

# IEG SPONSORSHIP BRIEFING

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SPECIAL EDITION FOR SPORTS

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IN DEPTH

## 2013 SPONSORSHIP OUTLOOK: SPENDING INCREASE IS DOUBLE-EDGED SWORD

*Marketers willing to spend on integrated partnerships that deliver substantial benefits.*

Due in large part to major partnerships that are redefining traditional sponsorship—and in many cases making the term obsolete—IEG is projecting significant sponsorship spending growth for 2013, even in the face of overall economic volatility.

The 28th annual year-end industry review and forecast from IEG projects an increase of 5.5 percent in sponsorship spending by North American companies this year over 2012. Globally, IEG forecasts 4.2 percent growth.

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ACTIVATION

## TRENDWATCH: TWO TRENDS TO LOOK FOR IN 2013

*Companies place more focus on unique experiences that can be shared with employees and frequent customers.*

What trends should rightsholders be on the lookout for in 2013? How can they leverage those trends to secure new sponsors?

Two activation platforms that are growing in importance: customer rewards programs and employee engagement.

Below, *IEG SR* breaks down how companies are activating sponsorship to build relationships with employees and loyal customers.

Trendwatch continued on p4

IN DEPTH

## COMPENSATION REPORT GIVES MOST SPONSORSHIP PROS REASON TO CHEER

*Average raise much higher than other industries; variable pay at agencies takes a hit.*

It's good to work in sponsorship, according to *IEG Sponsorship Report's* 17th annual salary survey.

The industry's compensation picture was much brighter in 2012 than in 2011. In addition pay increases far outpaced the U.S. national average.

Most sponsorship professionals—59 percent—received a raise in 2012. That compares to just 52 percent who saw their

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## IEG – HELPING SPORTS MAXIMIZE SPONSORSHIP REVENUE

How do some sports marketing executives confidently increase their corporate sponsorship revenue each year while others can't? The difference for many of them—including the Orlando Magic, Minnesota Twins, Miami Heat, Chicago Fire and Houston Texans—is the advice they get from IEG Consulting.

We are real-world problem-solvers with a single focus—helping sports properties, teams, and leagues perform better than expectations. We use our experience to help you keep (and upsell) existing sponsors ... attract lucrative new relationships ... negotiate win/win deals ... and decide when to walk away.

To learn more—or if you have an immediate need—please contact our consulting team anytime.

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pay increase in 2011, the second-lowest percentage in the survey's history.

And the boost was a healthy one. The average raise was 5.9 percent, up significantly from the sponsorship industry's 4.6 percent average increase in 2011.

The nearly six percent increase is more than double what employees in the overall U.S. workforce earned this year. Non-exempt salaried workers—those for whom overtime pay is not required—saw an average raise of only 2.8 percent in 2012, according to the annual study released in August by human resource consulting firm Aon Hewitt (Chart 2).

In addition to raises, more sponsorship pros received a bonus in 2012 compared to 2011. While only 35 percent earned a bonus last year, 46 percent got one this year.

### **Nonprofit, For-profit, Sponsor and Agency Breakdown**

As in past years, there was discrepancy across industry sectors when it comes to pay increases, with for-profit property and agency personnel less likely to receive salary raises. That is based largely on the fact that those two sectors typically use variable compensation and performance-based award programs, including commissions, to a much greater extent than corporations and nonprofits.

Two-thirds of survey respondents employed by sponsors received a raise in 2012, along with 65 percent of those working for nonprofit properties. Only 53 percent of those working for for-profit rightsholders and 42 percent of agency employees earned a salary boost.

The percentage of sponsor employees earning a bonus rose from 66 percent in 2011 to 72 percent in 2012. The corresponding numbers for for-profit properties were 46 percent to 58 percent; for agencies, 33 percent to 46 percent; and for nonprofits, 24 percent to 34 percent.

For-profit property employees earned the highest average total annual compensation in 2012. Including

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salary, bonus and commission, total compensation for personnel in the sector was \$149,160, followed by agency employees at \$133,399, sponsors at \$123,996 and non-profit property workers at \$85,703. (For a breakdown by job title, see Chart 1.)

**CHART 1: COMPENSATION AND OTHER JOB FACTORS BY SECTOR AND TITLE**

	Total Compensation	Base Salary	Received Raise	Percent Raise	Received Bonus	Bonus	Received Commission	Commission	Job Satisfied (1-10)	Age	Years In Sponsorship	Years At Organization	Years With Title	People Supervised	Work Week (hours)	Percent Female/Male
<b>NONPROFIT PROPERTY</b>																
President/CEO	\$134,001	\$117,500	50%	2	100%	\$9,001	25%	\$10,000	8.5	60	19	17	16	10	48	25/75
Senior/Executive VP	\$165,483	\$155,067	83%	15	33%	\$12,500	0%	-	8.5	53	12	4	2	6	53	83/17
Vice President	\$132,000	\$129,933	87%	7	40%	\$2,067	0%	-	7.3	46	12	7	3	5	49	40/60
Executive Director	\$97,708	\$79,246	31%	3	54%	\$9,000	38%	\$12,818	7.9	50	12	7	6	19	48	67/33
Director	\$92,981	\$81,602	75%	4	32%	\$2,213	19%	\$9,777	6.8	44	10	7	4	5	47	73/27
Manager	\$63,316	\$61,080	69%	5	31%	\$801	14%	\$1,500	6.5	38	7	5	4	1	45	66/34
Coordinator	\$42,158	\$41,250	42%	1	33%	\$908	0%	-	6.2	36	6	6	3	0	42	92/8
<b>FOR-PROFIT PROPERTY</b>																
President/CEO	\$164,714	\$132,571	43%	6	14%	\$714	29%	\$31,429	8.3	53	15	7	6	8	49	0/100
Senior/Executive VP	\$242,000	\$168,750	38%	2	63%	\$69,333	38%	\$21,250	7.1	50	14	7	5	9	58	0/100
Vice President	\$241,833	\$145,833	33%	8	67%	\$50,200	83%	\$65,000	7.4	40	10	7	4	8	51	0/100
Executive Director	\$193,333	\$110,000	67%	9	33%	\$30,000	100%	\$63,333	8.5	43	14	12	8	3	55	33/67
Director	\$125,691	\$98,565	65%	4	65%	\$9,814	30%	\$20,400	7.4	40	9	7	5	4	51	65/35
Manager	\$89,892	\$68,242	58%	3	92%	\$5,608	33%	\$19,250	6.8	36	9	5	3	2	43	58/42
<b>SPONSOR</b>																
Vice President	\$221,520	\$177,500	100%	4	100%	\$43,750	0%	-	7.3	50	10	7	4	4	55	75/25
Director	\$135,767	\$137,120	67%	2	67%	\$25,800	0%	-	5.6	46	14	9	6	9	50	50/50
Manager	\$89,723	\$87,071	67%	3	67%	\$9,061	0%	-	7.1	36	8	6	3	3	49	73/27
Coordinator	\$64,858	\$60,818	60%	3	80%	\$4,040	0%	-	6.3	31	5	7	2	0	48	75/25
<b>AGENCY</b>																
President/CEO	\$182,103	\$140,100	10%	1	60%	\$33,753	30%	\$21,429	8.3	48	14	9	7	5	55	30/70
Senior/Executive VP	\$221,000	\$169,556	78%	8	89%	\$44,778	11%	\$10,000	6.3	46	17	11	5	17	53	22/78
Director	\$93,667	\$82,500	0%	0	33%	\$2,833	17%	\$10,000	5.8	39	11	4	3	3	50	33/67
Manager	\$56,278	\$51,833	56%	6	33%	\$2,000	22%	\$3,250	6.0	32	5	5	3	2	47	75/25

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Note: Adding average base salary, bonus and commission for each job title does not equal average total compensation because not all respondents received a bonus and commission.

