT

Who: Visa
What: The Olympic Programme (TOP)
Objectives: Gain consumer preference and stimulate card usage
Promotion: From May through September, Visa promoted its association with National Olympic Teams by promising to make a donation to a Team each time the card was used or traveler’s checks purchased; member banks allowed to issue special Olympic cards and tag national TV advertising
Measured: Attitudes and usage
Results:
- Doubled consumer preference rate of its card over its chief rival from 15 points three months before the Olympics to about 30 points during the Games. Rate remained larger than 15 one month after the event
- Sales volume increased 17 percent (Prior to sponsoring, no advertising or promotion had ever achieved more than a 3-percent increase for Visa)
Speakers representing sponsors at IEG’s annual sponsorship conference reported a wide variety of positive returns on their objectives from organization, venue, sports, music and other partnerships. Below, a sample of the results achieved:

**The Procter & Gamble Co.** saw its Secret deodorant’s market share among cheerleaders increase by 30 points within six months of signing a partnership with cheerleading camps, competitions and organizations run by Varsity Brands, Inc.

“That is a crazy result to be able to achieve, and it is certainly not one we are getting with traditional media,” said Dave Knox, P&G brand manager, who forged the deal when he was the company’s teen external relations manager.

**Sharp Electronics Marketing Co. of America** secured a crucial business relationship with American Express Co. as a result of both companies having partnerships with mall developer The Taubman Co. Although the crux of Sharp’s agreement with Taubman is the flat-panel TV consumer product showcase offered by Aquos Entertainment Lounges in 10 upscale malls across the U.S., the relationship has led to the AmEx partnership and achieved other business-to-business goals for the consumer electronics manufacturer.

“Partnerships with fellow sponsors and other B2B opportunities are a key metric for us with all of the properties in our portfolio,” said Judah Zeigler, associate vice president, retail and consumer marketing group.

Sharp and AmEx came together around the creation of the Members Lounge at The Mall at Short Hills in northern New Jersey, an AmEx pop-up installation during the holiday shopping season.
“We partnered in a limited way on the Members Lounge, but it led to other conversations that resulted in larger programs, like our becoming involved with the American Express My WishList promotion,” Zeigler said. “All of that was born out of Taubman bringing American Express and Sharp together.”

In addition to working with other sponsors, Sharp has leveraged its Aquos lounges to deepen relationships with content providers and also has developed a portal for Taubman tenants to offer them competitive pricing on electronics products, Zeigler said. “We have access to these retailers who ordinarily would cost a great deal of money to reach directly.”

DELA Uitvaartverzorging B.V., the Dutch funeral insurance and burial arrangements company, became the primary sponsor of the Dutch national women’s volleyball team to help create a more positive image of the company.

The unlikely pairing has accomplished that goal in just the first year of the partnership, according to Bob van Oosterhout, the founder of DELA’s agency Triple Double B.V.

“Internally, company pride has increased by 10 points on a proprietary index the company uses,” he said. “Externally, the results have been amazing in terms of people looking at the DELA brand in a much more positive way”.

The Valspar Corp. aligned its eponymous house paint brand with the U.S. Tennis Assn.’s U.S. Open, as well as nine of the U.S. Open Series’ ten U.S. and Canadian pro tournaments leading up to the Grand Slam event.

Since the line—sold exclusively through retailer Lowe’s Cos.—had been rebranded and relaunched six months earlier, Valspar determined it could not use comparable sales data to measure the sponsorship’s effectiveness, said Tom Jacobs, vice president, director of sports and event marketing at Euro RSCG Chicago, who negotiated and managed the deal.
Instead, Jacobs purchased research on the average awareness, preference and consideration levels for first-time sponsors of tennis events and commissioned on-site surveys to determine attendees’ response to Valspar’s sponsorship.

“Consideration to purchase Valspar was 52 points higher than the industry norm for a first-time sponsor; our unaided awareness was 50 points higher,” Jacobs said. “Our aided awareness was 20 points higher than the norm.

“We also outperformed some of the larger U.S. Open sponsors in unaided awareness, some of whom have been there for more than 10 years.”

Jacobs credits the positive outcome to the company’s on-site activation efforts, which included the Valspar Paint Performance Challenge, a tennis skills competition. “We had research that said people who attend tennis events are active tennis players, so we made sure to build a promotion that tapped into their personal participation. That activation drove our research results.”

Overall consumer awareness of the new brand “climbed significantly” in the months when the sponsored tournaments took place, Jacobs noted.

“Our awareness had increased by three points from April to May and another three points from May to June, but then there was a big lift in July when the U.S. Open Series events began to happen. Everything else the brand was doing was consistent during that time, so we believe the tennis campaign was the cause.”
Sponsorship, the fastest growing form of marketing, is unregulated in the U.S. No guidelines for agency standards and practices exist; those involved in the industry have had to establish their own business principles. As a result, practices vary considerably from one agency to another.

Few corporations have the depth of specialization in house that sponsorship requires, so agencies are often brought in to provide crucial guidance.

Agencies may act as advisers to sponsors, steering them through the myriad of options and providing the supplemental professional staff required to manage an event involvement.

Agencies may also act as advisers to sponsees, packaging a property to make it more relevant to the needs of potential sponsors, and as brokers, shopping it around to corporate buyers.

Although in most cases sponsorship has been governed by the highest professional standards to the mutual benefit of sponsors and properties, the lack of codified practices and variance in procedures is often confusing to even the savviest of sponsorship veterans.

Concerns also emerge when an agency has a multiplicity of commercial interests. For example, when the agency promoting or marketing an event also represents the talent that appear in that event, consults to the companies that sponsor the event, owns the TV rights, and controls merchandise and signage sales.
The role of sponsorship agencies
Sponsorship agencies provide services to sponsors and sponsees on the development of a program, negotiation of terms and management of the sponsorship, either on an ongoing or project basis. These services run the gamut from media and promotional services to hospitality and evaluation.

Sponsors and sponsorship agencies
Most sponsors are not willing to pay for strategic counsel in the area of event marketing. Instead, they expect agencies to present ideas and advice for free, making their money if a sale is transacted.

This has meant that the majority of sports, arts, event and cause marketing agencies represent properties. Showing sponsor clients how to use these properties to increase sales, visibility and retail presence is a necessary part of the agency’s sales process.

This is not an ideal situation for either party: rather than receiving impartial advice, sponsors rely on agencies with a vested interest in certain events, while agencies often provide thousands of dollars worth of education, expertise and ideas to sponsors without compensation.

This has resulted in sponsorship agencies offering a growing number of specific services that sponsors are willing to pay for. These include:

- Event creation
- Contract negotiation
- Servicing and implementing the sponsorship
- Monitoring the delivery of rights
- Creation of marketing, sales promotion and PR campaigns around the sponsorship
- Evaluation
Properties and sponsorship agencies
The number of agencies that make sponsorship sales a primary practice area is dwarfed by those concentrating on event production or execution and management of ancillary marketing activities around sponsorship. Indeed, most sales agencies offer some of these services as well, because they provide a more consistent revenue stream.

Traditionally, sales agencies that represent non-sports properties have been fewest in number, reflecting the fact that arts organizations, entertainment opportunities and fairs and festivals generally command lower rights fees than their sports counterparts, thus yielding smaller payoffs for brokers, who most often work on commission.

However, the ranks of non-sports specialists are growing as the landscape changes. In the past few years, both the dollars involved and the number of non-sports opportunities have grown, creating a friendlier marketplace in which to offer services.

The services most often provided to property clients by agencies are:

- Establish audience demographics and purchasing habits
- Determine what rights property owns
- Develop a commercial strategy, including best way to package and market those rights
- Design sales materials
- Prepare a profile of companies most likely to sponsor the property
- Engage commercial partners to make the sponsorship work
- Structure TV and media deals
- Approach and negotiate terms with sponsors, TV and others
- Implement merchandising program
- Create and administer hospitality program
- Protect and enhance rights ownership
- Implement signage
- Service sponsors
- Conduct follow-up research and evaluation
HOW SPONSORSHIP AGENCIES BILL FOR THEIR SERVICES

Agency remuneration takes three forms:

**Project fee or retainer.** A project fee is a fixed fee for undertaking a project; a retainer consists of regular payments over time for services

**Expenses.** Reimbursement of out-of-pocket costs incurred in performance of services

**Commission.** A percentage of income generated

Agencies working for sponsors are usually compensated through the first two forms. Since sponsors most frequently hire agencies to manage and implement their event tie-ins once the property is selected, there may also be an operational budget. This would cover the costs of servicing the sponsorship, including such items as signage, legal fees, sampling, hospitality, etc.

Under no circumstances, should an agency receiving a fee from a sponsor also accept a commission from a property.

When an agency is hired by the rightsholder to perform a sales role, compensation may be strictly a fee or retainer, plus expenses; a commission; or a combination of all three.

Commission rates vary between 10 percent and 35 percent of income secured. The percentage will depend on several factors including:

- Competition between agencies to represent the project
- Difficulty in securing funds
- Sums being sought
- Length of engagement of agency
- A combination of the above elements
In general, the longer the period of engagement of the agency, the lower the commission rate is likely to be. The larger the sum sought in relation to the perceived value of the property, the higher the risk, and thus the higher the rate.

Commission rates also may vary depending on the type of deal signed. For example, the rate for signing new sponsors might be 20 percent while the rate for renewing current sponsors might be 12 percent.

If an agency renews with a sponsor originally signed by the property, it typically will earn its regular commission only on the amount of the increase. Rates for in-kind sponsorships often are a sticking point due to the difficulty of attaching cash values. However, agencies usually earn full commission only on items that are directly budget relieving.

Extremely prestigious properties might be able to command a minimum guarantee. This may affect commission arrangements since the agency could effectively “buy out” the right to receive all income for the period of the contract.

Straight commission arrangements shift the commercial risk of raising income to the agency and protect the cash flow of the rights holder, since payment need not be made until income is received. This shifting of the commercial risk to the consultant is reflected in the higher cost of commission-based arrangements when contrasted with project fee arrangements.

