WHO DOES WHAT: ENERGY DRINKS

Energy drinks continue to focus on music, sports and motorsports to support high-performance positioning.

While The Cola-Cola Co. and PepsiCo, Inc. have recently scaled back on two high-profile deals, sponsorship activity in the energy drink category is expected to maintain its forward momentum over the foreseeable future.

The Coca-Cola Co. this month announced it will replace Full Throttle with Mello Yello as title of the NHRA Drag Racing Series starting with the 2013 season, while PepsiCo has scaled back AMP’s partnership with Dale Earnhardt Jr. and the No. 88 Hendrick Motorsports NASCAR Sprint Cup Series team in favor of the Diet Mountain Dew brand.

While those two companies have thrown a wet blanket on the category, new product rollouts and double-digit growth are expected to fuel additional sponsorship activity. Sales in the energy drink category grew 18.1 percent in the year-ended Aug. 12, according to SymphonyIRIGroup, a market research group.

And the category is expected to maintain strong sales momentum over the next several years. Research firm Mintel expects sales of energy drinks and shots to total $15.6 billion in 2016, up 66 percent from $9.4 billion in 2012.

As in the past, three players continue to dominate the energy drink category: Red Bull (40.3 percent market share), Monster (35.6 percent) and Rockstar (10.9 percent). Those companies all posted solid sales growth in the most recent period: Red Bull grew 19.8 percent; Monster rose 27 percent while Rockstar notched an 11.3 percent increase in sales, according to SymphonyIRIGroup data.

![Chart 1: U.S. Sales of Energy Drinks and Shots](chart1.png)

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Source: Mintel/Symphony IRI InfoScan/U.S. Census Bureau Economic Census; Convenience Store Decisions
On the other end of the spectrum, sales at the three major U.S. beverage companies went south. PepsiCo (AMP) saw a 1.52 percent decline in sales, The Coca-Cola Co. (Full Throttle and NOS) slipped 5 percent, while Dr Pepper Snapple Group (Venom Energy) fell 12 percent.

Energy drinks largely use sponsorship to accomplish two primary objectives: Support their performance and lifestyle-based positioning and gain platforms for in-store promotions. A third objective: on-site sales.

While sales in the category are expected to continue their upward trend, the industry does face some potential headwinds. Those include a maturing customer base and growing government scrutiny over the caffeine-laden products.

**AMP Energy**
Pepsi-Cola North America Beverages
700 Anderson Hill Rd.
Purchase, NY 10577

Bill Wyman, senior director, AMP Energy
914/253-2000

**Sponsorship/Activation Strategy:** PepsiCo has pulled back on sponsorship activity following the February 2012 relaunch of the AMP brand and the launch of new products aimed at older consumers. For example, the beverage giant this year downsized its partnership with Dale Earnhardt Jr. and the No 88 Hendrick Motorsports NASCAR Sprint Cup Series team in favor of Diet Mountain Dew. AMP will title the car at five races in 2012 and will cosponsor the vehicle for the remainder of the season. PepsiCo activates the tie with account-specific promotions at 7-Eleven, Inc. For example, the two companies earlier this year ran the “Get Dale Jr.’s Inside Track” promo that dangled a Dale Jr. Chevy Camaro and other prizes; the on-line and in-store promotion generated a 138 percent increase in AMP volume.

**Current Deals:** Co-title: Hendrick Motorsports NASCAR Sprint Cup Series team.

**Additional Comments:** In addition to Dale Jr., AMP has endorsement deals with five athletes: Urijah Faber (mixed martial arts) and Scotty Lago, Kevin Pearce and Jack and Luke Mitrani (snowboarding). Pepsi owns 4.4 percent share of the energy drink market.
Monster Energy
Monster Beverage Corp.
550 Monica Circle, Ste. 201
Corona, CA 92880

Bruce Stjernstrom, vice president of sports marketing
951/739-6200

Sponsorship/Activation Strategy: The country’s second-largest energy drink company uses sponsorship to support its “unleash the beast” positioning and build credibility through a portfolio that ranges from action sports to music and motorsports. Frequently activates ties with the Monster Energy awards. Has endorsement deals with more than 100 athletes, bands and personalities including Rob Dyrdek, Snoop Dogg and Rick Thorne. Monster frequently uses sponsorship to promote brand extensions. For example, the company hosted the Java Monster lounge at Style360 fashion event during New York Fashion Week.

