



Lesson 8.3 – Sponsorship Decisions



Why do companies sponsor?

- Increase brand loyalty
- Create awareness and visibility
- Change or reinforce image
- Drive retail traffic
- Drive sales
- Showcase community responsibility

LESSON 8.3

Why do companies sponsor?

- Display brand attributes
- Entertain clients and hospitality
- Recruit and retain employees
- Create merchandising opportunities
- Build company awareness
- Differentiate products
- Associate with particular lifestyles

Why do companies sponsor?

- Business-to-Business marketing
- Distinguish from the competition
- Introduce new products or services to a large audience
- Enter new markets

Sponsorship & Endorsements

LESSON 8.3

How Do Companies Choose What to Sponsor?

As sponsorship continues to grow, companies continue to be inundated with sponsorship requests

Software is now available to help filter those requests to determine which proposals meet the needs of a company

Sponsorwise software manages sponsorship proposals for an impressive client list including Kraft Foods, Nintendo, Snapple Beverage Co, Balance Bar, Lexus, US Bank and Verizon Wireless

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Client List Includes:

Ace Hardware Corporation

Ameritrust Mortgage Company

AT&T Wireless

Balance Bar

Enterprise Rent-A-Car

Gillette

ING DIRECT

JetBlue Airways

Kraft Foods

Land Rover

LGE Mobile Phones

MasterCard International

Motorola

Nintendo

Snapple Beverage Group

Toyota Dealers Association

U.S. Bank

Verizon Wireless

Allstate Insurance Company

AT&T

Bacardi

Circuit City

Gateway

Hyundai Motor America

Jaguar

KitchenAid

Kyocera Wireless

Lexus

Lowe's Companies, Inc.

Meijer Stores

MSN Direct

Sharp Electronics Corporation

Toyota

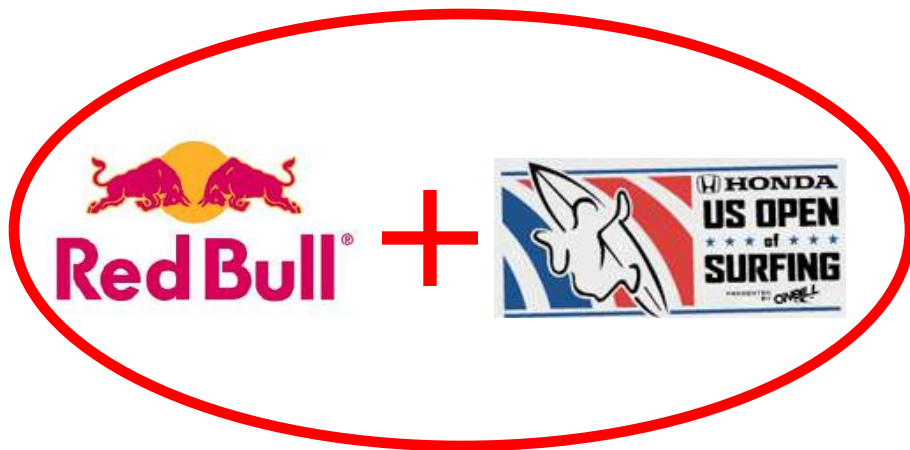
Toyota Gulf States

U.S. Cellular

Wrigley

Sponsorship

Red Bull successfully reaches their target audience through a sponsorship of the U.S. Open of Surfing. Conversely, it would not make sense for Red Bull to partner with the PGA for a seniors golf tournament.



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Coca-Cola is a company that has successfully branded their products on an international scale

Coke's worldwide sponsorship expenditure on the Atlanta games in 1996 nearly reached \$650 million, sponsorship of the 1998 soccer World Cup in France approached \$250 million and \$145 million was spent on the 2004 games in Athens



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Coca-Cola is a company that has successfully branded their products on an international scale

Coke's sponsorship of the Beijing games in 2008 was reportedly in the \$400 million range



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Coca-Cola is a company that has successfully branded their products on an international scale

IEG estimated that Coke spent roughly \$600 million on their sponsorship of the 2010 FIFA World Cup in South Africa



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Coca-Cola is a company that has successfully branded their products on an international scale

While Coca-Cola did not disclose their overall investment in the London games in 2012, they did roll out Olympics-themed marketing campaigns in 110 different countries



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LESSON 8.3

Coca-Cola is a company that has successfully branded their products on an international scale

Coca-Cola continued their investment with the Olympics with a sponsorship of the Sochi Games in 2014 (key sponsors reportedly paid in excess of \$100 million each for rights and spend more than double their rights fees on activation and hold Olympic rights through the 2020 Games).



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LESSON 8.3

Coca-Cola is a company that has successfully branded their products on an international scale

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LESSON 8.3

Coca-Cola is a company that has successfully branded their products on an international scale

As a result of their investment in global event sponsorship, Coke's corporate logo is recognized by 94% of the world while the Olympic rings are recognized by only 92%.