Bottom line, commission deals often cost more in the long run if the project is successful, but remove the risk of the event having to pay if the consultant fails to sell any sponsorship.
TIPS FOR SUCCESSFULLY WORKING WITH A SPONSORSHIP AGENCY

Provide clear job assignment upfront
It should include:

- Detailed objectives
- Desired outcome
- Budget (If you cannot give specifics, provide reasonable idea of the size of the project)
- Time frame for start and completion

Define Roles
- Before hiring agency, discuss the assignment with your other agencies and staff to minimize any internal problems brought on by new consultant’s arrival
- Determine who will be managing the assignment at your end, i.e., individual, committee, etc.

Interview agencies
Be sure to determine:

- What, if any, responsibility the agency will take for achieving promised results
- Reporting procedures. How often will agency report to you and in what format (verbally, in writing)
- How, if at all, agency plans to monitor and evaluate results
- Terms and fees
  - daily rate (for principals vs. less experienced staff)
  - hourly rate
  - expenses
- Find out who will be assigned to your account. Is it the senior people who are pitching you or will it end up being their newest staff members?
- Check references
Negotiate contract

Points to address:

- Confidentiality
- Billing arrangements including expenses that you will cover (if any)
- Time frames, either for getting assignment done or length of time the agent is authorized to act on your behalf
- Length of compensation, e.g., will commission be paid for as long as sponsor renews even if agency is no longer involved?
- Ownership of materials
- Commissions on in-kind commitments
- Exclusivity: Will other agencies be allowed to market the property as well?
- Conflicts of interest: Does agency work with any competitors of sponsor?
Special considerations for properties

• When an agency contacts you on behalf of a potential sponsor, establish that agency remuneration is the responsibility of the sponsor. Ask the agency to explain its client’s background and objectives. This allows you to assemble the most thorough and customized sponsorship package for their client. If an agency is not willing to spend 10 minutes on your needs, chances are it will not represent your sponsorship program properly.

• If you are already set up with an in-house sales staff but are presented with a strong prospect by an agency that doesn’t represent the sponsor, consider granting the agency the exclusive right to approach a company or a category of companies for a limited time – perhaps four to six months – leaving you with enough time to sell sponsorship on your own if they don’t produce a sponsor.

• If you hire an agency but also plan to sell sponsorship in-house, make sure you have prior approval on specific categories and companies to approach. This prevents two different people from approaching the same company and avoids approaching a company that may have already turned down sponsorship of your property.

Before hiring

• Look at sales materials the agency has prepared for existing clients.

• Ask how much sponsorship revenue the agency produced for other properties. Confirm with reference checks.

• Determine if final sponsorship contract negotiations will be handled directly by you or your staff, or the agency representative.
These are good days for sponsorship sales agencies.

With spending on the rebound, rightsholders are increasingly relying on third-party agencies to develop new programs or take existing initiatives to the next level.

“We have received an increase of inquiries from prospective sports and entertainment properties seeking representation. Part of that is driven by a familiarity of the value we deliver to our clients and part to a growing demand of properties to secure new sponsors,” said Brian Corcoran, president and owner of Shamrock Sports & Entertainment, which represents the Professional Bowlers Assn., USA Ski Jumping, Boston Athletic Assn. and other properties.

Much of that interest is driven by municipalities and other nontraditional properties looking for new revenue streams.

One hot area: transportation authorities.

Case in point: BDS Sponsorship in 2011 helped Transport for London secure Emirates Air Line as the naming rights sponsor of a cable car that crosses the Thames river. The agency wrote the strategy and business plan for the transportation organization, which helped lead to the 10-year, $54 million deal.

“The variety of clients looking for sponsorship is growing and transportation links are a new area of growth,” said Fraser Houlder, general manager of BDS Sponsorship, noting that the agency is currently working with a new cruise line terminal in London that is slated to open in 2014.

Other agencies also are seeing more interest from nontraditional properties.
“We have noticed a huge increase in new business activity from atypical clients in the publishing, charity and nonprofit sector. That indicates sponsorship is becoming more of a vital role within those organizations and they are recognizing that specialist skill is required,” said Jackie Fast, managing director of Slingshot Sponsorship, another London-based sponsorship sales agency.

Slingshot clients include BBC Worldwide, Caterham Cars and DA&D, a British educational charity that promotes excellence in advertising and design.

Some agencies have launched specialty practices to serve growth markets. Leverage Agency over the past year has launched two new divisions, one focused on social media and other on the Latino market. Leverage Digital clients include reddit and Lockerdome.com, while Leverage Latino works with boxing, soccer and telenovela TV programming.

### THE VETTING PROCESS: WHAT AGENCIES LOOK FOR WHEN EVALUATING CLIENTS

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<thead>
<tr>
<th>Category</th>
<th>Considerations</th>
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<tbody>
<tr>
<td>Audience size</td>
<td>Does the property reach a large audience?</td>
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<tr>
<td>Reputation</td>
<td>Is the property credible and reputable?</td>
</tr>
<tr>
<td>Commitment</td>
<td>Will the property make sponsorship a priority?</td>
</tr>
<tr>
<td>Internal support of sponsorship</td>
<td>Does the property have organization-wide buy-in?</td>
</tr>
<tr>
<td>Lead time</td>
<td>Does the property offer a six- to 12-month lead time?</td>
</tr>
<tr>
<td>Fit with existing portfolio</td>
<td>Does the property enhance or fill a gap in the agency’s existing client roster?</td>
</tr>
<tr>
<td>Open categories</td>
<td>What categories are open, and how large is the prospect pool?</td>
</tr>
<tr>
<td>Naming rights</td>
<td>Are there naming rights and other high-profile opportunities?</td>
</tr>
<tr>
<td>Exclusive relationships</td>
<td>Will the agency have an exclusive relationship?</td>
</tr>
<tr>
<td>Estimated revenue potential</td>
<td>The bigger, the better</td>
</tr>
</tbody>
</table>
“The emphasis on the digital and Latino markets is very important for the growth of our agency and other agencies,” said Ben Sturner, Leverage founder & CEO.

When evaluating whether or not to take on a new client, sales agencies typically ask themselves two questions: is the property salable, and if so, what is the revenue potential?

If the answer is yes to both questions, lead time then comes into play.

“The key questions for us when evaluating potential clients are, is the opportunity salable, and do we have enough lead time?” said Houlder, noting that seven months to a year is optimal.

In addition to salability and lead time, agencies consider a range of other factors when vetting potential clients. Those include the reputation of the property, internal support for sponsorship, whether or not the partnership is exclusive and how the property fits into the agency’s existing portfolio.

And other factors can come into play. For example, Shamrock last year partnered with the Professional Bowlers Assn. based in part on the organization’s inaugural PBA League. The eight-team league features celebrity owners (Billy Jean King, actor/comedian Kevin Hart, Pittsburgh Steelers linebacker LaMarr Woodley, etc.) and a roster of all-star PBA Tour players.

“We are big believers of PBA owners and management, game plan and potential value for sponsors and fans alike,” said Corcoran, noting that the PBA League complements the organization’s broadcast partnership with ESPN.

Breaking It Down: How Payment Structures Work

Most agencies contacted by IEG SR work for a retainer plus commission.
Commissions typically range between 15 percent and 20 percent, although the number usually moves lower for six- and seven-figure deals. For example, an agency that sells a $1 million deal might receive a double-digit commission, while a $5 or $6 million deal may generate a commission in the single digits.

Retainers generally range from $5,000 to $15,000 a month based on the scope of services provided. A property that requires a soup-to-nuts overhaul of its sponsorship program will typically be charged at the higher end of the range.

From there, remuneration can work in a variety of ways. For example, Engage Marketing charges a retainer and commission, around which it reimburses clients 50 percent of the retainer after the first sale.

The agency uses the pricing structure to mitigate risk, said Kevin Alder, Engage president and chief engagement officer.

“If I’m asking a client to spend $10,000 or $120,000 with me, they inevitably ask ‘how much money will you guarantee me?’ The answer is zero. I can’t guarantee revenue back, but I can guarantee that we’ll take the best version of your offering to the right people.”

Engage typically charges a $7,500 to $15,000 monthly retainer, he said.

Agencies typically receive the same commission on inkind deals as cash deals if they are budget relieving.

“There has to be a tangible line item with cash value,” said E.J. Narcise, a principle with Team Services, LLC, which has represented the NFL Washington Redskins, Cleveland Browns, Denver Broncos and other teams and events.

Tips on Working With Sponsorship Sales Agencies

Below, IEG SR highlights tips and tactics on how properties can maximize relationships with third-party sales agencies.
**Request track record.** When selecting an agency, properties should ask about the agency’s sales history.

“I would recommend that rightsholders request a specific and detailed history of the agency’s success as well as the opportunity to speak to their current clients,” said Fast, noting the properties should try to speak with similar types of organizations with whom the agency works or has worked.

**Ask who will sell.** In addition to asking about the agency’s track record, properties should find out who will spearhead the sales effort. Will it be senior executives leveraging existing relationships or sponsorship newbies making cold calls?

“We can provide greater value and return on investment by appointing a team with multiple senior level sales executives who have proven track records and established relationships,” said Armand Milanesi, founder and CEO of Precision Sports Entertainment, which reps the Aquaphor New York City Triathlon, Newport International Boat Show and other properties.

**Be realistic on pricing.** Nearly every sales agent contacted by IEG SR expressed a common frustration: sales expectations that are out of line with the current market.

“Recently we have noticed an increase in what we would call ‘fictional agreements of targets.’ Many times we are approached by clients with amazing platforms, but the valuation is hugely overvalued,” said Slingshot’s Fast.

One primary challenge: properties that determine prices based on old-school metrics such as media exposure and the cost of underwriting events.

“We’ve seen many properties out-price themselves because they have no understanding of the marketplace or are basing fees on their costs and not the true value of the relationship,” said Milanesi.
Make sure both parties are on the same page.
Properties and agencies should have a clear understanding of objectives at the start of each relationship. That includes revenue goals and what would be considered a failure.