Current Deals: Title: Kyle Busch Motorsports NASCAR Nationwide Series team; Monster Energy Aftershock, Sacramento, Calif.; Monster Energy AMA Supercross; Monster Energy Outbreak Tour; Monster Energy Ricky Carmichael Daytona Amateur Supercross. Presenting: Street League DC Pro Tour. Cosponsor: Barber Motorsports Park, Birmingham, Ala.; Boost Mobile Rock the Bells festival series; Carnival Miami; Fiesta Atlanta; Joe Gibbs Racing; Rock on the Range, Columbus, Ohio; South by Southwest Music & Film Festivals; The Unshakeable Tour (For Today, etc.); Vans Warped Tour.

Additional Comments: Monster this year inked a new partnership with online gaming platform www.OneMoreGame. TV and extended title of the Monster Energy AMA Supercross Series through 2016. Monster owns 35.6 percent of the energy drink market.

NOS Energy Drink
Full Throttle
The Coca-Cola Co.
1 Coca-Cola Plaza
Atlanta, GA 30313

Sharon Byers, senior vice president of sports and entertainment marketing partnerships
404/676-2121

Sponsorship/Activation Strategy: The Coca-Cola Co. markets two energy drinks: Full Throttle and NOS Energy Drink. NOS largely focuses on two types of properties: gaming and motorsports (NASCAR and drifting). NOS last year inked a multiyear partnership with Major League Gaming; the tie affords title of the MLG Performance Center. NOS in 2012 inked a partnership with Roush Fenway Racing NASCAR Nationwide Series team and driver Ricky Stenhouse Jr.; the brand activates the tie by offering co-branded merchandise and memorabilia through the NOS Rewards Series, an under-the-tab loyalty program. The Coca-Cola Co. next year will replace Full Throttle with Mello Yello as title of the NHRA Drag Racing Series; Full Throttle remains the official energy drink of the motorsports series.

Current Deals: NOS Energy Drink: Title: Roush Fenway Racing NASCAR Nationwide Series team. Cosponsor: Formula Drift; Sebring International Raceway; Sonoma Raceway; Major League Gaming. Full Throttle: NHL Detroit Red Wings; NHRA; Wet ‘n Wild Emerald Pointe water park, Greensboro, N.C.
Additional Comments: NOS sponsors Virgin Gaming, an online gaming platform. Red Wings sponsorship affords exclusivity in the energy drink, isotonic and bottled water categories. Supplements Formula Drift with endorsement deal with driver Chris Forsberg. The Coca-Cola Co. owns 1.8 percent of the energy drink market.

Red Bull
Red Bull North America, Inc.
1740 Stewart St.
Santa Monica, CA 90404

Amy Taylor, vice president of marketing
310/393-4647

Sponsorship/Activation Strategy: With a 19.8 percent increase in sales and 40.3 percent market share, Red Bull is the undisputed leader in the energy drink category. As it has in the past, Red Bull focuses on proprietary events ranging from the Red Bull Air Race World Championship to Red Bull Flugtag. The company also owns a number of properties ranging from the MLS New York Red Bulls to the Red Bull Racing Formula One team; the company dropped ownership of a NASCAR Sprint Cup Series team following the 2011 season. Red Bull largely uses sponsorship to support niche events and athletes, around which it looks to generate media exposure and build credibility. Frequently sponsors third-party events to support proprietary programs. For example, Red Bull sponsors Lollapalooza and Voodoo Music Experience on behalf of Red Bull Soundstage, a platform that supports emerging music. Red Bull this year is activating Voodoo with a national battle-of-the-bands type promotion that dangles the opportunity to play at the festival. Red Bull also has leveraged the Voodoo Music Experience to gain content for Red Bull Music Academy Radio.