The agency sector was the only segment to see average compensation shrink in 2012, down \$4,407 from 2011 when its \$137,806 was the highest average of all four sectors. The primary factor was a decrease in average bonus and commission pay for agency employees from \$38,863 in 2011 to \$26,994 in 2012. Conversely, average bonus and commission pay for for-profit property personnel rose from \$38,938 to \$48,301 in the last year.

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Trendwatch continued from p1

**Customer rewards programs.** Reward programs popping up at restaurants and other retail establishments are creating new sponsorship opportunities for sports teams, music fests and other properties.

Restaurants join hotels, credit card companies and other categories using the programs to engage consumers and drive transactions.

And those companies are increasingly using sponsorship to secure new members and reward existing customers.

Case in point: Papa John's Int'l, Inc. earlier this year leveraged its NFL partnership with a Super Bowl promotion that dangled a large one-topping pizza and a two-liter bottle of Pepsi MAX to members of the Papa Rewards program.

Consumers entered the program by collectively voting "heads" or "tails" on the coin toss at [www.PapaJohns.com](http://www.PapaJohns.com). The entrants picked the call correctly, with Papa Rewards members receiving a coupon for the free pizza and drink.

"No matter which team you are rooting for, everyone enrolled in Papa Rewards walks away a winner," said John Schnatter, Papa John's founder, chairman and CEO, in a statement. "It's our way of celebrating the terrific NFL season and rewarding our loyal Papa Rewards customers."

Some properties are finding success with their own rewards programs.

The University of Michigan athletic department this year secured Flagstar Bank as the presenting sponsor of its new H.A.I.L. student rewards program. The program—an acronym for "Honoring Attendance, Involvement and Loyalty"—awards points to students who attend UM games and events.

Students can redeem the points for team merchandise, season tickets, one-of-a-kind experiences and other items.

In a different twist, Chattanooga, Tenn.'s Riverbend Festival ("Riverbend Festival Posts 40 Percent Increase In Sponsorship Revenue" 03.30.12) this year posted a 40 percent increase in sponsorship revenue as a result of its two-year-old consumer rewards program aimed at improving relations with local businesses.

The music festival launched Riverbend Rewards in 2010 to build relations with restaurants, hotels and other local merchants, some of which see a decline in business during the nine-day downtown event.

The free, year-long program offers discounts on hotel rooms and other perks from local merchants. Roughly twenty companies participated in the program in 2012, with each paying a low-five-figure rights fee.

**Employee engagement programs.** Although companies have long used marathons and other types of events to engage employees, many cut back on employee programs following the 2008-2009 economic collapse and subsequent fallout in the job market.

But companies are increasingly placing more focus on employees as the economy rebounds and hiring picks up.

Case in point: Liberty Mutual Insurance ("Liberty Mutual Expands Global Portfolio" 12.03.12) will use its new partnership with the U.S. Olympic Committee to engage existing employees and recruit new employees.

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Trendwatch continued from p4

**OTHER CATEGORIES THAT ACTIVATE WITH REWARDS PROGRAMS:**

	PROGRAM	PROPERTY	ACTIVATION
<b>AUTO RENTAL</b>			
<b>Hertz Rent-A-Car</b>	Hertz Gold Plus	Live Nation	Members can purchase music through the Hertz Music Store
<b>National Car Rental</b>	Emerald Club	PGA of America	Offers PGA professionals access to Emerald Club
<b>FINANCIAL SERVICES</b>			
<b>JPMorgan Chase &amp; Co.</b>	Ultimate Rewards	Madison Square Garden Co.	Members can redeem points for celebrity meet-and-greets, hockey clinics and other unique experiences
<b>HOTELS</b>			
<b>InterContinental Hotels Group</b>	Priority Club Rewards	PGA Tour	Offers PGA Tour staff, members, caddies and media partners platinum status in Priority Club Rewards
<b>Marriott</b>	Marriott Rewards	NFL	Offers experiences at the Super Bowl and other events

The company plans to leverage the tie by hosting athletes at local offices, said Paul Alexander, Liberty Mutual's senior vice president of communications.

In addition, Sun Life Financial uses its two-year-old partnership with the Canadian Football League to build relations with employees. The company activated last month's Sun Life Grey Cup Fan March by hosting a party for more than 300 employees and their families during the Toronto event.

Sun Life distributed jerseys, tickets to the Grey Cup and other perks at the event, said Paul Joliat, Sun Life's director of sponsorship.

On the music front, BlueCross BlueShield of Tennessee, Inc. leveraged the Riverbend Festival by enrolling employees in the Riverbend Rewards program. The company enrolled roughly 5,000 employees in the program this year.

*Sources*

*Liberty Mutual Insurance, Tel: 617/357-9500*

*Papa John's Int'l, Inc., Tel: 502/261-7272*

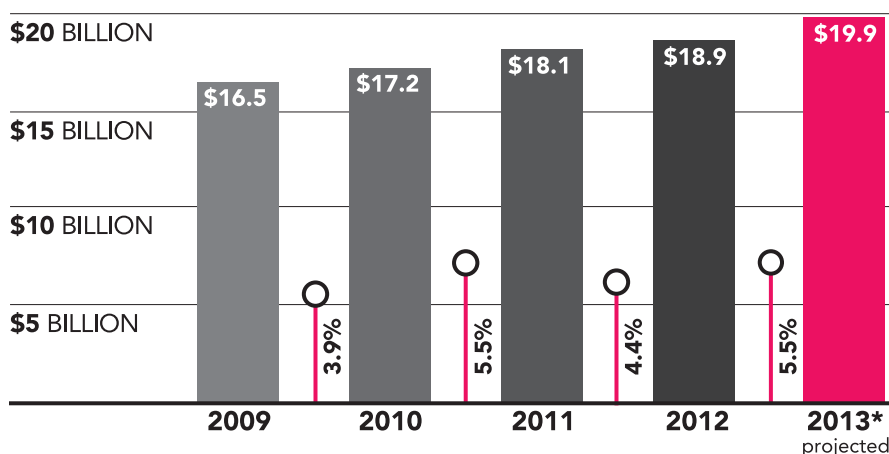
*Sun Life Assurance Co. of Canada, Tel: 416/979-9966*

2013 Sponsorship Outlook continued from p1

North America's 2013 increase is higher than in 2012, when spending grew 4.4 percent over 2011 to \$18.91 billion. (IEG had forecasted 4.1 percent growth a year ago.) For 2013, the total spent is projected to be \$19.94 billion.