“Of the ten opportunities that come across our desk each month, we turn down nine because they’re not the right fit. There has to be chemistry out of the box and a clear understanding of goals and objectives,” said Narcise.

“We would never work with a property who views sponsorship as a purely commercial activity where they trade logo space for dollars. We view partners in terms of engagement and longevity—our clients need to have the same vision so that we can work together and on the same page,” added Fast.

Know what rights you control. Properties should have a clear understanding of the rights they control—and what they don’t control—before enlisting an agent.

“You don’t want your agency to sell something you don’t control,” said Stephanie Cheng, vice president of marketing services with Premier Partnerships, which reps the NBA Portland Trailblazers, Los Angeles Zoo and other properties.

Establish a liaison. Properties should identify a staff member who will serve as the point person for the sponsorship agency. The staff member also should be empowered to make decisions on behalf of the organization.

The need for a point person is particularly important in the nonprofit space where many organizations approach sponsorship from both a marketing and philanthropic perspective, said Mala Alvey, president and CEO of Proxy Partners, whose client roster includes the Colorado Convention Center and the Broadmoor, a five-star hotel in Colorado Springs, Colo.
“Selling for non-profits adds an extra layer of complexity because the organization is seeking donations at the same time as sponsorships. We usually suggest hiring an internal staff member who can navigate the internal landscape and coordinate sponsorship and philanthropic efforts most effectively,” said Alvey, noting that Proxy consults nonprofits but does not sell on their behalf.

**Take an active role in the sales process.** To ensure success, properties should take an active role in the sales process. That requires open communication and, where necessary, participation in sales calls.

“Communication, collaboration and transparency are key. This means brainstorming ideas together, obtaining necessary information and supporting the efforts of your agency,” said Alvey.

“You know your property or event better than anyone. A sponsorship agency cannot sell effectively in a vacuum.”

**Provide a long lead time.** Properties should not expect immediate results. It can easily take six months to a year to sell a sponsorship. That process can take even longer for new programs.

“It could take one to two years or even longer to build a robust program from the ground up. It takes time to make brands aware that the opportunity exists and for them to plan accordingly,” said Alvey.

**Demand accountability.** Rightsholders should expect agencies to provide weekly and monthly updates on their progress.

For example, BDS schedules weekly telephone briefings, bi-weekly written reports and monthly meeting updates, all of which are geared to deliver against pre-defined key performance indicators, said Houlder.

“Be proactive and demanding in your relationship,” added Cheng.
QUICK HIT: TIPS FOR SUCCESSFULLY WORKING WITH SALES AGENCIES

Below, IEG SR highlights key contract points and steps that should be taken to ensure success when working with outside sales representatives.

Before Hiring an Agency
• Look at sales materials the agency has prepared for existing clients
• Ask how much sponsorship revenue the agency produced for other properties. Confirm with reference checks.

Provide Clear Job Assignment Upfront

Description should include:
• Detailed objectives
• Desired outcome
• Budget/size of project
• Time frame for start and competition

Define roles:
• Before hiring an agency, discuss the assignment with your other agencies and staff to minimize any internal problems brought on by new consultant's arrival
• Determine who will manage the assignment at your end

Interview agencies:
Be sure to determine:
• What, if any, responsibility the agency will take for achieving promised results
• Reporting procedures: How often will agency report to you and in what format (verbally vs. in writing)?
• How, if at all, agency plans to monitor and evaluate results
• Terms and fees:
  o Daily rate (for principals vs. less experienced staff)
  o Hourly rate
  o Expenses
• Who will be assigned to your account? Is it the senior people who are pitching your property, or will it end up being their newest staff members?
• Review references
Negotiate Contract
Points to address:

• Confidentiality
• Billing arrangements. Are sponsorship fees paid directly to you or are they going through the agency?
• Expenses you will cover, if any, such as travel or sales material
• Time frames, either for getting assignment done or length of time the agent is authorized to act on your behalf
• Length of compensation, e.g., will commission be paid for as long as sponsor renews even if agency is no longer involved?
While Verizon Communications’ recent hiring of IMG’s corporate consulting division is itself noteworthy, the most interesting element of the deal was missing from the official announcement. Verizon worked with marketing services and ad agency search consultant Jones Lundin Beals to help review candidates and ultimately select IMG to manage the telco’s eight-figure sponsorship portfolio.

Verizon’s use of a search consultant signals another step in the sponsorship industry’s maturation, but whether it will start a trend is doubtful, despite the fact that the participants are a major sponsor and one of the largest review consultants.

But even if sponsors do not begin flocking to consultants when selecting agencies, the growing dollar value and importance of their portfolios necessitates having an objective process for requesting information, reviewing credentials and establishing criteria.

The lack of an industry governing body and established standards and practices are further reasons for implementing a system that can fairly judge the wide variety of agencies and the differing services and compensation plans they offer.

Consultants: a question of industry knowledge

While estimates cited in the Journal of Advertising Research state that consultants conduct 60 percent of ad agency searches, using a third party to find a sponsorship agency is far more rare.

Most agencies interviewed by IEG SR reported only a handful of contacts from consultants over the years, while calls to the largest consultants yielded only one – Jones Lundin Beals – that would cite specific event marketing search experience.
“This is definitely the only time we have gotten business through a process involving a search consultant,” said Jay Kenney, senior vice president of IMG Consulting.

Sponsors may be reluctant to take the consultant route since those firms do not have sponsorship industry experience. Ken Caffrey, JLB’s managing partner/New York, said he and associate John Blaney devoted a great deal of time to researching and learning the industry for the Verizon assignment.

Not surprisingly, some of the agencies involved in the Verizon search but not selected said they did not see the results of that education. “They did not understand the sponsorship business; the questionnaire they sent was a joke,” said a principal at one firm. Said another recipient:

“I’m sure they took some of the work of finding an agency off of Verizon’s shoulders, but they didn’t add anything else to the process.”

In general, companies hire search advisors when they do not have the internal resources to devote to conducting a search or when they believe a neutral outsider can help manage differing agendas among internal constituencies that share responsibility for working with the agency.

Consultants typically charge an hourly rate; some will work for a flat project fee. An average search runs well into the five figures, according to JAR. Caffrey said most JLB searches take 14 to 18 weeks. The Verizon search spanned more than a year, in part due to management changes at the client midway through the process, he noted.

Kenney said that IMG was involved in two credentials presentations two months apart. Once Verizon decided on the agency, negotiating compensation took another two months, he said.

Indeed, compensation discussions account for a significant percentage of consultants’ business; some clients hire them only for that role.
Although they wield enormous clout on Madison Avenue, search consultants have been around for less than 30 years. Sole proprietors dominate the field, and even the largest firms employee fewer than 30 people.

**Do it yourself: keys to a successful search**

For sponsors willing to dedicate internal resources, conducting an agency search on your own can be a straightforward and fruitful activity when managed correctly. Below are IEG’s recommendations for structuring and implementing the process.

**Create a selection committee.** Given sponsorship’s impact on multiple areas of business, include staff from relevant departments such as advertising, promotion and PR, as well as representatives from different divisions or lines of business, if applicable.

**Develop a pre-screen checklist and list of candidates.** Determine what specifications agencies must meet to be considered for your project such as offices in key locations, no client conflicts, expertise in TV production.

To establish a list of agencies to solicit, seek input from other sponsors, determine who was responsible for projects you admire and consult trade references.

**Issue a Call For Interest (CFI) questionnaire.** This document allows you to collect the standard, factual information on employees, billings, offices, clients and specializations to be run through your checklist to weed out unqualified firms.

Although it adds a step, a CFI ultimately will expedite the process by ensuring you only review full proposals from those able to handle your business. Given the basic nature of the information requested, a one-to-two-week turnaround is adequate.
Send a Request For Proposals (RFP) to qualified candidates.
While you must tailor an RFP to the scope of services you seek – for example, an agency to implement a promotional program around an existing sponsorship or one to review and manage your entire portfolio – certain elements are essential to securing information that will allow you to make an informed choice among candidates.

- The RFP should begin with a brief backgrounder on why you are seeking an agency. Include information on your sponsorship objectives, market position, business challenges and relevant sponsorship experiences – positive and negative. And, mention an estimate of your overall spending on sponsorship (or on a particular program), so prospects can respond with ideas appropriate in scale. Include any stipulations you have on the amount or structure of compensation, so as not to waste time with agencies that cannot work within your range.

- The RFP also should contain a statement of work, listing specific services the agency chosen must provide. When appropriate, clearly state desired outcomes such as increasing product trial among women aged 21 to 35.

- The RFP should solicit basic agency information in the absence of a CFI questionnaire or if you have a CFI, use the RFP to obtain more specific or detailed information.

- The RFP must be specific in the info it requests and its instructions. For example, if you ask for a description of services the agency can provide to fulfill the proposed project, be explicit about whether you are looking for a simple list or a detailed breakdown that would include staffing and budget estimates. The document also should spell out the criteria on which proposals will be judged and provide a timetable for decision-making. Depending on the amount and type of info requested, response deadline should be four to eight weeks.
• If the RFP requires speculative or creative work that will demand considerable time and effort to develop, offer a stipend. This sends a good-faith signal to respondents and provides an additional incentive for them to devote time and energy to their proposal. While agencies cannot legally protect the ideas they present, you should agree that ownership of any work product created as part of the process remains with the agency.

• As with each step of the process, it is important to treat all candidates fairly. Establish ground rules for handling requests for info or clarification from respondents and apply those rules equitably. Appoint one liaison to communicate with agencies. Some companies will share the answer to a question from one respondent with the other agencies to ensure no one has an advantage.

**Invite a shortlist of agencies to meetings.** Based on responses, select three to five agencies for face-to-face presentations. Give them an opportunity to expand on their written submissions, introduce personnel who would be assigned to your account and answer additional questions from your selection team.

To avoid a capabilities presentation that simply restates information already provided, you may want to require additional promotional or activation ideas to test how each firm would approach your project. Here again, provide a stipend.

Ask strategic questions during the meeting that can reveal the depth of knowledge and creativity of the agency. You might inquire about trends they are following and how they will affect your category or elicit the mix of above- and below-the-line media they would recommend to leverage your program.