The image shows the classic Coca-Cola logo in its signature red script font. The letters are bold and flowing, with a white outline that makes them stand out against the background.

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LESSON 8.3

How Do Companies Choose What to Sponsor?

Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship



Sponsorship & Endorsements

LESSON 8.3

Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship



In 2016, the Detroit Red Wings secured a 20-year \$120 million naming rights deal with Little Ceasars, which will put the pizza chain's name on the rooftop and all over the building inside and out. Not only does Little Ceasars gain exposure to the 20,000 fans in the arena, the building also sits in the middle of The Detroit District, a 50-block development that includes office space, retail, residential, bars and restaurants.

Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship



American Airlines realized some of the biggest exposure in naming rights history when two properties they sponsored met in the 2011 NBA Finals (the Miami Heat played in the American Airlines Center and the Dallas Mavericks played in the American Airlines Arena). Front Row Marketing Services estimated that the airline received more than \$10 million per game in national advertising exposure.

Many companies invest in naming rights deals to maximize the amount of exposure gained through the sponsorship

In 2017, the Los Angeles Dodgers began looking for a stadium naming rights partner at a reported price tag of \$12 million per year



Sponsorship Criteria

- Property and company image compatibility
- Audience
- Working with retailers
- Media impact
- Exclusivity
- Increase in consumer sales

Effective Sponsorships

Property and Company Image Compatibility

- Does the property offer the imagery the company wants to establish?
- Is it a lifestyle with which the company wants to be associated?
- Are the co-sponsors companies with which the company would want to be associated?

LESSON 8.3

Property and Company Image Compatibility

WWE reported that a decision to create on air content suitable for a younger audience (the rating for "Raw" was changed from TV-14 to PG) generated a significant spike in interest from more new sponsors



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LESSON 8.3

Property and Company Image Compatibility

Brands like Quiksilver, Billabong, O'Neill, Volcom, and Hurley sponsor Adult Surfing Professional Tour events each year because the surfing lifestyle is one for which they strive to be associated with.



Sponsorship & Endorsements

LESSON 8.3

Audience the Sponsorship Reaches



Thanks in large part to its commitment as a NFL sponsor, Papa John's has become the third largest pizza takeout chain in the U.S. (behind Domino's and Pizza Hut).



Effective Sponsorships

Exclusivity

- Sponsors must consider whether or not they are the only brand within a specific category (soft drink, bank, insurance provider etc.) sponsoring the event
- It rarely makes sense for a company to sponsor if a competing brand is sponsoring the same event

Effective Sponsorships

Exclusivity

Categories can become very specific. For example, the Stance brand Stance announced a partnership with the NBA in 2015 to become “official on-court sock provider” (note the right to use an “official” designation phrase).



Click [here](#) to see Stance’s “NBA Collection” of socks online

Effective Sponsorships

Exclusivity



According to a study from [SponsorHub](#), category exclusivity is the number one benefit sponsors hope to receive from a sponsorship.

Click [here](#) to see an infographic with more results from the poll offering insight as to what sponsors look for in a partnership.

Effective Sponsorships

Exclusivity

Exclusivity is a sponsorship component that sports teams/properties take very seriously, so much so that Manchester United (sponsored by Pepsi) refused to take the field for a 2013 match because the scoreboard was flashing advertisements for Coca-Cola (a stadium sponsor). Eventually game officials were able to strike an agreement that both parties agreed to so the game could be played.



VS



Effective Sponsorships

Potential Increase in Consumer Sales



However, an effective sponsorship can help to increase sales. According to a Tweet from Alicia Jessop (@RulingSports), Visa said travelers spent \$182 million on their cards in Brazil from June 12-26 during the 2014 World Cup, a 152% increase over the year.

Effective Sponsorships

Criteria consistent with effective sponsorships

- Frequent impressions
- Sponsorship Leverage / Activation
- Company Commitment
- Commitment for the right reasons
- Communication
- Fan Connection

Effective Sponsorships

The brain records an image each time a consumer sees a company logo

The goal of a sponsorship is to insure consumers remember those images the next time they make a purchase decision

Gross impression refers to the frequency in which a company product or service is associated with the event or entertainer

Effective Sponsorships

Most companies spend \$1-3 per dollar spent on the sponsorship fee itself in leverage / activation, yet in 2009 IEG reported an average leverage spend ratio of 1-4, thanks in large part to challenging economic conditions

Leveraging (activating)
the sponsorship refers to the action taken to escalate its impact and to increase the overall value of the sponsorship

Sponsorship Leverage/Activation

- Companies must engage in promotion of the event *prior* to the actual event date
- Effective sponsorships require careful strategic planning

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AT&T, one of Team USA's largest sponsors for the past 30 years, activated their sponsorship nearly three months prior to the 2016 Olympic games in Rio. Fans could sign up to be included in the #ATTfanmate experience where they would connect with and receive special messages from various AT&T athletes as they prepared for the games.