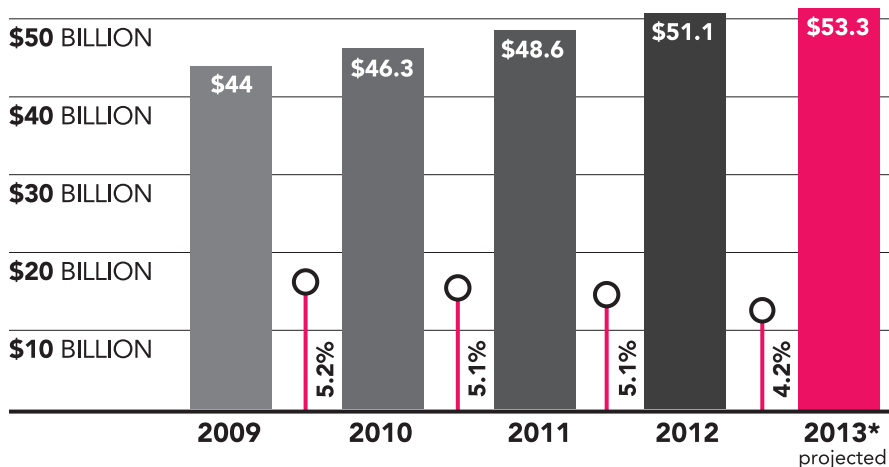
Worldwide, 2013 growth will not be as robust as 2012. Global spending increased 5.1 percent last year to \$51.1 billion (IEG had forecasted 4.9 percent growth.) The total to be spend in 2013: \$53.3 billion.

### TOTAL NORTH AMERICAN SPONSORSHIP SPENDING



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### TOTAL GLOBAL SPONSORSHIP SPENDING



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### Behind The Numbers

The most important factor in projecting healthy sponsorship growth is the unprecedented recognition at the highest levels of corporations that sponsorship is a potent answer to the challenge of how to build attention, support and loyalty for brands in an environment that is otherwise hostile to marketing communications.

Sponsorship has become elevated to the corporate strategic planning conversation and is more likely to be discussed in the context of integrated marketing programs that can take advantage of the reach of traditional advertising as

well as the emotional and experiential benefits earned through partnerships with sports, entertainment, cause and cultural entities.

Although moving sponsorship out of its silo and into the mainstream marketing conversation is, overall, a remarkably positive development, it carries meaningful ramifications.

On a base level, what used to be clearly identified as sponsorships, with discrete budgets and contracts, are now far more likely to be part of multi-platform, cross-channel programs in which a partnership is just one element, and where multiple players have a role in planning, execution and evaluation.

More importantly, while this development means marketers generally have growing appetites and resources for significant investments in B2C and B2B partnerships, they also have raised the stakes, increased the number of internal decision-makers, and placed many more demands on rightsholders to prove value and return.

The upshot: The sponsorship pie is growing, but being cut into fewer pieces. The largest slices are reserved for properties that can meet the high standards required by a new breed of corporate partner. The winners are typically large rightsholders that come with broadcast or other major media as part of the deal, a national footprint or an extremely high level of prestige.

That trend is reflected in the North American breakdown of sponsorship spending by category, where once again sports and entertainment will grow at a faster rate than other types of partnerships and will continue to command nearly eight out of ten sponsorship dollars.

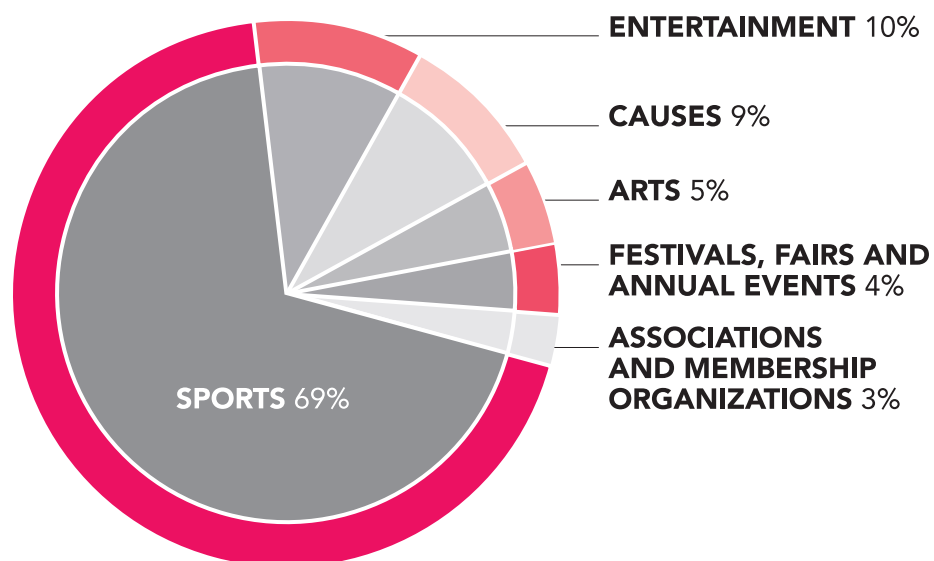
#### NORTH AMERICAN SPONSORSHIP SPENDING BY PROPERTY TYPE

NORTH AMERICAN SPONSORSHIP SPENDING BY PROPERTY TYPE					
	2011 SPENDING	2012 SPENDING	INCREASE FROM 2011	2013 SPENDING (PROJECTED)	INCREASE FROM 2012 (PROJECTED)
<b>SPORTS</b>	\$12.38 billion	\$13.01 billion	5.1%	\$13.79 billion	6%
<b>ENTERTAINMENT</b>	\$1.85 billion	\$1.93 billion	4.3%	\$2.03 billion	5.1%
<b>CAUSES</b>	\$1.68 billion	\$1.70 billion	1.2%	\$1.78 billion	4.8%
<b>ARTS</b>	\$869 million	\$891 million	2.5%	\$920 million	3.3%
<b>FESTIVALS, FAIRS AND ANNUAL EVENTS</b>	\$804 million	\$825 million	2.6%	\$849 million	2.9%
<b>ASSOCIATIONS AND MEMBERSHIP ORGANIZATIONS</b>	\$532 million	\$550 million	3.4%	\$572 million	4%