Tell each agency the number of firms you are seeing and inform them of the positions and roles of your team members attending.
Establish criteria for ranking finalists. Insist that every member of the selection team score each agency against a list of agreed-upon criteria that reflect your priorities. Criteria are weighted by using a higher point scale for more important factors. To simplify final rankings, the maximum number of points should total 100. For example:

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience accomplishing similar objectives</td>
<td>25</td>
</tr>
<tr>
<td>References from current clients</td>
<td>20</td>
</tr>
<tr>
<td>Seniority of agency staff assigned to account</td>
<td>15</td>
</tr>
<tr>
<td>Cultural fit with company</td>
<td>10</td>
</tr>
<tr>
<td>Quality of presentation</td>
<td>10</td>
</tr>
<tr>
<td>Compensation</td>
<td>10</td>
</tr>
<tr>
<td>Does not own or represent properties</td>
<td>10</td>
</tr>
</tbody>
</table>

**Notify all contenders of your decision.** Within a week of the final presentation, make your choice and contact all agencies the same day. Many corporations will give agencies not selected the courtesy of a follow-up meeting to tell them where they fell short.

**Negotiate a contract with the winning agency.** Be sure to specify remuneration amounts and structure and detail reporting procedures as part of the agreement.
ADVICE FOR AGENCIES

Love-hate relationship. Necessary evil. Both phrases sum up most sponsorship agencies’ attitude toward RFPs, although there are opinions on both ends of the spectrum.

“We are probably not going to participate in RFPs going forward,” said Tony Schiller, executive vice president of Paragon. “Sponsors should be more willing to make time for up-front meetings where they can experience the energy and two-way communications rather than relying on a one-dimensional, flat presentation on paper.”

“We love RFPs,” said The GEM Group CEO Rick Jones. “There are established rules that put you on an even playing field even if you weren’t initially on the radar screen, and you know the sponsor is going to hire someone. Our strategy is to get in as many as possible.”

Most agencies agree that when conducted fairly, a comprehensive search by a sponsor is a welcome opportunity to solicit new business. “RFPs are a product of the growth in the marketplace,” said Millsport L.L.C. chairman/CEO Jim Millman. “Twenty years ago sponsors didn’t have to work too hard to find the handful of us who specialized in sponsorship, but those days are over.”

A few tips on managing the process and protecting the agency’s interests:

- Dedicate one person or department to respond to RFPs and other potential new business inquiries. In addition to becoming specialists in how to respond, they can maintain a database of previous responses to use again, thus making the process more efficient.

- Constantly update information on standard factual RFP elements such as billings, number of employees and office locations.

- Require the corporation and any consultant with which it might be working to sign a confidentiality agreement to protect the information you provide. Be prepared to sign a similar agreement regarding proprietary info you learn from the sponsor.

- Limit what you provide in situations where the potential client is not identified to basic facts about your agency. If you decide to provide details, ideas or suggestions, and the consultant will not divulge its client’s identity, give the consultant your client list and request confirmation in writing that the sponsor conducting the search does not conflict.

- Take a pass if you cannot deliver a complete response or if dedicating resources to fulfilling the RFP’s requirements means jeopardizing work for current clients. “It makes no sense to submit a poor response,” Millman said. “Take a breath and decide if you can do the work and whether it’s worth it.”
Although the success of many sponsorships is predicated on bottomline results, there is a less tangible but potentially higher impact role that partnerships can play – building brand equity.

So say Steve Hoeffler – assistant professor at the Kenan-Flagler School of Business at the University of North Carolina – and Kevin Lane Keller – E.B. Osborn professor of marketing at the Amos Tuck School of Business at Dartmouth College.

Although the focus of Hoeffler’s and Keller’s discussion below is on “corporate societal marketing” programs with causes, many of their points are applicable to sponsorships of all property types.

The challenge for marketers in building a strong brand is ensuring that customers have the right types of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions, etc., become linked to the brand.

A well-designed and implemented CSM program can provide many important associations to a brand. Specifically, there are six means by which CSM programs can help build brand equity.

**Building brand awareness**

Brand awareness is more than just customers knowing the brand name and having previously seen the brand. It also involves linking the brand to certain associations in memory.

Two important measures of brand awareness are recognition and recall. Recognition is the ability of the consumer to confirm prior exposure to the brand, while recall is the unaided retrieval of the brand from memory.
In many cases, because of the nature of the brand exposure, CSM programs are a means of improving recognition for a brand, but not necessarily recall. Recall relies more heavily on creating appropriate links between the brand and the product category or the consumption or usage situation. As with sponsorship and other indirect forms of brand-building communications, most CSM programs are not geared toward creating these types of links, as they do not include much product-related information.

Enhancing brand image
This involves creating brand meaning, and identifying what the brand is characterized by and should stand for in the minds of customers. Brand associations may be concrete – related to functional, performance-oriented considerations – or abstract – imagery-related considerations.

To create brand equity, it is important that the brand have some strong, favorable, and unique associations. CSM offers several means of creating such favorable brand differentiation.

CONCEPTUAL MODEL OF CUSTOMER-BASED BRAND EQUITY

Source: Kevin Lane Keller
Because most CSM programs do not include product-related information, they would not be expected to have much impact on concrete associations. In contrast, several kinds of abstract associations appear able to be linked to a brand through CSM. Two such types of associations are:

**User profiles.** One set of associations concerns the type of person who uses the brand. This imagery may result in a profile or mental image by customers of actual users or more aspirational, idealized users, and may be based on descriptive demographic factors or more abstract psychographic factors. The CSM program may enable consumers to develop a positive image of brand users to which they also may aspire, for example, in terms of being kind and generous and doing good things.

**Brand personality.** Brands may take on personality traits and values. Brand personality often is related to more descriptive user or usage imagery but involves much richer, more contextual information. One often-cited dimension of brand personality is sincerity. CSM can bolster the sincerity dimension of a brand’s personality such that consumers would perceive the people behind the brand as caring and genuine.

**Establishing brand credibility**
Customers may form judgments that transcend quality concerns to consider broader issues related to the company or organization behind the brand. Brand credibility refers to the extent to which the brand is perceived as credible in terms of three dimensions: expertise – being competent, innovative and a market leader – trustworthiness – being dependable and keeping customer interests in mind – and likability – being fun, interesting and worth spending time with.

CSM can affect all three considerations. Likability is probably the most easily affected, with the brand growing more likable for “doing the right things.” Yet marketers should not underestimate the ability of CSM programs to build both expertise and trustworthiness.
If a cause bears some relation to a firm’s line of business or the nature of its products, the company may seem more well rounded and thus more expert. Trustworthiness can be impacted, as consumers may perceive a company willing to invest in CSM as caring more about customers and as more dependable.

In general, CSM programs may be especially good at creating credibility because the nonprofit organization may be perceived as unbiased and as a highly credible source.

**Evoking brand feelings**

Two categories of feelings particularly applicable to CSM are social approval and self-respect, i.e., CSM may help consumers justify their self worth to others or themselves.

**Social approval.** Social approval is when the brand results in consumers having positive feelings about the reactions invoked in others. To the extent that CSM programs create favorable user imagery for the brand, social approval feelings also may emerge.

To accentuate these types of feelings, CSM programs may need to provide consumers with external symbols to explicitly signal their affiliation – bumper stickers, ribbons, buttons, T-shirts, etc.

**Self-respect.** Self-respect occurs when the brand makes consumers feel better about themselves, for example, when consumers feel a sense of pride, accomplishment or fulfillment.

To accentuate these types of feelings, CSM programs can give people the notion that they are doing the right thing and that they should feel good about themselves for having done so. Communications that reinforce the positive outcomes associated with the program – and the way consumer involvement contributed to that success – could help trigger these types of experiences.
Creating a sense of brand community
Brands can take on broader meaning to their customers through a sense of community. Identification with a brand community can reflect an important social phenomenon whereby customers feel a kinship or affiliation with other people who are associated with the brand. These connections may involve fellow brand users or employees or representatives of the company.

A CSM program can serve as a rallying point for brand users and as a means for them to connect to or share experiences with other consumers or company employees.

Eliciting brand engagement
Perhaps the strongest affirmation of brand loyalty is when customers are willing to invest time, energy, money or other resources into the brand beyond those expended during purchase or consumption. For example, customers may choose to join a club centered on a brand, receive updates and exchange correspondence with other users or representatives of the brand itself, visit brand-related Web sites, etc. Participating in a cause-related activity is one means of eliciting active engagement. As part of any of these activities, customers may become brand evangelists and ambassadors and help strengthen the brand ties of others.

Which cause to choose?
From a branding perspective, the choice of a cause revolves largely around whether to reinforce existing brand image and equity by selecting a cause that shares similar associations and responses with the brand – commonality – or one whose associations will augment and add on to that image and equity – complementarity.

Although the degree of affinity between the cause and company can be a key component of an effective CSM program, and fit can be an important factor affecting the degree of transfer to the brand of responses toward the cause, the commonality strategy also has a limitation. If a brand is partnered with a cause that shares much of the same meaning and elicits similar judgments and feelings, then there is less opportunity for the creation of unique associations.
If a marketer is trying to create a perceived differential advantage where none currently exists, then a complementarity strategy may be appropriate.

CSM programs based on a complementarity strategy, such as Harley-Davidson, Inc.’s support of the Muscular Dystrophy Assn., occur less frequently than those based on commonality.

There are several challenges in using CSM programs for brand differentiation. First, because the brand is moving into new territory it may lack credibility and consumers may find it difficult to buy into the association. This suspicion or lack of belief may be especially evident if the associations linked to the cause are negatively correlated with existing brand associations.

Second, many popular causes already have several or more sponsors. As a consequence, the brand may find itself lost in the shuffle and overlooked. With weak identification to the cause, the effects of the CSM program may be diluted.

Finally, as more and more firms adopt CSM approaches, the opportunities for creating perceived differential advantages will lessen. Indeed, CSM programs may ultimately be necessary just to create points of parity with consumers to match or negate the marketing efforts of other firms.