Current Deals: Title: Red Bull Budds Creek National, Mechanicsville, Md.; Red Bull Indianapolis GP; Red Bull RedBud National. Cosponsor: Alpine Meadows, Tahoe City, Calif.; Amphitheater at the Wharf, Orange Beach, Ala.; Best Buy Theater, New York City; California Mid-State Fair; Camp Woodward; Canyons, Park City, Utah; Cinequest Film Festival, San Jose, Calif.; Coachella Valley Music & Arts Festival; French Quarter Festival presented by Capital One Bank; GNC Pittsburgh Triathlon & Adventure Race; Las Vegas Motor Speedway; Lollapalooza; Major League Soccer; Mazda Raceway at Laguna Seca; MLB Los Angeles Dodgers; NBA Golden State Warriors and Los Angeles Clippers; Nike US Open of Surfing; Pygmalion Music Festival, Urban, Ill.; Sierra-at-Tahoe Resort, Twin Bridges, Calif.; Van Andel Arena, Grand Rapids, Mich.; Voodoo Music Experience, New Orleans.

Additional comments: Offers action sports content through the Red Bull Signature Series multimedia video platform.
Rockstar Energy Drink
Rockstar, Inc.
P.O. Box 27740
Las Vegas, NV 89126

Michael Kelso, marketing director
702/939-5535

Sponsorship/Activation Strategy: The category’s third-largest player focuses on action sports, music and motorsports to sample product and support its “world’s most powerful energy drink” positioning. The brand frequently looks for title status to gain dominate positioning. Activates PBR Built Ford Tough Series with sponsorship of 90-point rides and regional in-store promotions that dangle two-for-one tickets and other special offers with product purchase. Rockstar this year inked a partnership with the Comcast Bite of Seattle on behalf of a regional distributor.

Current Deals: Title: Rockstar Energy Drink Mayhem Festival; Rockstar Energy Drink Uproar Festival. Presenting: Deadmeat tour (Steve Aoki, etc.); Kaskade Freaks of Nature Tour; Collide with the Sky Tour (Pierce the Veil, etc.); Infamous Tour (Motionless in White, etc.) Cosponsor: Comcast Bite of Seattle; Firebird International Raceway, Chandler, Ariz.; Identity Festival presented by iHome; Lucas Oil Off Road Racing Series; MasterCraft Pro Wakeboard Tour; PBR Built Ford Tough Series; Seafair, Seattle; Summerfest; Operation Gratitude.

Additional Comments: MasterCraft Pro Wakeboard Tour includes event entitlement. Rockstar has endorsements deals with a number of athletes including Cam McCaul (Mountain Bike); Corey Lopez (surfing) and Jackson Strong (FMX), Accepts proposals at www.rockstarenergy.com/eventSponsorship.php.

THE TOP TEN PLAYERS IN THE ENERGY DRINK CATEGORY

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Dollar Sales</th>
<th>YEAR-OVER-YEAR DOLLAR SALES GROWTH</th>
<th>DOLLAR SHARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red Bull North America, Inc.</td>
<td>$2.91 billion</td>
<td>19.81%</td>
<td>40.3%</td>
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<tr>
<td>Monster Energy</td>
<td>$2.57 billion</td>
<td>27.01%</td>
<td>35.6%</td>
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<tr>
<td>Rockstar International</td>
<td>$793 million</td>
<td>11.39%</td>
<td>10.97%</td>
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<tr>
<td>Pepsico Inc.</td>
<td>$323 million</td>
<td>(1.52%)</td>
<td>4.47%</td>
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<td>High Performance Beverage</td>
<td>$246 million</td>
<td>10.86%</td>
<td>3.40%</td>
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<tr>
<td>Coca-Cola Co.</td>
<td>$135 million</td>
<td>(5.09%)</td>
<td>1.88%</td>
</tr>
<tr>
<td>Xyience Xtreme Science</td>
<td>$42 million</td>
<td>23.27%</td>
<td>0.58%</td>
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<td>Dr Pepper/Smartphone Group</td>
<td>$36 million</td>
<td>(12.03%)</td>
<td>0.50%</td>
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<td>National Beverages Corp.</td>
<td>$18.4 million</td>
<td>9.20%</td>
<td>0.26%</td>
</tr>
<tr>
<td>Vital Pharmaceuticals</td>
<td>$18.3 million</td>
<td>12.83%</td>
<td>0.25%</td>
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Source: Total U.S. sales in supermarkets, drugstores, gasoline/convenience stores and mass merchant (excluding Walmart) outlets in the 52 weeks ending Aug. 12, per SymphonyIRI Group.
SEEKING DEALS