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## PROJECTED 2013 SHARES OF NORTH AMERICAN SPONSORSHIP MARKET



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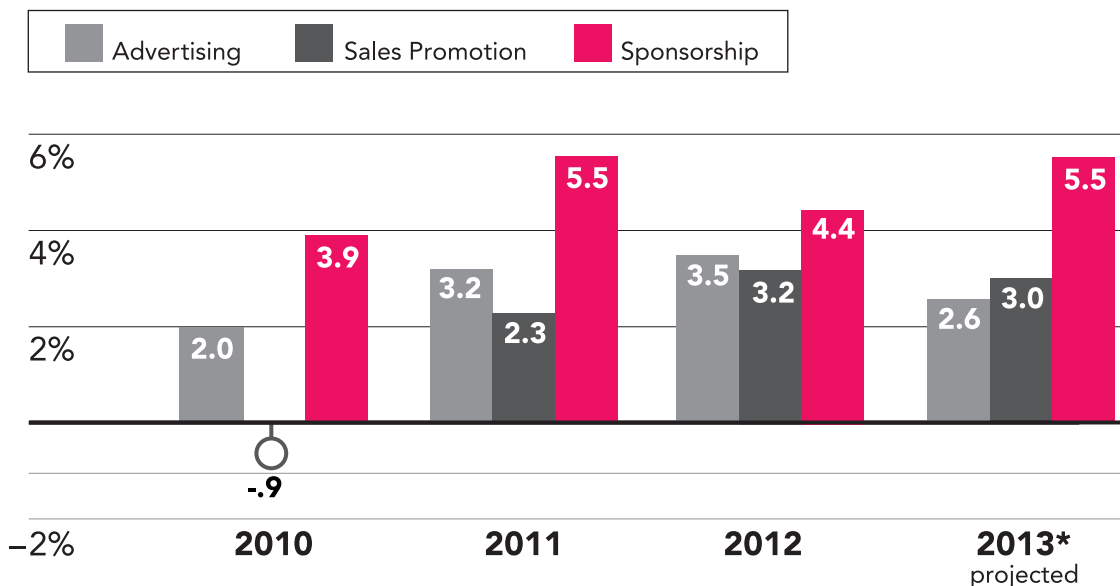
### Sponsorship Compared to Other Marketing Spends

Once again the growth rate for sponsorship spending will surpass outlays for traditional advertising in North America. On the heels of a 3.5 percent increase in media expenditures in 2012, ad spending is expected to grow only 2.6 percent this year, according to the worldwide media and marketing forecast produced by GroupM, the global media investment management operation of WPP Group plc. (GroupM is the parent company of IEG SR publisher IEG, LLC.)

Spending on consumer and business-to-business promotions such as direct marketing, sampling, and trade shows is expected to grow three percent this year following a 3.2 percent gain in 2012, according to the *Communications Industry Forecast* published by private equity firm Veronis Suhler Stevenson.



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**ANNUAL GROWTH OF ADVERTISING, SALES PROMOTION AND SPONSORSHIP**

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**Asia Pacific Region Strong; Europe and South America Weaker**

Excluding North American sponsorship spending, sponsors from all other parts of the world spent \$32.2 billion in 2012. That number should increase by 3.7 percent to \$33.4 billion this year.

Economic conditions in Europe will be a drag on sponsorship spending by European companies, with IEG forecasting growth of just 2.8 percent versus 4.7 percent in 2012.

While Russian, Indian and Chinese companies will contribute to a healthy five percent increase from the Asia Pacific region, growth is expected to slow to just 2.6 percent in Central and South America, where the 2014 FIFA World Cup and 2016 Olympic Games have secured major sponsorships from companies both inside and outside of the region, but have failed to spur other local investments that were previously anticipated.

**GLOBAL SPONSORSHIP SPENDING BY REGION**

GLOBAL SPONSORSHIP SPENDING BY REGION					
	2011 SPENDING	2012 SPENDING	INCREASE FROM 2011	2013 SPENDING (PROJECTED)	INCREASE FROM 2012 (PROJECTED)
<b>EUROPE</b>	\$13.5 billion	\$14.1 billion	4.7%	\$14.5 billion	2.8%
<b>ASIA PACIFIC</b>	\$11.2 billion	\$12 billion	6.7%	\$12.6 billion	5%
<b>CENTRAL/SOUTH AMERICA</b>	\$3.7 billion	\$3.9 billion	5.6%	\$4 billion	2.6%
<b>ALL OTHER COUNTRIES</b>	\$2.1 billion	\$2.2 billion	5.1%	\$2.3 billion	4.5%

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### Changes To Compensation Tiers Based On Organization Size

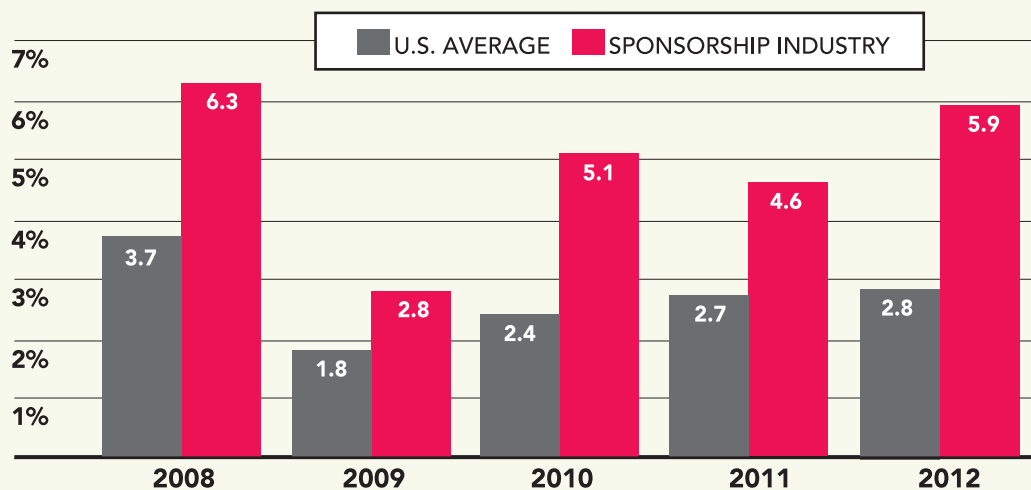
Although compensation remains correlated to the size of the employer—with larger concerns paying more than smaller ones—a shift occurred in 2012 in terms of where significant increases occur.

For years, the data could be divided into three tiers. Organizations at the \$1 million level and below; organizations between \$1 million and \$5 million; and organizations larger than \$5 million, with those figures applying to sponsorship revenue in the case of properties, sponsorship budgets for sponsors and sponsorship billings for agencies.

A look at this year's total compensation by organization size (see Charts 5 and 6) reveals the three tiers are now: below \$500,000; between \$500,000 and \$2.5 million; and larger than \$2.5 million. (For more data related to organization size, see Chart 7.)

Survey results derive from responses from 313 industry practitioners—50 percent working for nonprofit properties, 20 percent working at for-profit properties, 17 percent for agencies, and 13 percent for sponsors.