Sponsorship Leverage/Activation

In a recent poll conducted by Turnkey Sports & Entertainment in conjunction with the *Sports Business Journal*, 24% of the 1,100 senior-level sports industry executives surveyed indicated that the most attractive element for sponsors when negotiating new deals was “more activation options” (making it an even more popular response than “lower fees”)

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To activate its sponsorship of the 2016 Summer Games, Samsung built several pop-up areas across Brazil that allowed guests to play with the brand's latest tech and try out various Olympic sports through virtual reality experiences.



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Sponsorship Leverage/Activation

One way Papa John's leveraged their sponsorship with the NFL was to create an activation point during the 2014 Super Bowl in one of the most heavily trafficked areas of the city by sponsoring "Super Bowl Boulevard" in Times Square, giving away 50,000 slices of pizza to hungry football fans.



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Part of Adidas' MLS activation strategy included a wide range of activities tied to the 2014 All-Star Game held in Portland, Oregon (home of Adidas' North American Headquarters), including placing a giant soccer ball on top of a nearby building.



Click [here](#) for a full schedule of events that surrounded the event

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LESSON 8.3

On a local level, Papa John's activated their sponsorship with the NFL's Cleveland Browns by creating an in-market product, the "Cleveland Brownie"

Not only did this give Browns fans a unique dessert option, but it connected them to a long-standing Browns icon, Brownie the Elf



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LESSON 8.3

Sponsorship Leverage/Activation

According to IEG (a sponsorship firm) and Performance Research, 88% of companies worldwide used social media as a channel for leveraging sponsorships



LESSON 8.3

Sponsorship Leverage/Activation

In some cases, part of the activation strategy may include the use of a spokesperson. For example, Coke's activation of their 2014 Olympic Games sponsorship (which they launched seven months in advance) included a "Four Pack" of athletes (Michelle Kwan, Ted Ligety, Evan Lysacek, and Amy Purdy) to promote the brand leading up to and throughout the Sochi Games.



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LESSON 8.3



Sponsorship Leverage/Activation

According to nysportsjournalism.com, Coke said the four athletes would have prominent roles in the company's marketing efforts, including digital advertising, packaging and at retail. They would also serve as "Ambassadors of Active Living" to "encourage and inspire fans to lead healthy, balanced lifestyles."



Company Commitment

Sponsorships are typically ineffective without long-term commitment

- Successfully linking sponsor to event takes time, sometimes several years
- Companies sometimes make the mistake of pulling the sponsorship if they do not see an immediate return on the investment

Commitment for the Right Reasons

Organizations cannot afford to make the mistake of committing sponsorship dollars to an event simply because the company president or CEO is a fan of a particular sport, entertainer or event

Communication

- Communication between the sponsor and sponsee (event provider, entertainer or property) is essential for success
- A clear understanding must be in place of what is included and what is not included in any sponsorship agreement to eliminate false expectations

Fan Connection

A connection should take place between the fans and the sponsor, without the feeling of products or services being advertised, so fans feel the sponsors are adding value to the event

Fan Connection

Successful sponsorships can effectively communicate the message that the sponsors are adding value to the event

Fan Connection

This is why we frequently hear statements like the one posted on the Website for Toronto's *Scream Literary Festival*:

"The Literary Festival would not be possible without the kind and generous support of our private and public sponsors, and we thank them all immensely"

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LESSON 8.3



In 2016, executives of the Kentucky Speedway dedicated a billboard to thank NASCAR's eight-year title sponsor, Sprint. Jon Cox, VP of Corporate Sales and Marketing for the Kentucky Speedway said, "It's just been a great partnership overall for us. It only makes sense to thank Sprint. We did it just because it's the right thing to do."

LESSON 8.3

Sponsorship does present certain risks

- Difficult in measuring your return on investment
- Potential as an impulse purchase internally by an executive as a result of fandom influencing the decision
- Ineffective results despite forecasting that might suggest otherwise
- Clutter in the sponsorship space
- Emergence of social media overshadowing sponsor awareness and fan connection

Sponsorship & Endorsements

LESSON 8.3

Sponsorship does present certain risks



According to the *Sports Business Journal*, nearly 25 percent of NBA fans incorrectly identified Visa as the league's sponsor last season while less than 16 percent correctly identified American Express as the league's official credit card.

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LESSON 8.3 REVIEW (ANSWERS)

Sponsorship & Endorsements

1) Understand why a company would engage in sponsorship

Companies typically use sponsorship as a vehicle to:

- Increase brand loyalty
- Create awareness and visibility
- Change or reinforce image

LESSON 8.3 REVIEW (ANSWERS)

Sponsorship & Endorsements

1) Understand why a company would engage in sponsorship

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LESSON 8.3 REVIEW (ANSWERS)

Sponsorship & Endorsements

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LESSON 8.3 REVIEW (ANSWERS)

Sponsorship & Endorsements

2) Explain what criteria must be met for a sponsorship to be effective

Criteria consistent with effective sponsorships include:

- Frequent impressions
- Sponsorship leverage/activation
- Company commitment
- Commitment for the right reasons
- Communication
- Fan (consumer) connection