HUMANAVITALITY GEARS UP SPONSORSHIP PROGRAM

HumanaVitality, LLC is sponsoring endurance sports and other types of events to promote its eponymous wellness loyalty program.

The 14-month-old joint venture between Humana Inc. (“Humana Takes Sponsorship To Heart” 02.13.12) and South Africa-based Discovery Holdings, Ltd. kicked off the initiative with a tie to the April 27 Kentucky Derby Festival Marathon and miniMarathon. HumanaVitality will co-present the event in 2013.

The company also will present the Sept. 19-22 IdeaFestival in Louisville, Ky. and the Nov. 3 Louisville Sports Commission Half Marathon.

And additional deals are in the works.

“We’re actively assessing opportunities,” said Bria Day, HumanaVitality’s marketing & communications strategist.

HumanaVitality is designed to reduce health care costs by rewarding consumers that participate in healthy activities. Members that receive preventative screenings, exercise on a regular basis and participate in other healthy activities can earn Vitality Points, which can be redeemed for Vitality Bucks. Vitality Bucks can be spent on movie tickets, discounts on hotel rooms and a host of other items.

The program is marketed to Humana customers and self-funded employer groups. The program currently has more than 1.5 million members.

“The companies that are excited about the program are those that truly believe in a culture of wellness and health and are looking to implement a broader health strategy in the marketplace,” said Day.

A growing number of companies are rolling out wellness programs. Forty-one percent of large firms and 10 percent of small firms offer financial incentives to employees who participate in a wellness program, according to a survey released this month by the Kaiser Family Foundation and the Health Research & Educational Trust.

A recent Harvard University study found that medical costs fall by about $3.27 for every dollar spent on wellness programs.
HumanaVitality kicked off the sponsorship push at Humana-sponsored events in Louisville, the location of Humana’s corporate headquarters.

“There is a lot of overlap between Humana and HumanaVitality, so it made sense to develop our strategy together,” said Day.

HumanaVitality activated the Kentucky Derby Festival Marathon by offering Vitality Points to members that participated in the race.

“It was a great opportunity to earn Vitality Points,” said Day, noting that members had to use an iPhone app, pedometer or heart rate monitor to verify their participation in the event.

HumanaVitality aligned with IdeaFestival to promote its product to forward-thinking employers. The event is titled by Humana.

The company in November will sponsor a *Crain’s Chicago Business* award that acknowledges companies with healthy employees.

“Like the IdeaFestival, the award recognizes employers that are building a culture of health in their organization,” said Day.

HumanaVitality also sponsored the Taste of Chicago in conjunction with Humana, the latter of which used the tie to promote its Medicare product.

In addition to Kentucky and Illinois, HumanaVitality plans to sponsor events in Florida and Texas, both of which are key Humana markets. The Chicago-based company will sponsor events with Humana as well as on its own, said Day.

“We’re talking to best-in-class properties where we have a large presence.”

HumanaVitality accepts proposals through HumanaVitalityMarketingRequest@Humana.com.

Source
HumanaVitality, LLC, Tel: 502/580-1000
HOW DEALS GET DONE: FIVE SALES TIPS FROM INDUSTRY PROS

Informational meetings, sponsor testimonials and vendor budgets can help pave the way to new partnerships.

IEG SR loves asking seasoned sellers about what they’re doing to gain traction in today’s sales environment.

Below, sellers that represent properties ranging from high-profile national music festivals to community events share tips and tactics on identifying prospects and closing deals.

One key takeaway: leverage existing partners. Several sellers have found success by enlisting sponsors in the sponsorship sales process.