### CHART 2: AVERAGE SPONSORSHIP SALARY INCREASE VS. NATIONAL AVERAGE



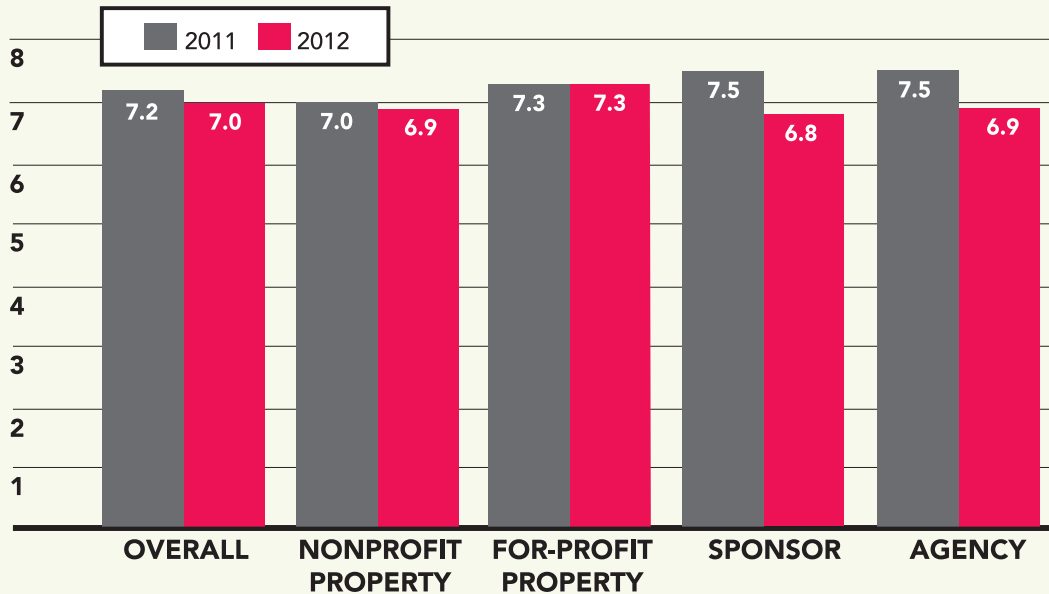
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Compensation Reports continued from p10

**CHART 3: AVERAGE TOTAL COMPENSATION BY TITLE AND ORGANIZATION TYPE**

	PRESIDENT/ CEO	SENIOR/ EXECUTIVE VP	VICE PRESIDENT	EXECUTIVE DIRECTOR	DIRECTOR	MANAGER	COORDINATOR
<b>PROPERTY</b>							
Arts					\$89,913	\$51,917	
Association		\$178,225	\$128,250		\$112,060	\$58,493	
Attraction					\$111,500		
Charity/Cause			\$141,400		\$95,154	\$67,383	
Festival/Fair				\$93,340	\$79,800	\$115,515	
Government					\$77,667	\$68,845	\$54,900
Sports	\$148,600	\$224,600	\$175,333	\$129,563	\$94,750	\$78,886	
<b>SPONSOR</b>							
Business-to-Business						\$46,833	
Customer Service					\$129,000	\$109,783	\$59,000
Packaged Goods						\$90,000	
Retail						\$89,667	
<b>AGENCY</b>							
Event Management	\$228,342						
Sponsorship	\$162,286	\$254,200			\$101,750	\$57,083	

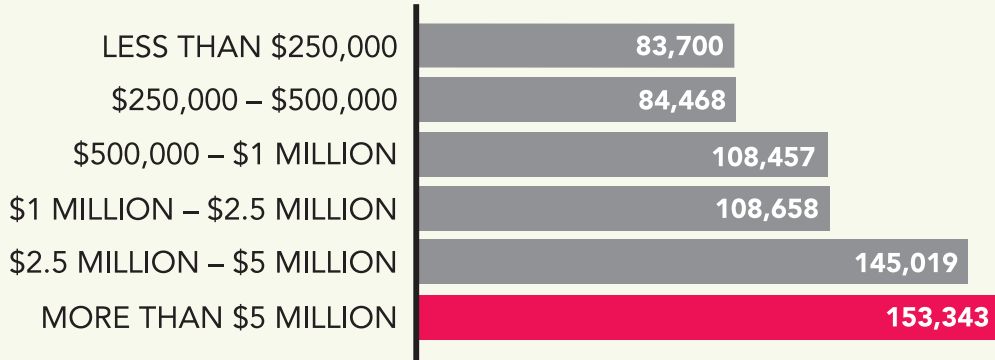
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**CHART 4: JOB SATISFACTION (10-POINT SCALE)**

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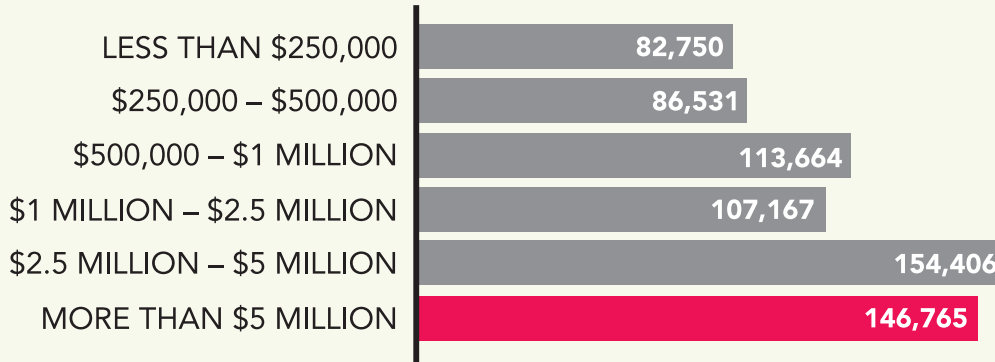
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**CHART 5: AVERAGE TOTAL COMPENSATION BY ORGANIZATION SIZE**



Note: Figures represent sponsorship revenue (properties), sponsorship budgets (sponsors) or sponsorship billings (agencies).

**CHART 6: AVERAGE TOTAL COMPENSATION BY SPONSORSHIP REVENUE (PROPERTIES ONLY)**



**CHART 7: COMPENSATION AND OTHER JOB FACTORS BY ORGANIZATION SIZE**

ORGANIZATION SIZE	Total Compensation	Base Salary	Received Raise	Percent Raise	Received Bonus	Bonus	Received Commission	Commission	Job Satisfied ( 1-10)	Age	Years In Sponsorship	Years At Organization	Years With Title	People Supervised	Work Week (hours)	Percent Female/Male
Less than \$250,000	\$83,700	\$72,049	59%	4	17%	\$338	27%	\$11,604	7.0	46	7	6	4	4	45	67/33
\$250,000 - \$500,000	\$84,468	\$74,907	58%	2	30%	\$3,517	21%	\$7,000	6.7	44	8	7	5	8	47	66/34
\$500,000 - \$1 Million	\$108,457	\$96,432	60%	3	50%	\$9,826	13%	\$5,829	7.0	43	10	6	4	3	46	64/36
\$1 Million - \$2.5 Million	\$108,658	\$91,830	65%	6	56%	\$7,645	22%	\$10,560	7.0	40	10	7	4	8	49	62/38
\$2.5 Million - \$5 Million	\$145,019	\$115,900	54%	5	51%	\$17,062	17%	\$18,452	7.1	42	12	8	5	6	51	49/51
\$5 Million and up	\$153,343	\$117,165	73%	5	71%	\$39,417	18%	\$17,813	7.3	40	11	8	4	5	52	49/51

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Note: Organization size represents sponsorship revenue (properties), sponsorship budgets (sponsors) or sponsorship billings (agencies).