**How should CSM activities be branded?**

There are three distinct options for branding a new CSM program. First, a company can create an entirely new organization that is then branded with the corporate or a product brand name, such as Ronald McDonald House Charities or the Avon Breast Cancer Crusade.

Second, the corporation or brand can link directly with an existing cause-related organization, typically being identified as a sponsor or supporter. This is the most popular type of CSM activity.
Third, a firm could link to an existing organization and develop a jointly branded CSM program, such as the former American Express/Share Our Strength Charge Against Hunger campaign.

Although a host of concerns may factor into the choice, a key area that should be examined in making the CSM branding decision is the program’s objectives and goals.

One factor to take into consideration is the brand-building goal, such as commonality versus complementarity. If the goal is to complement existing brand equity with specific associations, then some form of cobranding or, even better, joint branding would most likely be the appropriate choice.

Although it is possible that specific associations could be built from scratch with a self-branded program, it is more likely that an existing cause will have associations that can be more effectively and quickly transferred.

In contrast, if the goal is to enhance existing associations, then the more effective route would be to create and self-brand a cause. Self-branding a new cause enables marketers to analyze critically what aspects of salience, meaning, responses, and relationships would most improve the brand’s strength. The cause could then be created to maximize those goals.

Joint branding a CSM program is a means of achieving the best of both worlds of leveraging and creating brand associations. Although this form seems to have all the benefits of cobranding, with a stronger identity for the firm, some causes may be leery of lending their name to a private partner.
With sponsors trying to squeeze every ounce of return from their sponsorship expenditures, rightsholders need to do all they can to add value.

One great way to do that is by facilitating sponsor crosspromotions. The thinking is simple: Sponsors can gain additional reach and lower activation costs by aligning with like-minded companies that target a similar audience.

“Sponsor cross-promotions can increase the reach of a promotion by tapping into marketing assets owned by all the participating partners, which allows the promotional message to be heard, seen and read by a much larger audience—and more likely at a lower cost—than if one sponsor were doing the promotion by themselves,” said Dennis Bash, regional marketing manager with U.S. Bank.

When done right, sponsor cross-promotions provide exposure in marketing channels companies may not typically be able to access on their own.

For example, U.S. Bank several years ago partnered with Cold Stone Creamery on a cross-promotion around the NFL Denver Broncos. The Broncos County Just Got Sweeter promotion was designed to drive traffic to ice cream shops and prompt transactions with the bank’s Broncos debit card. Consumers that used the card at Cold Stone outlets received a 15 percent discount.

And a growing number of companies are finding success from sponsor cross-promotions. The Lincoln Motor Co. generated nearly $5 million in incremental sales as a result of a cross-promotion with Wilson Sporting Goods Co. around the USTA US Open.

The promotion featured assets from each company: Wilson hosted tennis clinics at Lincoln dealerships, provided
a free racquet with test drive and promoted a sweepstakes on tennis cans that dangled a trip to the US Open, while Lincoln touted the events through radio and newspaper ads, paid for the event clinics and helped underwrite the sweepstakes.

In addition to providing value to sponsors, sponsor cross-promotions can help properties extend their marketing message.

“Sponsor cross-promotions provide properties a tremendous amount of promotion and exposure. Their partners have access to audiences they don’t have,” said Ann Wells Crandall, chief marketing officer with The Big East Conference.

Other properties echo that view.

“Sponsor cross-promotions are a sign of the times and a trend we push with our strategic partners. Any time you can align brands with like objectives, good things happen,” said David Wright, senior vice president of global partnership for Soccer United Marketing, Major League Soccer’s commercial arm.

Major League Soccer this summer facilitated a crosspromotion between Electronic Arts Inc. and AT&T Inc. around the AT&T All-Star Game in Kansas City. The AT&T MLS All-Star “In the Game” Challenge gave fans the opportunity to vote one forward into the MLS All-Star Game. The catch: consumers voted for the player by scoring goals in the EA Sports FIFA Soccer 13 video game.

“A the end of the day, successful partnerships satisfy partner-specific business objectives and drive incremental—and measurable—commercial value. Cross promotion opportunities are becoming an increasingly important component to a brand’s overarching strategy,” said Wright.

While cross-promotions can be highly valuable to sponsors and properties, they can be difficult to implement. Some sponsors may be
hesitant to share their marketing objectives with other companies, and even those that are open to partnerships may find some pullback from their marketing agencies.

“Cross-promotions are a great opportunity, but they’re very difficult to pull off. It seems like they could be a ‘one plus one equals three,’ but the road to get there can be difficult,” said Edward Gold, director of advertising with State Farm Insurance Co.

Cross-Promotion Best Practices For Properties
Below, IEG SR shares tips on how rightsholders can facilitate cross-promotions and drive value for sponsors.

Be proactive. Generally speaking, it is the responsibility of properties to take the lead on sponsor cross-promotions.

That begins with having a commitment to facilitating cross-promotions, having a deep understanding of each partner’s marketing objectives and scouting potential matches among sponsors.

Educate staff about the importance of sponsor cross-promotions. “Properties need to have someone who believes in cross-promotions and is willing to make them happen,” said Crandall.

The people charged with facilitating sponsor cross-promotions should be creative, have a marketing background and the ability to marry the marketing needs of sponsors with that of the property, she said.

“There will be resistance because sponsor cross-promotions require time, work and resources to activate. But if the property is creative and understands the needs of sponsors, ideas are relatively easy.”

Host sponsor summits. Most properties use sponsor summits as the jumping off point for sponsor cross-promotions.

The ING New York City Marathon uses its annual partner forum to brainstorm ideas and explore potential partnerships. The event
matches up sponsors that target a similar demographic and shares four or five ideas on cross-promotions.

“Cross-promotions are not something that sponsors automatically talk about. We gave them four or five thought starters to get them going,” said Crandall, who previously served as executive vice president of development and marketing strategy with the New York Road Runners, the marathon organizer.

Even casual conversations at sponsor summits can lead to potential partnerships. Farmers Group, Inc. this year struck up a conversation with Wells Fargo & Co. at the PGA Tour summit. Farmers titles the Farmers Insurance Open in San Diego, Calif. while Wells Fargo titles the Wells Fargo Championship in Charlotte, N.C.

“We were networking and brought up the topic of cross-promotions. I said ‘let’s leverage each other to extend our golf platforms,’” said Chuck Browning, Farmers’ head of sponsorships and corporate giving.

Stay abreast of marketing priorities. Penske Racing each year asks sponsors to identify their top marketing priorities for the upcoming year. The team uses the feedback to explore cross-promotion opportunities.

“We’ll bring forth an idea for both parties, and if they like it, we’ll schedule a meeting or conference call to move the ball forward,” said Jonathon Gibson, vice president of marketing and communications with Penske Racing.

That was the case with Verizon and Quicken Loans. The two companies this summer leveraged their Penske partnerships with the Speed Thrills Sweepstakes. The companies used the promotion—which dangled a $15,000 and other prizes—to build a prospect database.
HOW FARMERS INSURANCE CROSS-POLLINATES PROPERTIES

With In addition to running cross-promotions with cosponsors, Farmers Group, Inc. activates sponsorship across multiple properties and personalities.

“We want to make sure we maximize leverage of the Farmers brand with complimentary brands in other sports,” said Chuck Browning, Farmers’ head of sponsorship and corporate giving.

For example, Farmers this year leveraged its NASCAR and golf platforms by mashing up partnerships with Kasey Kahne—the driver of the No. 5 Hendrick Motorsports NASCAR Sprint Cup Series team—and pro golfer Rickie Fowler.

The two athletes in April participated in a media event around which they shared ‘driving” tips. Kahne shared tips on driving a race car while Fowler shared tips on driving a golf ball.

The event, which was held in Mooresville, N.C., gained coverage in USA Today and other national and local media outlets, said Browning.

“If we had not dared ourselves to do it we wouldn’t have gained incremental media.”

The genesis for the promotion emanated after introducing Kahne and Fowler at the Farmers Insurance Open PGA Tour tournament. Farmers on a lark invited Kahne to check out the event.

“We weren’t sure what it would lead to, but Kasey and Rickie struck up a conversation and had good chemistry.

We went to our NASCAR agency and golf agency to see what we could drum up in terms of bringing them together.”

Farmers also leverages Kahne in its philanthropic efforts. The driver earlier this year participated in a rebuilding initiative in Joplin, Mo., a city that was struck by a EF5 multiple-vortex tornado in 2011.

“Kasey was impressed with the work we have done and he wanted to be part of it,” said Browning, noting that the driver’s involvement generated media exposure around the community outreach effort.

Farmers also cross-promotes the Farmers Insurance Open with its partnership with Rascal Flatts. The country music group performed at a charity concert to support the golf tournament’s fundraising initiatives. The concert raised several hundred thousand dollars, said Browning.

The band members also have participated in the tournament’s pro-am, he added.

Source
Farmers Group, Inc., Tel: 323/932-3200
LOOKING AT SPONSORSHIP FROM BOTH SIDES

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It’s a thought that occurs naturally to anyone who has stuck to one career path or specialty: What would it be like to do something else? Would I be better at another job? Would I be more comfortable in a different setting? Would I be more fulfilled in a different line of work? Or not?

For those who have specialized in either buying or selling sponsorship, the most obvious area of speculation is the other side of the negotiating table. Many in the industry have made that move, either because they deliberately sought to or because an attractive opportunity presented itself.

At the same time that the current economy presents a formidable challenge to those voluntarily seeking new positions, it also has forced others to face whether they should or could consider changing hats. Below, IEG SR gathers experiences and insights from industry pros who made the switch from buyer to seller or vice versa.

Differing reasons for making the switch
Fredrick Wodin’s move two months ago from director of global sponsorships at Merrill Lynch & Co. to director of sponsorship and promotions at Lincoln Center for the Performing Arts was somewhat serendipitous.

Wodin had been with Merrill Lynch for 10 years; the last seven devoted to sponsorship. “I was fortunate to be there through the economic boom and the subsequent boom in the programs we were involved with,” he said. “But then the new economic realities set in.”

