

IEG Sponsorship Report

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IN DEPTH

Corporate Donors Receive Charity: Sponsorship Benefits At No Additional Charge

Nonprofits need to understand value and educate donors if they don't want to be taken advantage of.

6/22/09: Whether intentionally or not, corporate donors to nonprofits often serve as roadblocks in their cause partners' quests to maximize their relationships and receive full value for the benefits they offer.

That's the perspective of nonprofit sponsorship personnel who responded to the sixth annual IEG Strategic Philanthropy Study.

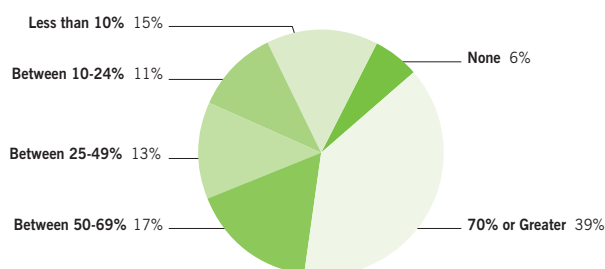
As has been the case in previous years, many of those who occupy corporate giving roles expect to receive marketing benefits in exchange for their company's donations. Fifty-six percent of nonprofits said that the majority of their corporate donors request benefits such as title sponsorships and category exclusivity as part of making a gift. Ninety-four percent of nonprofits have one or more donors who ask for such benefits (see Chart 1).

Whether corporate philanthropy staff understand the worth of such benefits—and what their colleagues in sponsorship, marketing and promotions positions typically must pay for them—is debatable. A sizable number of nonprofit reps—44 percent of survey respondents—believe corporate giving professionals don't have a clue when it comes to the value of benefits (see Chart 2).

What makes a bad situation worse for nonprofits is the fact few of their corporate contributions contacts help to facilitate conversations with marketing staff or others at their companies responsible for sponsorship and corporate alliances. Only 31 percent of nonprofits said they frequently or always are introduced by their philanthropic contacts to marketing and sponsorship personnel, while an equal amount said such connections are made rarely or never (see Chart 3).

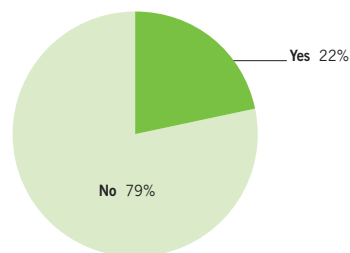
Of course, the nonprofit fund-raisers themselves are not blameless in failing to receive fair market value for the business-building benefits they offer. Nearly eight out of 10 admit they provide marketing and sponsorship benefits to corporate donors without charging them any additional rights fee (see Chart 4); nearly nine out of 10 initiate discussions regarding such benefits in their first conversations with donors—apparently assuming that most corporations will request them anyway

Chart 1: What percentage of your corporate donors request marketing/sponsorship benefits?



Percentages do not equal 100 due to rounding

Chart 4: Beyond charging for extra tickets and hospitality, do you charge corporate donors a rights fee on top of their contribution for any of the benefits in Chart 11?



Percentages do not equal 100 due to rounding

Chart 2: Do you believe that your corporate contacts in traditional philanthropic positions/departments recognize the value of marketing benefits you offer?

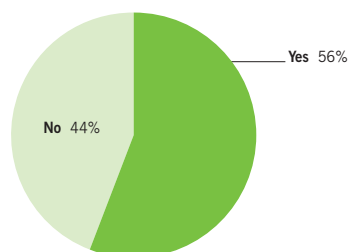


Chart 5: Do you include marketing/sponsorship benefits in your pitch to corporate donors or wait for them to request?

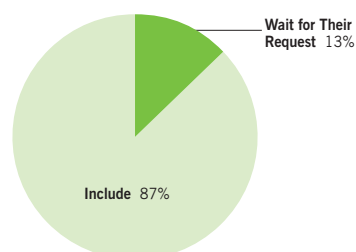
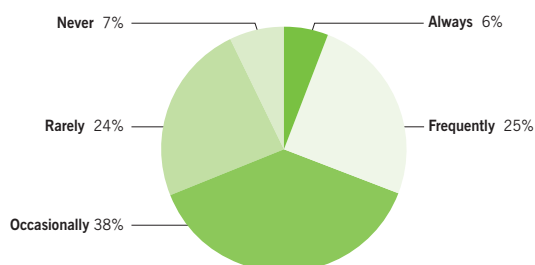


Chart 3: How often do companies' philanthropy staffs introduce you to their marketing counterparts?

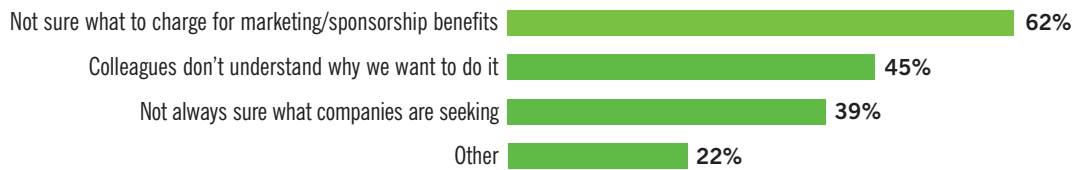
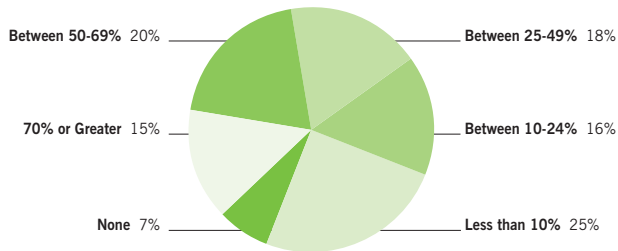


(see Chart 5)—and 62 percent are not sure of the value of the marketing/sponsorship benefits they have to offer (see Chart 6).