## ADDING VALUE

## VALUE CREATION: FIVE WAYS TO ADD VALUE TO SPONSORSHIP OFFERS

*Rightsholders need to move beyond selling inventory by taking an active role in their partners' success.*

Although sponsorship spending (“2013 Sponsorship Outlook: Spending Increase Is Double-edged Sword” 01.07. 13) continues to rebound, the sponsorship sales environment remains as competitive as ever.

Properties ranging from international sports events to local fairs and festivals are increasingly facing more scrutiny over sponsorship proposals, a longer decision-making process and overall anxiety on closing deals.

So what are successful properties doing to raise the value of their sponsorship offers? What are they doing to secure interest from new prospects and build relations with existing partners?

One key takeaway: Rightsholders need to take a proactive role in their partners' success by moving beyond packages that provide impressions and other standard inventory in favor of integrated, measurable marketing platforms that ensure sponsorship success.

Below, five ways that properties are adding value to their sponsorship offers:

**Take the position of a consultant.** For Madison Square Garden, adding value is about thinking like its partners, understanding their objectives and developing targeted marketing platforms.

That process begins by taking the view of a third-party consultant, said Greg Economou, MSG's executive vice president of corporate sales and solutions.

“It's all about being consultative. We're constantly thinking about how we can create solutions for clients that will drive their business objectives.”

MSG has developed an internal team—dubbed the partnership strategy group—to brainstorm and implement activation programs, he said.

“They work like an agency. Their job is to figure out how our partners can achieve their objectives and move the marketing needle.”

Six Flags Entertainment Corp. takes a similar tack. The amusement park company positions its sponsorship department as a promotions agency by offering creative and other activation services.

The goal: help sponsors offset the cost of activation.

“One of the greatest challenges for sponsors is the cost of activation. If a sponsor doesn't have in-house creative services, we'll do it for them,” said David McKillips, Six Flag's senior vice president of corporate alliances.

Six Flags also uses street teams to sample product, conduct intercept surveys and perform other tasks on behalf of sponsors.

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“We package that in to help ease the cost of activation.”

Other properties also are taking a more proactive approach to activation. The NBA Cleveland Cavaliers last year changed the name of its sponsor servicing team to sponsor activation to support its growing focus on helping partners brainstorm ideas.

In addition to renaming the department, the team doubled the number of staffers from three to seven employees.

“In the past the service team was implementing assets. Now we put more responsibility on the team to measure, amplify and authenticate those assets back to our partners,” said Randy Domain, vice president of corporate partnerships and activation with the Cavaliers Operating Co., which owns the Cavaliers, AHL Lake Erie Monsters and other pro sports teams.

**Help measure success.** Knowing that sponsors increasingly need to justify their investments, a growing number of properties are investing in outside research and third-party analytics to help measure success.

“We’re hearing more and more from partners and prospects about the importance of measurement. We’re placing more focus on providing metrics and analytics to the overall partnership,” said Domain, who has hired a third-party analytics firm to track and report the value of courtside signage on a game-by-game basis.

Other properties also are doubling down on measurement. Case in point: Representatives from thirty-party research firms will speak at the MLB Kansas City Royals’ sponsor summit later this month.

“The more data we can provide our partners to help validate their purchasing decision with us, the more likely we are to renew them,” said Wes Engram, the Royals’ senior director of corporate partnerships and broadcast sales.

**Provide audience research.** Looking to gain insights into the likes and dislikes of soccer fans, The Football League next month will roll out The Changing Room, an online panel of roughly 15,000 soccer aficionados.

The English soccer league will use the panel to gain feedback on rules and regulations as well as activation ideas for new and existing partners, said Phil McKee, The Football League’s research and insight executive. That includes feedback on what types of activation programs resonate with fans.

TEN TIPS ON ADDING VALUE	
<b>PROVIDE BUSINESS-BUILDING OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>• Facilitate business among cosponsors</li> </ul>
<b>CARVE OUT NEW INVENTORY</b>	<ul style="list-style-type: none"> <li>• Provide inventory for local and national promotions</li> <li>• Offer use of venue for sponsor functions</li> </ul>
<b>DEMONSTRATE SERVICES IN ACTION</b>	<ul style="list-style-type: none"> <li>• Promote products and services in a relevant setting</li> </ul>
<b>PROMOTE SPONSORS THROUGH SOCIAL MEDIA</b>	<ul style="list-style-type: none"> <li>• Include sponsor-specific content in social media initiatives</li> </ul>
<b>HELP ENHANCE THE FAN EXPERIENCE</b>	<ul style="list-style-type: none"> <li>• Provide platforms that resonate with consumers</li> </ul>
<b>SUPPORT COMMUNITY OUTREACH EFFORTS</b>	<ul style="list-style-type: none"> <li>• Use property assets to enhance CSR programs</li> </ul>
<b>PROVIDE TURNKEY ACTIVATION PLATFORMS</b>	<ul style="list-style-type: none"> <li>• Make it easy for sponsors to activate</li> </ul>
<b>OFFER PLATFORMS THAT TELL A STORY</b>	<ul style="list-style-type: none"> <li>• Develop credible stories that engage the media</li> </ul>
<b>PROVIDE ONE-OF-A-KIND HOSPITALITY BENEFITS</b>	<ul style="list-style-type: none"> <li>• Offer private receptions and access to celebrities</li> </ul>
<b>OFFER BUSINESS BACK</b>	<ul style="list-style-type: none"> <li>• Purchase sponsor products and services</li> </ul>

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“Before our first meeting with a prospect, we’ll use the panel to come up with ideas on how a sponsorship should look. There’s nothing worse than spending a lot of time and effort developing an activation platform to find out there is no appetite with fans.”

The Football League is recruiting fans from its 72 member clubs and three leagues with the goal of having roughly 220 fans from each club. The league offers tickets, sponsor merchandise and other perks to incent participation.

The league plans to go live with the panel prior to the Feb. 24 Capital One League Cup at Wembley Stadium, said McKee, noting that Capital One (Europe) plc will have the opportunity to gain feedback on its sponsorship. The credit card company last year inked four-year title of the showcase cup competition.

**Offer off-site extensions.** Many properties have found success by offering platforms that provide reach beyond a sponsored event.

For example, Pitchfork Media created an integrated marketing program for Converse Inc. around the Nov. 1-3 Pitchfork Music Festival Paris. The platform afforded on- and off-site benefits that included a backstage artist gifting lounge, a kickoff party at local retailer and a branded shuttle bus.

To gain buzz in the digital space, Pitchfork leveraged its in-house production team to develop a Converse-branded video series. The videos featured Pitchfork artists performing acoustic performances in unique locations around Paris. Pitchfork posted the content on the festival’s Web site, while Converse posted the videos on its Facebook page and dedicated Youtube channel.