Having completed work on Merrill Lynch’s sponsorship of the Museum of Modern Art’s Matisse Picasso exhibition, Wodin realized that “there was not going to be a great deal of room to try to do new things. The next project wouldn’t have been fresh for me; it would have meant doing something I’d already done.”
He also faced a situation that has confronted many other sponsorship managers: Advancing within the company would have meant moving away from his area of expertise and, more importantly, from his passion for the arts. “I realized that was something I did not want to do,” he said. “So the timing was right when Lincoln Center approached. People thought I had the best job in the world, and in many ways I did, but it was a role that could not take me any further; it had run its course.”

For Greg Seremetis, the pursuit of a position at Gateway, Inc. – initially as manager of the computer maker’s sponsorship of the Salt Lake Winter Olympic Games and the USOC, and currently director, partner marketing – was part of a larger game plan. Seremetis began in the business selling sponsorship for a WTA Tour event and subsequently ran his own firm, which among other endeavors produced San Diego’s ArtWalk festival.

“I believed that no matter what I wanted to do in this business down the road it would be in my best interests to work in the sponsor role, and there was no better opportunity than to run an Olympic program,” he said.

Once on board, a different perspective
Whether their career moves were a longtime objective or a more sudden development, many sponsorship pros encountered unexpected circumstances and unanticipated differences when they joined their new employers. Despite having worked closely with sponsorship partners, their perceptions as outsiders did not match what they found on the inside.

Tim Lynde started in the industry with the Chick-fil-A Peach Bowl and NCAA before joining The Coca-Cola Co. to work on its NFL and NHRA programs and then The Home Depot, Inc., where he is project manager, sponsorships. “The biggest eye-opener for me was how much of the day-to-day isn’t about sports marketing. On the property side, almost everything you do is focused on sports. But at the corporation you have to learn so much about all of the different parts of these huge companies because despite the fact that your title says sports marketing or sponsorship, your job comes down to
Seremetis learned that his company was not as buttoned up as other sponsors with whom he had worked. “There is a much more entrepreneurial atmosphere here, which I greatly appreciated coming from running my own business,” he said. But Gateway’s culture and relative lack of experience in sponsorship prior to signing its Olympic deal meant a surprising lack of standards and procedures. “There was nothing in place in terms of legal or financial policies regarding sponsorship,” he added.

Mollye Rhea, who within the past month left her position as group vice president of strategic marketing alliances at the Arthritis Foundation to start consultancy For Momentum LLC, had the reverse experience to Seremetis’ when she rejoined the cause in ’98 after seven years with the former Holiday Inn Worldwide.

One of her positions on the corporate side was managing the hotel chain’s partnerships with companies such as Coke and Visa Int’l. “I grew accustomed to budgeting 10 weeks of review time so that our legal department and the partner’s could review our agreements. It was an adjustment back in the nonprofit world to not have that as part of the process and to come across some people, particularly at the local level, who thought contracts were a bad thing that might scare off potential sponsors.”

Sometimes it is the similarities and not the differences that are a surprise. Although Wodin had anticipated a significant change working for a nonprofit versus a Fortune 50, not everything was new to him. “Coming from a multinational like Merrill Lynch, I thought that nothing could approach the complexity of a large corporation,” he said. “I was surprised by the complexity of Lincoln Center. It’s a large organization and it can be just as complicated and interesting as a big corporation. It has the same types of issues that slow things down and create hurdles to a greater degree than someone on the outside would realize.”
For others, it was the degree of difference between the old and new organization that took getting used to. “I knew I was in for a culture shock moving from a company with less than 20 employees to a corporation of 85,000, but I didn’t realize exactly what that meant until I got there,” said Wendy Lohr, who spent more than a decade on the property side before becoming manager of event marketing for The TJX Cos.’ T.J. Maxx and Marshalls stores. “I remember being shocked when I first got here at having to make appointments to speak with colleagues.”

Making yourself comfortable
Becoming comfortable with the major differences between properties and sponsors – whether anticipated or not – is key to making the transition work, say those who have changed roles.

One of the biggest distinctions is the lack of resources at smaller or nonprofit organizations compared to corporations. “It’s a dramatic difference,” said Wodin. “Whether it’s staff, equipment or other things, everyone here must make things happen with scarce resources.”

Before accepting his new position, Wodin considered whether he would be content in that situation. “Our president really challenged me on that before I was hired – he was concerned I was underestimating the difficulty of not being able to take advantage of many resources. But any worries I had faded quickly into the background and became not very relevant once I got here. Is there a difference in taking the subway instead of a car service to meetings? Of course, but it’s not enough to outweigh the many aspects of this position that I enjoy.”

One of those is the creative and relaxed atmosphere. “A corporation is very institutional,” Wodin said. “Everyone dresses the same. It can be very 1984. I never thought much about that when I was at Merrill Lynch, but in my visits to corporations now I’m very aware of it.”

There are many things that somebody leaving a corporation will miss, not all of them the obvious perks of the job, said Tom Mueller, who held sponsorship positions for Wrangler and Mercury Marine before going to work for the American Motorcyclist Assn. and founding
agency Sport Management, Inc. “I miss the interaction with a diversified group of smart people and learning from them. At Mercury, I could go to the in-house studio where we shot our catalogs and get ideas from professional photographers, or talk to our engineers or salespeople and really educate myself.”

Lohr and Seremetis noted that although sponsors are in a power position vis-à-vis properties, sellers moving into corporate roles should realize it is not the same situation at the personal level. Particularly for those who worked for for-profit properties or agencies where they had a great deal of autonomy, there can be a sense of disappointment at becoming a cog in the machine.

“It used to be if I had an idea, I could pick up the phone and make it happen,” Seremetis said. “Now there is a process that needs to be followed and I have to take into account how my initiatives will be perceived by others and what impact they will have in other areas. I also have to respond to other people’s ideas, so sometimes it’s a matter of being defensive and not offensive, which is not something I was used to.”

For those who have produced events, not having total control over a property also can be frustrating, Lohr said. “It’s somebody else’s event now and even though you’re a sponsor, you can’t just step in and say ‘I would do this another way.’”

**If they knew then...**
Moving to the other side of the business gives perspective on one’s previous role.

“At Merrill Lynch, I was of the view that the sponsorship people at the nonprofits we sponsored should be devoting every moment of the day to developing ways to help me meet my objectives,” Wodin said. “I now see I was unreasonable in the amount I expected properties to focus on the sponsor’s needs. Sponsorship sellers must deal with many other organizational issues. In addition to meeting the needs of multiple partners, we have fundraising priorities and other objectives
that need to be accomplished that do not allow us to dedicate ourselves 100 percent to being an extension of our sponsors.”

Ron Dickson, chief operating officer of photo-based promotions specialist Wishoo, Inc., says his current experience selling programs to sponsors has caused him to reflect on his days as vice president, corporate partnerships for Eastman Kodak Co.

“I think I was naive regarding price. Typically at Kodak, my idea was to negotiate benefits, not price, but I am surprised at how often folks on this side are willing to come off their price and how often sponsors and agencies start out with the intention of beating you up on price. I’ve learned that everything is negotiable.

“Also, my biggest pet peeve at Kodak was receiving search-and-replace generic proposals. Now I understand that when you can’t get anyone at the corporation to tell you what they are looking for, you have no other choice. It’s a cat-and-mouse game we play in our business: ‘I don’t have time to tell you my objectives, but I want a tailored proposal.’ ‘I can’t do a tailored proposal unless you tell me your objectives.’ Who’s going to blink first?“

From the former sellers’ perspective, most of those interviewed said they wished they had understood the degree of difficulty involved in closing a deal internally. “Although it’s not something you like to hear, it’s helpful to be realistic about just how hard it is to hit the mark with something that is right on target at just the right time,” Seremetis said.
Do former buyers make good sellers? Does experience on the property side translate well to a corporate marketing role?

Although the answer in any given situation will depend on the individual’s skills and personality, in general those who have made a switch said they would prefer to hire those following in their footsteps.

Despite the fact that most corporations hire from within or from other companies for sponsorship positions, Seremetis said he would give priority to someone with a property background. “Those people have to become expert at everything and are very comfortable working with large teams of people – everyone from volunteers to nonprofit partners to sponsors.”

Team building is a primary skill for corporate sponsorship managers, who spend most of their time coordinating the work of multiple internal departments and external players, Seremetis said. “People who have only worked for corporations may be some of the best at what they do, but they have often only focused on one particular area.”

Lohr agreed. “If someone has event experience, they will have a much easier time figuring out how, as a sponsor, they can fit into that event and leverage it, as well as what to be skeptical of in terms of promises a property will make during the sales process.”

As for sellers, the biggest advantage former buyers have in their new role is a deep understanding of the needs, priorities and concerns of potential customers.

For many in the position of hiring salespeople, that is the tipping point that puts former sponsors ahead of the pack; the premise being that it is easier to teach someone how to sell than it is to teach the nuances of sponsorship. “I don’t think someone who’s good at selling Caterpillar tractors or Lexus cars will necessarily be good at selling sponsorship,” Dickson said. “You need someone who’s been in the space.”

However just having the experience of being a sponsor is not a guarantee of success. “If you are recruiting someone who hasn’t sold before, you must make sure they are comfortable with cold calling and rejection. They need to be prepared and able to handle that,” Dickson said. “Often, the biggest challenge is shifting from being a decision-maker to dealing with gatekeepers. You have to keep in mind that there is a different dialogue that has to take place with a gatekeeper.”

A few of those interviewed recalled experiences with former sponsors who were not cut out for life outside a corporation. “Being in house at a big company can cloak someone’s competency,” Mueller said. “I have seen examples of people who can’t produce without an infrastructure to prop them up,” Wodin added.
Up until the late 1980s, the CEO Syndrome – when a company sponsors yacht racing because a top executive likes yachting – was the primary cause of ineffective sponsorships.

While sponsorship decision-making is still not totally immune to this kind of subjectivity, growing accountability to stockholders and stakeholders has resulted in a more professional approach to sponsorship.