Provide informational meetings. Events DC this year hosted a luncheon to solicit corporate sponsors for the AT&T Nation’s Football Classic, a two-year-old black college football game that pitted Morehouse College against Howard University.

The luncheon was the brainchild of Tony Rome, who in June joined Events DC as director of sales and sponsorship. The sponsorship sales vet had little time to secure partners prior to the Sept. 1 game.

“We were less than 30 days out, and we wanted to share the success of last year’s event with a group of prospects in one setting,” said Rome.

To add credibility to the pitch, Rome enlisted two existing sponsors to participate in the event: PepsiCo, Inc. and AT&T Inc., the event’s title sponsor.

“I can talk about numbers and demographics, but the best thing that happened was when the partners said ‘You should be part of this.’ I can do what I do, but the authenticity of that statement was invaluable to us.”

The effort paid off, with Events DC inking a new deal with State Farm following the event. The insurance company used the sponsorship in promote its “Get to a Better State” campaign and to recruit African-American agents.

Host prospects at events. Similar to the upfront selling period in the TV industry, Superfly Marketing Group hosts prospects at the Bonnaroo Music & Arts Festival to build relations with potential partners and demonstrate what a partnership can look like.
“The upfront is an opportunity for TV networks to sell their properties. Bonnaroo is my opportunity to sell,” said Chad Issaq, Superfly Marketing Group’s executive vice president of business development & partnerships.

The June music festival kicks off Superfly’s annual event portfolio. Other events include the Great GoogaMooga food and music festival, (“How An Upstart Culinary Festival Cooked Up new Sponsors” 05.21.12) (May), Outside Lands Music and Arts Festival (August), and the Life is Good Festival (September).

Superfly treats prospects to one-of-a-kind experiences. That includes lounging in a cabana near the side of a stage and the opportunity to take photos next to professional photographers in front of the main stage.

“That’s an awesome experience with 80,000 people behind you going crazy,” said Issaq.

**Attend other events.** Sellers can identify prospects and new categories by attending events that draw a similar audience.

Fred Schoch, executive director of Boston’s Head of the Charles Regatta, attended the Aug. 31-Sept. 2 PGA Tour Deutsch Bank Championship to scout potential partners for the October regatta.

The sales vet identified two potential partners: Gosling’s Dark ‘n Stormy RTD cocktail and Bowers & Wilkins, a British manufacturer of high-end audio equipment.

**Use sponsor testimonials.** As demonstrated by Events DC, properties have much to gain by enlisting sponsors in their sales efforts.

That participation can range from written testimonials in proposals to partners taking an active role in the sponsorship sales process.

Superfly favors the latter. The organization recently secured Ford Division and the Art Institutes to participate in a pitch for Bonnaroo.

Superfly picked the two companies based on the recipient of the pitch: an international technology company. Ford provided authenticity as a Blue Chip company, while the Art Institutes brought a creative flair to the conversation.

“They helped the prospect understand how they could interact with the audience and provide a general level of comfort that they would be in good company,” said Issaq.

Sponsors also help bring an objective voice to the conversation, he added, noting that sellers can often be biased about the properties they represent.

**Access vendor budgets.** The Comcast Bite of Seattle this year faced a challenge when pitching the microbrew category to The Odom Corp., a local distributor. The problem: the breweries could not afford the sponsorship.

Undaunted, the event proposed a bundled package that included Rockstar Energy Drink, a national brand with a deep marketing budget.
The strategy paid off, with Rockstar agreeing to subsidize the sponsorships.

“We packaged beer and energy drinks together, with the craft beers paying for a portion and Rockstar paying for the majority,” said Brett Gorrell, vice president of sponsorship with Festivals, Inc., the producer of the Comcast Bite of Seattle.

Rockstar has already reupped for the 2013 event, he said.

Sources
Events DC, Tel: 202/249-3000
Festivals, Inc., Tel: 425/295-3262
Head Of The Charles Regatta, Tel: 617/868-6200
Superfly Marketing Group, Tel: 212/375-9652
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 rise above competitors, meaningfully engage audiences 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 or call 800/834-4850 (outside the U.S. and Canada, 312/944-1727).