“The way I look at is ‘how can we enhance a sponsorship with digital extensions?’” said Matt Frampton, Pitchfork Media’s vice president of sales.

**Offer cause overlays.** Some properties have found success by aligning sponsors with cause marketing and other community outreach programs

The Marine Corps Marathon last year aligned DSW Inc. with its shoe donation program, an initiative that distributes gently worn shoes to local homeless shelters. The retailer supported the initiative with a promotion at the marathon expo that offered a \$5 gift card for each donation.

The promotion generated roughly 750 shoe donations, up from 150 in prior years, said Marc Goldman, the marathon’s sponsorship/marketing manager.

DSW had to replenish its gift card supply twice due to the unexpected number of donations, he said.

“It was a nice way to enhance a component of the event by having a sponsor take ownership of it.”

DSW partnered with the event to promote two new stores in Washington, D.C.

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#### Sources

*Cavaliers Operating Co., Tel: 216/420-2000*

*The Football League, Tel: 08-44-463-1888*

*Kansas City Royals, Tel: 816/921-8000*

*Madison Square Garden, Tel: 212/465-6000*

*Marine Corps Marathon, Tel: 800/786-8762*

*Six Flags Entertainment Corp., Tel: 212/652-9403*

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## SERVICING

**BEST PRACTICES: THE EVOLUTION OF SPONSOR SUMMITS**

*Properties can add value to summits by highlighting successful activation programs and providing tangible takeaways.*

In today's day and age, the importance of sponsor summits has been well documented. In short, the meetings provide an invaluable opportunity for properties to build relationships with sponsors, and vice versa.

The three primary goals of sponsor summits:

- Update sponsors on audience research, sponsorship inventory, new programming and other relevant news
- Share information on successful activation programs
- Foster collaboration between sponsors, including cross-promotions and business-building opportunities

To no surprise, sponsors overwhelmingly endorse the meetings.

"Everyone is so busy that it's hard to pull yourself out of your own world. Having the opportunity to network with colleagues outside of your company is very helpful," said Dawn Turner, sports & entertainment marketing manager with American Airlines ("Airlines Maintain Course Amid Industry Consolidation" 06.04.12).

Most sponsors point to networking and cross-promotional opportunities as the key benefits.

"An integral part of summits is the opportunity to meet partners that share a common interest and work on cross-promotions. Summits are invaluable, and something that every property should be doing," said Paul Joliat, director of sponsorship and marketing with Sun Life Financial.

While most properties host summits, many still do not. Case in point: Two of the NHL teams Sun Life sponsors do not host summits, said Joliat, noting that the teams instead host small groups of partners at games, golf outings and other events.

"It is surprising that some properties don't host summits. They're a big opportunity for properties when it comes time for renewal."

Below, IEG SR three ways properties are taking summits to the next level.

**Position meetings as an upfront**

*Music festivals take a page from the network TV industry by using summits to highlight new inventory and showcase talent*

The Essence Music Festival presented by Coca-Cola, the Bonnaroo Music & Arts Festival ("How Deals Get Done: Five Sales Tips From Industry Pros" 09.17.2012) and other music festivals use summits to showcase new inventory and promote talent.

Case in point: The Essence Music Festival takes an upfront-like approach to its annual sponsor summit. That may be no surprise: the festival is owned by Essence Communications Inc., a unit of Time Inc.



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“We are a media company first, and we use summits to unveil programs we plan to launch, reimagine or expand upon, as well as add some sizzle with talent,” said Staci Hallmon-Bazzani, Essence Communications’ national sponsorship director

For example, the music festival’s Nov. 27-28 summit featured musicians as well as speakers from the event’s empowerment experience. That included a keynote presentation by Reverend Al Sharpton, a performance by Bridget Kelly and presentations by blogger Bevy Smith and stylist and brand expert June Ambrose.

On the new inventory front, the festival uses post-event sponsor surveys to gain feedback on sponsorship assets. Digital content and social media were at the top of the list in 2012, said Hallmon-Bazzani.

“We took the top five topics and prioritized to deliver real solutions.”

### Host awards programs

*Properties use awards to highlight successful activation programs and encourage sponsors to take their partnerships to the next level.*

A small but growing number of properties are using sponsor awards to highlight successful programs and share best practices.

That is the case with the Essence Music Festival, which rolled out an awards program last year. The festival distributes the awards at a reception the night before its one-day summit.

“Our number one goal is for partners to see the depth of how other sponsors activate,” said Hallmon-Bazzani.

The festival came up with the idea for the awards after a sponsor asked how it could “own” a portion of the event without having presenting status, she said.

“We created the awards program to show partners how they can have a strong franchise and extensions around the festival.”

### SPONSOR SUMMIT AGENDA

Summits can range from a morning meeting to a two-day event with outside speakers and entertainment options. Below, a hypothetical itinerary for a one-day meeting:

#### 8 a.m. to 8:30 a.m.

- Continental breakfast and summit workbook distribution

#### 8:30 a.m. to 8:35 a.m.

- Goal of meeting by sponsorship vp or executive director

#### 8:35 a.m. to 9:15 a.m.

- Sponsor introductions
- Ask sponsors to prepare in advance and share with group:
  - Objective of their sponsorship
  - Property-themed promotions they are preparing
  - Distribution channels, etc.

#### 9:15 a.m. to 10:15 a.m.

- Content expert presentations

#### 10:15 a.m. to 10:40 a.m.

- Networking coffee and cookie break

#### 10:40 a.m. to 11:45 a.m.

- Sponsor activation opportunities and ideas
  - Available promotional inventory
  - Details on property media bank
  - Tips on maximizing benefits, etc.

#### 11:45 a.m. to 12:15 p.m.

- Handraising: sponsors that are interested in exploring cross-promotions

#### 12:15 a.m. to 1:30 p.m.

- Networking lunch

#### 1:30 p.m. to 2:30 p.m.

- Cross promotion brainstorming session

#### 2:30 p.m. to 3:30 p.m.

- Sponsor breakouts
- Sponsor cross-promotion meetings
- Identifying joint promotions and possible synergies

#### 3:30 p.m.

- Closing/thank you by executive director

Best Practices continued on p18

Best Practices continued from p17

The music festival this year distributed five awards: Sponsor of the Year (Verizon); Fan Favorite (My Black Is Beautiful/Procter & Gamble Co.); Best 360-degree Activation (Ford Division); Best Use of New Media (Coors Light); and Best Multiple Category Activation (The Coca-Cola Co.).

Employees in Time Inc.'s marketing, digital and PR departments determine the winners of four of the awards, while festival attendees vote on the Fan Favorite award through the festival's Facebook page.

While the Essence Music Festival hosts the awards show prior to its sponsor summit, the MLB Arizona Diamondbacks last year restructured its entire summit with the Most Valuable Partner Awards ("Arizona D-backs Revamp Sponsor Summit" 01.30.12), an event modeled after the Academy Awards.