Today, far more complex reasons are usually behind sponsorship programs that run amok. The most common ones are detailed below:

Greenwashing. Don’t sponsor green unless you are green. Sponsorships are coming under increasing scrutiny and those perceived as PR ploys will backfire. Whether it is an environmental tie or a tie to sports, unless a sponsor is genuinely seen to be enabling a recipient organization, the strength of feeling that is engendered can very easily turn against the company, as it will be seen merely as exploiting a situation.

Signing the check and dropping the ball. Sponsorship is rarely an efficient buy for companies expecting the pay-off to come through on-site visibility; on a cost-per-thousand basis, the return is not there. Sponsorships must be commercialized weeks or months in advance and leveraged with an audience far broader than at the venue. Sponsors should budget anywhere from 10 cents to 10 dollars for every dollar spent on rights fees, depending on the type of property being sponsored. For example, if the title sponsor of a college bowl game wants its name kept in the title on the TV broadcast, it must buy about 25 percent of the ad time. This is on top of the fee paid to be the event’s title sponsor.

Due diligence overlooked. Knowing what you are not getting is often as important as knowing what you are getting. For example, does the sanctioning body you are about to sign with control marketing rights to the events it sanctions? How about the athletes that compete in them? Does league sponsorship include marketing rights to teams? Who
controls advertising on broadcasts? Does official water status cover both sparkling and flat waters? What are the legalities and liabilities associated with the property?

**Property hopping.** One-year commitments are generally of dubious benefit. Creating a link between a sponsor and a property is rarely accomplished overnight. Also, the learning curve in sponsorship is longer than other media, and sponsors usually do not know how to fully maximize an involvement with a particular property in the first year.

**Too many little sponsorships.** It is generally much more effective to build equity by concentrating sponsorship funds than by spreading them around. This can take the form of multiple lower- and middle-level packages within a single property type or buying top-level packages at one or two properties.

**Insufficient staffing.** Even turnkey packages require additional staff time for everything from hosting clients on site to approving artwork with sponsor ID.

**Competition for trade participation by cosponsors.** When companies whose products are sold through the same distribution channel sponsor the same property, impact is often diluted. Sponsors find themselves competing with each other for retail participation and undermining the value of each other’s offers in the consumer’s mind. Both sponsors and properties need to consider not only exclusivity within a product category but also the number of cosponsors with the same sales outlets.

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**Failure to sell internally.** Sponsorship, unlike traditional media, will not reach consumers unless the field gets behind it and sells it to the trade, who then must promote it. A program will not work unless the concept is sold throughout the system and meets the needs of all the various constituencies.

**Overlooking the fans.** Sponsorship will not work if it is imposed on an audience. Sponsors and properties must help audiences look beyond the obvious trappings of sponsorship, such as perimeter signage, to the value-added benefits sponsors are bringing. It must be communicated to fans and audiences that, as a result of the sponsorship, they are getting events that would not otherwise visit their market, more affordable ticket prices, enhanced programming or some other tangible benefit. To make an impact, it is key that the sponsor is seen as bringing something to the event. The activity must be perceived as being *provided* by the brand rather than simply *sponsored* by it.
Effective marketing is no longer tied to eyeballs, but rather to heartstrings. Whether it’s through sports or entertainment, arts or causes, companies are carving out ownable emotional territories by tethering their products and services to the issues, events and organizations their customers care about most.

Sponsorship does not replace the need for advertising. The benefits sponsorship offers are quite different from those produced by measured media.

Advertising is the direct promotion of a company through space or airtime bought for that specific purpose. Advertising is a quantitative medium, sold and evaluated in terms of cost per thousand.

Sponsorship, on the other hand, is a qualitative medium; it promotes a company in association with the sponsee.

Findings of a five-year study conducted by Indian tire manufacturer MRF illustrate some of the areas where sponsorship outperforms advertising. During the study, MRF placed all of its marketing dollars behind sports sponsorship, providing a rare opportunity to test the effect of sponsorship in the absence of other types of communication.

MRF surveyed 3,450 car owners each year to measure changes in corporate image, brand preference, brand awareness and product image. It compared its results to the results of its two major competitors, who concentrated on traditional product advertising and sponsored very little.

The aggregate findings of the surveys were that on three of the four objectives sponsorship had a positive long-term effect that was greater than advertising’s. Product image was the only objective impacted more by advertising than sponsorship.
Attributes where sponsorship’s efficiency over advertising has been demonstrated include its ability to build:

**Credibility.** Sponsors typically receive official product designation and rights to use the sponsee’s marks and logo on packaging, etc. Because the official sponsor credential is so strongly linked to the brand’s positioning, the message works in the consumer’s mind as “the sponsor’s sports beverage enhances performance and is the brand to drink.” Sponsorship generates credibility for the sponsor’s brand over the brands of its competitors, which appear not to have been sanctioned or approved.

**Imagery.** By stating that it is an official sponsor, the sponsoring brand can be linked immediately to a known set of image qualities, e.g., public-service oriented (sponsor of a local parks program); environmentally responsible (World Wildlife Fund); world-class performance (Olympic Games); artistic excellence (Chicago Symphony Orchestra); durability (New York City Marathon); category dominance (National Football League); etc. The company’s advertising does not have to work as hard to create image qualities for the brand and the consumer is more likely to be receptive to the transference of qualities than to their creation in advertising.

**Prestige.** Only a handful of companies can afford to advertise on the most prestigious media broadcasts. But with sponsorship, even a mega-event like the Super Bowl is affordable to smaller and local brands. That’s because companies with smaller budgets can sponsor subordinate events within a major one. Small-budget sponsors can also sponsor a lesser-known event and work with the producer to make it a major one.

**Internal morale.** Unlike an ad buy, employees can be directly involved with a company’s sponsorships, e.g., acting as volunteers at the event or receiving special benefits such as ticket discounts.
Sales rights. Sponsorship, unlike measured media, also provides opportunities for liquidating a fee via sales rights. For example, Philips provides lighting for a number of stadiums. When any of the stadium operators needs a TV camera, security system, phone handset or coffee maker, the appropriate Philips division has first crack at providing it. Another liquidating opportunity is on-site sales rights for categories like film, soft drinks and hot dogs.

Live audience. Unlike advertising, sponsorship provides a live audience with built-in opportunities for:

• On-site sales and sampling
• Surveying
• Customer feedback
• Interaction with sales force
• Product testing

Why it’s easier to stay with advertising
Despite its many advantages over measured media, the process of buying, managing and measuring sponsorship is far more time-consuming, complex and risky. Among the efficiencies that advertising offers that sponsorship does not are:

Standardization. With advertising media, what’s delivered is consistent, e.g., all broadcast media deliver time; all print outlets offer space. Sponsorship benefits, on the other hand, vary radically from one property to another. With sponsorship, two properties in identical markets might deliver the exact same audience and numbers, yet offer entirely different benefits, e.g., pro-am spots vs. title of a stage, making it virtually impossible to compare like and like.

Evaluation. Flawed as it is, cost-per-thousand is a universally accepted measure providing advertisers built-in evaluations of their media buys. Measuring sponsorship’s impact takes a dedicated effort and entails an additional cost.
**Turnkey.** Ad buys do not require an additional spend for effectiveness. The opposite is true of sponsorship, where companies looking for a pay-off solely through their visibility during the event usually will be disappointed.

**Make-goods.** With advertising, if ratings or circulation are lower than projected, additional time or space can be provided by the media as compensation. With sponsorship, where the seller often controls just one property and has no access to a year-round inventory, this is rarely the case.
Activation
Defined by IEG as the marketing activities a company conducts to promote its sponsorship. Money spent on activation is over and above the rights fee paid to the sponsored property. Also known as leverage.

Ambush marketing
A promotional strategy whereby a non-sponsor attempts to capitalize on the popularity/prestige of a property by giving the false impression that it is a sponsor. Often employed by the competitors of a property’s official sponsors.

Arts marketing
Promotional strategy linking a company to the visual or performing arts (sponsorship of a symphony concert series, museum exhibit, etc.). See: Sponsorship

Audio mention
The verbal mention of a sponsor on-site or during a TV or radio broadcast or Web cast.

Brand name
Name used to distinguish one product from its competitors. It can apply to a single product, an entire product line, or even a company.

Business-to-business (B2B) sponsorship
Programs intended to influence corporate purchase/awareness, as opposed to individual consumers.

Category exclusivity
The right of a sponsor to be the only company within its product or service category associated with the sponsored property.

Cause marketing
Promotional strategy that links a company’s sales campaign directly to a nonprofit organization. Generally includes an offer by the sponsor to make a donation to the cause with purchase of its product or service. Unlike philanthropy, money spent on cause marketing is a business expense, not a donation, and is expected to show a return on investment. See: Sponsorship

Co-op
The sharing of advertising costs between a manufacturer and distributor or dealer.

Core sponsor
Concept developed by IEG to describe companies whose sponsorships are aligned with internal practices. Rather than using sponsorship as a marketing ploy, core sponsors gain loyal customers by living their values. What they sponsor reflects the DNA of their brand. Core sponsors include Ben & Jerry’s, Harley-Davidson, Patagonia, Timberland, Vans, Virgin and Yoplait.
**Core sports**
Term developed by Vans to refer to youth sports that feature individual, rather than team, competition, including: skateboarding, snowboarding, surfing, wakeboarding, BMX, supercross, and freestyle motocross.

**Cosponsors**
Sponsors of the same property.

**Cost/benefit ratio**
This is the ratio that IEG has developed based on market pricing to determine the amount of value a sponsor expects for each dollar invested in rights fees.

**CPM and CPP**
Advertisers use CPM (cost per thousand impressions) and CPP (cost per rating point) to compare media costs.

**Cross-promotions**
A joint marketing effort conducted by two or more cosponsors using the sponsored property as the central theme.

**Customer loyalty**
The new imperative of marketing. As the marketplace approaches a supersaturation of products – as the power in the marketing equation shifts from product to consumer – brand loyalty disappears. To survive, companies will have to create loyalty relationships with their customers, one customer at a time, according to IEG.