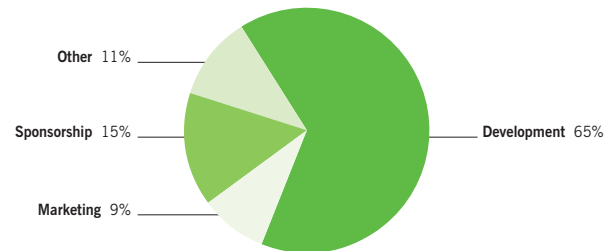
Strategic Philanthropy Deals Drop

While a great deal of attention is paid to the concept of strategic philanthropy—in which corporate philanthropic dollars are augmented with additional spending to promote the company's involvement and the cause—the number of such hybrid deals fell dramatically in this year's survey.

Only 35 percent of nonprofits said a majority of their corporate relationships fit the definition of strategic philanthropy (see Chart 7), compared to 45 percent of respondents last year. Some of that attrition may be due to the economy,

Chart 6: What challenges do you face in dealing with requests from donors for marketing/sponsorship benefits?**Chart 7: What percentage of your corporate relationships are "hybrids," i.e., involve philanthropic donations supported by a donor's marketing/advertising/promotional efforts?**

Percentages do not equal 100 due to rounding

Chart 8: When corporate donors receive marketing/sponsorship benefits, which department at your organization is most responsible for managing the relationship?

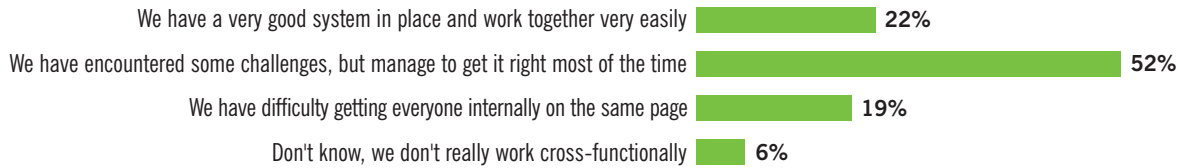
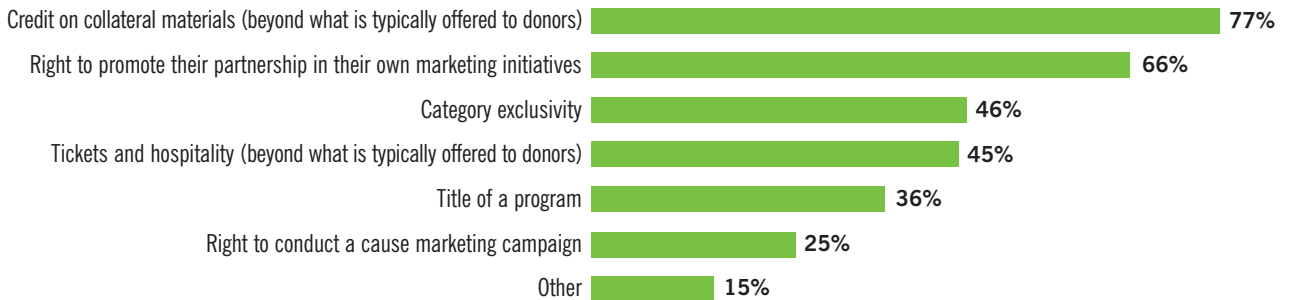
with corporations maintaining their giving but cutting back on marketing spends.

Development departments remain primarily responsible for managing the relationship with donors who also receive marketing benefits; 65 percent of nonprofits handle such deals through their development staff (see Chart 8).

Even though one department may take the lead, there is good cooperation among staff in working cross-functionally to provide benefits to corporate partners, survey respondents said. Three-fourths said they mostly work well across departments, while the remainder either find it difficult to coordinate efforts or don't work cross-functionally (see Chart 9).

There was little change in the benefits sought by donors or offered by nonprofits, with the exception of heightened interest by both sides in event tickets and hospitality benefits. Last year only 36 percent of respondents said such benefits were of interest to donors, but that number rose to 45 percent this year (see Chart 10). Similarly, although only 48 percent included extra tickets and hospitality in their pitches to donors last year, 60 percent said they did so this year (see Chart 11).

The survey was conducted online earlier this month and received 198 responses.

Chart 9: Recognizing that many corporate relationships require a cooperative effort, how would you describe your ability to work cross-functionally within your organization?**Chart 10: What kinds of marketing/sponsorship benefits are corporate donors seeking?****Chart 11: If you include marketing/sponsorship benefits in your pitch to corporate donors, which do you include?**