The three-hour event features a walk down a red carpet, an opening musical number, humorous videos and the award presentation.

The D-backs—which revamped the summit to drive activation and boost participation among C-level executives and other decision-makers—already has seen success from the new format. The team earlier this year partnered with Apollo Group, Inc. to create the \$100,000 School Challenge ("Arizona D-backs Find Success From Sponsor Summit" 04.09. 12), a program that awards \$5,000 grants to schools in Arizona. The program is presented by the University of Phoenix.

"They said 'let's do something in the education category.' Our K-12 system is lacking funding, so we created the \$100,000 School Challenge," said Cullen Maxey, the D-backs' executive vice president of business operations.

The Most Valuable Partner Awards also has prompted other sponsors to double down on activation, he added.

"The old days of me droning on a panel at a sponsor summit are gone. This is a great way to motivate people."

### **Enhance content with outside speakers.**

*Properties add value by offering in-depth content from outside experts*

While many properties enhance summits with presentations from outside speakers, the need for topic-specific content and tangible takeaways has taken on increased importance.

## **TIPS ON HOSTING SPONSOR SUMMITS**

TIP	TAKEAWAY
<b>Schedule summit away from other events</b>	Host three to six months in advance of event to provide time for execution
<b>Focus on content, not sales</b>	Provide relevant content with tangible takeaways
<b>Promote attendance by key personnel</b>	Attendance by CEO demonstrates the importance of sponsors
<b>Consider an independent moderator</b>	Independent moderator can facilitate dialogue and information sharing
<b>Invite outside experts</b>	Offer insights into business trends and other relevant content
<b>Facilitate sponsor cross-promotions</b>	Align like-minded sponsors with each other
<b>Provide takeaway documents</b>	Share contacts, copies of presentations, etc.
<b>Invite relevant agencies</b>	Invite agencies that work on the sponsorship
<b>Include entertainment options</b>	Give sponsors an opportunity to network and bond
<b>Respect sponsors time</b>	Stick to a schedule

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Best Practices continued from p18

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Two popular topics: measurement and social media.

“Speakers that talk about measurement get everyone’s attention. It’s a topic that’s integral to everyone’s success,” said Sun Life’s Joliat.

In addition to measurement, Penske Racing enhances its two-day summit with presentations on sales, marketing, crisis management and other topics relevant to sponsors, many of which are Fortune 500 companies. Prior speakers include reps from Facebook, Inc. and Google Inc. as well as former White House press secretary Ari Fleischer, who spoke about the political climate.

“We want people to leave the session with knowledge they can apply to their business,” said Jonathon Gibson, Penske’s vice president of marketing & communications.

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*Sources*

*AMR Corp., Tel: 817/963-1234*

*Sun Life Assurance Co. of Canada, Tel: 416/979-9966*

*Arizona Diamondbacks, Tel: 602/462-6500*

*Essence Communications, Inc., Tel: 212/522-1212*

*Penske Racing, Tel: 704/664-2300*

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ADDING VALUE

## QUICK HITS: SPONSORSHIP SALES RESOLUTIONS

*Ownable platforms and an in-depth knowledge of a sponsor's business are critical to mutually beneficial partnerships.*

With the end of the year quickly approaching, IEG SR asked a handful of rightsholders what they plan to do differently in 2013.

Below, sponsorship execs from the Dew Tour, Tribeca Film Festival and MLB Seattle Mariners share their top New Year's resolutions.

### **Kenny Mitchell, vice president/general manager, Dew Tour**

*Support property transformation; ensuring flawless execution*

With a new format this year that has seen the Dew Tour move from seven to three events, Mitchell is focused on supporting the action sports property's transformation in 2013 and beyond.

"This was year one of a brand new setup, and there were lots of learnings. We want to continue to optimize our new model."

Event owner Alli Sports changed the format of the tour to accommodate the changing needs of athletes and the action sports industry, said Mitchell.

"The old format wasn't something athletes were looking for in this day and age. They want grand slam types of events that are big, special and unique."

In addition to supporting the Dew Tour's transformation, Mitchell plans to double down on offering tailored, ownable sponsorship platforms. The tour is not interested in deals where sponsors can swap assets without any noticeable impact, he said.

"We'll continue to deeply engrain ourselves in the business of our partners and deliver ownable assets and activation platforms."

Mitchell joined the Dew Tour in August after serving as director of sports marketing at Gatorade.

### **Brandon Lowitz, senior vice president & co-head of sponsorship development, Tribeca Film Festival**

*Streamline activation offerings; keeping long-term partnerships fresh*

The Tribeca Film Festival plans to do a better job incorporating programming and other inventory into tailored activation platforms.

One hot area: content development.

"Content development is a big focus. We want to develop special content that sponsors can use to leverage the film festival and beyond," said Lowitz.

The sponsorship sales vet also plans to place more focus on keeping long-term partnerships fresh.

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Quick Hits continued from p20

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"We want to make sure we're not complacent with sponsors that have been with us for five or six years. We want to treat everyone like they're a first-year sponsor and proactively serve as a resource for activation ideas."

**Joe Chard, vice president, corporate business and community relations, MLB Seattle Mariners**

*Staying abreast of sponsors' business, viewing partnerships from sponsors' shoes*

Knowing that marketing objectives evolve, Chard plans to build on the Mariners' strategy of staying abreast of each sponsor's marketing objectives and new trends and developments in their respective categories.

The team uses that knowledge to proactively pitch new activation programs geared to each partners' changing objectives.

"Instead of saying 'this is what we have to offer,' we want to create new platforms based on what's happening in their world," said Chard.

"It's all about thinking from their side of the table rather than ours."

#### SPONSORS' WISH LIST

Move over iPads, flat-screen TVs and video game consoles. Below, eight must-have items for the 2012 holiday season.

- To perhaps no Authentic, ownable platforms
- Surprise and delight consumer engagement programs
- Organic, compelling storylines
- Turnkey activation platforms
- Social media integration
- One-of-a-kind hospitality
- Employee engagement programs
- In-depth measurement data

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#### Sources

Alli Sports, Tel: 630/908-6300

Seattle Mariners, Tel: 206/346-4001

Tribeca Film Festival, Tel: 212/941-2400

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## ABOUT IEG

IEG leads the way in sponsorship solutions. With over 30 years providing insights, evaluation, and guidance, our teams bring unparalleled perspective and proven methodology to every challenge.

We partner with top brands and properties to create fresh strategies, evaluate opportunities and maximize results. Our clients redefine what's possible, exceed expectations and achieve lasting impact.

A unit of WPP's GroupM, IEG is connected to specialty sibling communications companies in media, digital and activation. GroupM is the leading global media investment management operation that also serves as parent company to WPP media agencies including Maxus, MEC, MediaCom, and Mindshare.

For more information about IEG and the sponsorship industry, please visit [www.sponsorship.com](http://www.sponsorship.com) or call 800/834-4850 (outside the U.S. and Canada, 312/944-1727).

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