**Dealer tie-in**
A manufacturer’s announcement that lists local dealers; not the same as “co-op.”

**Demographic information**
Based on the age, gender, life-cycle stage and occupation of consumers, as defined by Amsterdam-based European Society for Opinion and Marketing Research.

**Editorial coverage**
Exposure that is generated by media coverage of the sponsored property that includes mention of the sponsor.

**Emblem**
A graphic symbol unique to a property. See: Mark

**Escalator**
An annual percentage increase built into the sponsorship fee for multi-year contracts. Escalators are typically tied to inflation.
**Event marketing**
Promotional strategy linking a company to an event (sponsorship of a sports competition, festival, etc.). Often used as a synonym for “sponsorship.” The latter term is preferable, however, because not all sponsorships involve an event, per se. See: Sponsorship

**Fulfillment**
The delivery of benefits promised to the sponsor in the contract.

**Gross rating point (GRP)**
One percentage point of a specified target audience. Total GRPs for a campaign can be calculated by the formula ‘Reach times average frequency’. This is a measure of the advertising weight delivered by a medium or media within a given time period. A given total of gross rating points may be arrived at by adding together ratings from many different spots. GRPs may, thus, sum to more than 100% of the total target audience.

**Hospitality**
Hosting key customers, clients, government officials, employees and other VIPs at an event. Usually involves tickets, parking, dining and other amenities, often in a specially designated area, and may include pro-am spots, backstage tours, etc. Synonym: Client entertainment

**Incremental value added**
A measurement technique IEG uses with corporate clients which compares the return a company earns from sponsorship above and beyond what it would expect from equal investment in other media. For example, if a credit card company is going to conduct a direct mail campaign, its expectation might be to break even. So if the company spent $100,000 to buy lists and print the pieces and pay for the postage and the campaign brought in $100,000 worth of new accounts, the effort would have been considered a success. If it’s $100,000 sponsorship generated $150,000 in new accounts, IVA would be 50 percent. The sponsorship is thus adding incremental economic value.

**In-focus coverage**
Amount of time sponsor identification is visible to TV viewing audience during event broadcast.

**In-kind sponsorship**
Payment (full or partial) of sponsorship fee in goods or services rather than cash.

**Licensed merchandise**
Goods produced by a manufacturer (the licensee) who has obtained a license to produce and distribute the official marks on products such as clothing and souvenirs.
Licensee
Manufacturer which has obtained a license to produce and distribute Licensed Merchandise.

Licensing
Right to use a property’s logos and terminology on products for retail sale. Note: While a sponsor will typically receive the right to include a property's marks on its packaging and advertising, sponsors are not automatically licensees.

Make-goods
Free time or space provided to advertisers to make up for a program's lower than expected ratings or an advertisement insertion that has been missed or has been incorrectly printed or broadcast.

Mark
Any official visual representation of a property, including emblems and mascots.

Marketing surplus
A theory developed by McKinsey’s David Court, which holds that success is determined not by market share, but by which one of the entities in any transaction – from raw-goods supplier through manufacturer, retailer, and consumer – holds the greatest amount of the surplus or profit made at each step of the process. As the market reaches saturation, marketing surplus moves to the consumer.

Mascot
A graphic illustration of a character, usually a cartoon figure, used to promote the identity of a property. See: Mark
Maslow’s Hierarchy of Needs

According to the humanistic psychologist Abraham Maslow, as material wealth becomes decreasingly relevant to personal happiness, the desire for “belonging” “self-esteem” and “self satisfaction” becomes more important. Maslow believed that people are not controlled by mechanical forces (the stimuli and reinforcement forces of behaviorism) or unconscious instinctual impulses of psychoanalysis alone. Placing actualization into a hierarchy of motivation was a groundbreaking idea. Self actualization, as Maslow called it, is the highest drive, but before a person can turn to it, he or she must satisfy other, lower motivations like hunger, safety and belonging. The hierarchy has five levels.

- Physiological (hunger, thirst, shelter, sex, etc.)
- Safety (security, protection from physical and emotional harm)
- Social (affection, belonging, acceptance, friendship)
- Esteem (also called ego). The internal ones are self respect, autonomy, achievement and the external ones are status, recognition, attention
- Self actualization (doing things)

Source: George Norwood, Maslow’s Hierarchy of Needs
**Media equivalencies**
Measuring the exposure value of a sponsorship by adding up all the coverage it generated and calculating what it would have cost to buy a like amount of ad time or space in those outlets based on media rate cards.

**Media sponsor**
Broadcast, online, print, out-of-home and outdoor media that provide either cash, or more frequently advertising time or space, to a property in exchange for official designation, according to IEG.

**Minimum guarantee**
A sponsor agrees to pay a specific minimum sum, regardless of the actual result of the program. In cause-related marketing – which raises funds for nonprofits by donating a percent of each sale during the promotional period to the nonprofit – a minimum guarantee means if sales do not trigger the sum anticipated, the company makes up the difference. When the minimum guarantee is also the total sum that will be given to the nonprofit – even if sales would justify more – it should be explained as a “capped minimum guarantee,” according to IEG.

**Municipal marketing**
Term coined by IEG to refer to promotional strategy linking a company to community services and activities (sponsorship of parks and recreation programs, libraries, etc.).

**Option to renew**
Contractual right to renew a sponsorship on specified terms. See: *Right of first refusal*

**Perimeter advertising**
Stationary advertising around the perimeter of an arena or event site, often reserved for sponsors.

**Philanthropy**
Support for a nonprofit property where no commercial advantage is expected. **Synonym:** Patronage

**Premiums**
Souvenir merchandise, produced to promote a sponsor’s involvement with a property (customized with the names/logos of the sponsor and the property).

**Presenting sponsor**
The sponsor that has its name presented just above or below that of the sponsored property, e.g., “The Kroger Senior Classic presented by Fifth Third Bank,” or “The Music of Andrew Lloyd Webber presented by Lexus” or “AT&T presents Cirque du Soleil.” In presenting arrangements, the Event name and the Sponsor name are not fully integrated since the word(s) “presents” or “presented by” always come between them.
**Price adjusters**  
Market factors identified by IEG that increase or decrease the value of a sponsorship. These can include the value of a sponsor’s promotional commitment, the number of saleable categories purchased and the length of the contract.

**Primary sponsor**  
Refers to sponsor paying the largest fee and receiving largest package of benefits when property has no title or presenting sponsor, according to IEG.

**Property**  
A unique, commercially exploitable entity, (typically in sports, arts, events, entertainment or causes). Synonyms: sponsee, rightsholder, seller

**Psychographics**  
Quantified psychological profiles of individuals, based on their attitudes and behavior, as defined by the Amsterdam-based European Society for Opinion Marketing and Research.

**Right of first refusal**  
Contractual right granting a sponsor the right to match any offer the property receives during a specific period of time in the sponsor’s product category.

**Sales rights**  
When sponsor is granted preferred supplier right to sell its product or service to the property or its attendees or members.

**Signage**  
Banners, billboards, electronic messages, decals, etc., displayed on-site and containing sponsor ID.

**Sole sponsor**  
A company that has paid to be the only sponsor of a property.

**Sponsee**  
A property available for sponsorship.

**Sponsor**  
An entity that pays a property for the right to promote itself and its products or services in association with the property, according to IEG.

**Sponsor ID**  
Visual and audio recognitions of sponsor, e.g., sponsor name/logo on participant clothing, equipment, etc.; in property’s publications and advertising; public-address and on-air broadcast mentions.
**Sponsorship**
Defined by IEG in 1982 as: A cash and/or in-kind fee paid to a property (typically sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property.

**Sponsorship agency**
A firm which specializes in advising on, managing, brokering or organizing sponsored properties. The agency may be employed by either the sponsor or property.

**Sponsorship fee**
Payment made by a sponsor to a property.

**Sports marketing**
Promotional strategy linking a company to sports (sponsorship of competitions, teams, leagues, etc.). See: *Sponsorship*

**Supplier**
Official provider of goods or services in exchange for designated recognition. This level is below official sponsor, and the benefits provided are limited accordingly.

**Time buy**
When an event or event sponsor buys time from the broadcaster and is responsible for selling the advertising.

**Title sponsor**
The sponsor that has its name incorporated into the name of the sponsored property, e.g., the Nokia Sugar Bowl Classic.

**Tribal marketing**
Term coined by First Matter to refer to the creation of affinity groups for commercial ends. Perhaps the most notable and successful contemporary example is Harley-Davidson, which has coupled the sale of motorcycles and peripherals to the creation of weekend motorcycle clubs and an entire way of life built around Harley-Davidson products. Tribal marketing works best when it is constantly reinforced with icons.

**Venue marketing**
Promotional strategy linking a sponsor to a physical site (sponsorship of stadiums, arenas, auditoriums, amphitheaters, racetracks, fairgrounds, etc.).
**Virtual signage**
The insertion of signage electronically during a TV broadcast that is not actually present at the event.

**Web sponsorship**
The purchase (in cash or trade) of the right to exploit the commercial potential associated with a site on the Internet, including integrated relationship building and branding.
IEG has shaped and defined sponsorship over three decades. It is the globally recognized source for industry insights, trends, training and events via sponsorship.com, its annual conference, online publications, trend reports, surveys and webinars.

IEG is part of ESP Properties, a WPP company. As a commercial and creative advisor for rightsholders, ESP Properties helps organizations unlock greater value from their audiences and brand partnerships.

Our consulting team assesses and advises how to grow the value of rightsholders’ commercial programs. We do this through a full range of services across data, digital and content development to better understand audiences and create more relevant ways to engage with them. This provides brand partners with new ways to connect with communities of fans and followers, growing the potential value of commercial partnerships.

Our sales team provides rightsholders with partnership strategy and sales representation to the world’s most active sponsors, within and beyond the WPP network of brand clients. Through WPP we have extensive contacts and deep insights into what it takes to create successful partnerships.

For more information about the value of sponsorships and partnerships, IEG and ESP Properties, please visit www.sponsorship.com, www.espglobal.com or call 800/834-4850 (outside the U.S. and Canada, 312/944-1727).