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How to maximize the effectiveness of your sponsorship opportunities By Michael J. McDermott

After a mild hiccup in recession-wracked 2009, spending on sports and event sponsorships resumed its upward climb in 2010, and that trend continues today. According to the IEG Sponsorship Report, sponsorship expenditures by North American companies grew 3.9 percent last year, to \$17.2 billion, with global spending up 5.2 percent, to \$46.3 billion. The report projects a 5.9 percent increase in spending this year in North America — equal to \$1 billion.

"Sponsorship is on the rebound because it engages consumers with viral impact, so companies are moving money back into it," says Bob Liodice, president and CEO of the ANA.

That may be great news for those on the receiving end of those expenditures, but how about the companies laying out the big bucks for sponsorship deals? How happy will they be with the results of that spending? Participants on both sides of the equation say that will depend in large part on how well marketers choose and structure their sponsorship programs, allocate resources to support them, integrate the sponsorships into their overall marketing plans, and measure the results.


It Starts with Accurate Targeting

Reaching the appropriate audience should be the primary consideration for marketers when evaluating a sponsorship opportunity, advises Dr. Mark Friederich, senior vice president at Chicago-based Navigate Marketing. "That is, do consumers who are interested in the products and services sold by the sponsor support the type of sport or property being considered for sponsorship support?" he asks.

Gail Bower, president of Philadelphia-based Bower & Co. Consulting and author of *How to Jump-Start Your Sponsorship Strategy in Tough Times*, suggests asking four questions: Is the sponsorship medium appropriate for your strategy? Is it aligned with your priorities in a way that will advance your strategy? Is it managed by people who will be good partners for you? Do you have the necessary time, energy, and resources to take full advantage of the opportunity so that you get results?

"For me, the bottom line is how any sponsorship opportunity fits and supports the business objective," says Jonathan Lese, senior manager of corporate programs at PerkinElmer Inc.,

COURTESY OF DAIMLER AG

A full-page photograph featuring a woman with long, wavy blonde hair, wearing a vibrant, floor-length yellow dress with a large, flowing capelet. She is leaning against the front of a black Mercedes-Benz car, with her right leg raised and resting on the hood. She is wearing high-heeled sandals with a leopard print pattern. The car's front grille, headlights, and the Mercedes-Benz logo are visible. The license plate is 'D S ON 11'. The background is a plain, light-colored studio backdrop.

Fashion Week Berlin
is one of many events
Mercedes-Benz has
sponsored over the years
as a way to extend its
brand globally.



ADVANTAGE MERCEDES-BENZ

Mercedes-Benz's multi-year sponsorship of the USTA US Open, the highest-attended annual sporting event in the world, is proving to be "an extremely successful partnership for Mercedes-Benz," says Lisa Holladay, national events manager for the company. The deal, which began with last year's event, designates Mercedes-Benz the "Presenting Sponsor of the US Open Men's Singles Championship" and the "Official Vehicle of the US Open."

Holladay attributes the sponsorship's success to multiple factors. "It reaches our target audience, we have ample opportunity to engage event attendees on-site, and we get to host our top customers," she says. In addition, the venue, event, and sport are all brand appropriate. "Integration across all platforms supports the level of activation we are targeting," Holladay adds. "The sponsorship includes traditional advertising, signage, social media opportunities, on-site displays, hospitality, numerous community outreach initiatives, and more. It really is a total package that meets our marketing needs."

— M.J.M.

a provider of advanced health and safety technology solutions. "It's important to keep in mind that sponsorship is just one tactical tool in an overall marketing plan, and you need to be very clear going into the deal exactly what goal or goals you want the sponsorship to help achieve." Whether the goal is lead generation, brand awareness, increased trial, repeat sales, relationship strengthening, or anything else, alignment of the sponsorship with the goal is critical, Lese adds.

Only after marketers have clearly defined their strategic objectives should they begin drilling down to other key considerations, suggests Larry Lundy, director of new business development at Dallas-based Susan G. Komen for the Cure, which runs the world's largest and most successful education and fundraising event for breast cancer. Those considerations may include, but are not limited to, intangible ROI (impressions) vs. tangible ROI; brand objectives like key performance indicators, brand match, due diligence on the property, and key stakeholder input; assets; activation; budget; and measurement plans.

Resource Allocation and Operations Must Be Goal-Driven

Despite being important aspects of sponsorship marketing, resource allocation and operations are sometimes given short shrift, and when that happens, success is a long shot, contends Gerald E. Johnson II, chief marketing officer at Magic Johnson Enterprises. Exhaustive planning and continuous monitoring throughout the campaign are two key ingredients here, he says.

Johnson illustrates the point with a Dr Pepper campaign he worked on during his tenure with Dr Pepper Snapple Group. The program was designed to drive trial of Dr Pepper and subsequent conversion among Latino consumers. Research showed a perception among that group that all dark carbonated beverages tasted like cola. The marketing team determined it would take at least three or four trials to achieve conversion.

"At the start we had to determine the total number of trials we'd need for the number of conversions we were targeting, as well as the number of impressions we would need to drive those trials," Johnson explains. "Resource allocation was critical. We had to budget for the direct cost of signing the sponsorship and the cost of activation, and then make sure we had enough money and resources allocated to deliver on the promise."

The operational aspects were just as important, he adds. "How much product would we need to make available? How much signage? We had to be prepared to make adjustments to the signage as the program progressed, if necessary," he points out. "We needed operational flexibility to change hosting venues if that was required. We needed to plan different approaches for different VIPs."

The bottom line is that there is a litany of resource allocation and operational factors that must be taken into consideration up front. "If they're not available or they don't align, then change the objectives," Johnson says.

Integration with Other Marketing Communications Requires Stakeholder Buy-in

Today's leading marketers demand a robust integrated marketing communications plan to support any sponsorship investment. "If you secure a great sponsorship property but have no communication plan in place to let anyone know about it, your program is doomed before it even gets started," says Megan S. King, director of sponsorships at Susan G. Komen for the Cure.

As the consumer activation experience moves to a more real-time paradigm, social media is providing a platform where consumers are now part of the marketing process. "Those who incorporate 360-degree communications into their sponsorship planning and program will do well," King says. "Those who don't risk their consumers either not knowing about the partnership or driving the social media experience."

However, there is no one-size-fits-all approach for effective integration, notes Todd Fischer, manager of national sponsorships at State Farm Mutual Automobile Insurance Co. "For us, it has become mission critical, with partnerships at the core of our overall integrated marketing approach and platform," he says. "Sponsorship doesn't just live in one area; it's more about us facilitating touch points through various consumer media."

Achieving effective integration takes more work and more communication both internally and with agency partners, Fischer acknowledges, and buy-in must be obtained from all stakeholders — PR, marketing, advertising, sales, et al. But the effort is indispensable to sponsorship success. "The keys are establishing core objectives at the forefront, then letting the tactical plan address them," he says. "It's

all about pulling the appropriate levers at the right time for specific objectives." At State Farm, responsibility for driving that kind of marketing integration resides with the sponsorship operating group.

Measuring Success Can Be a Challenge, but It Must Be Done

As a 2010 ANA/IEG survey revealed, client-side marketers pay near-universal lip service to the importance of measuring the success of sponsorship and event marketing programs, with nearly eight in 10 saying the need for validated results has increased recently due to demands for expenditure justification on the part of senior management. At the same time, only about a third (35 percent) said they "always or almost always" measure their returns on sponsorship and event marketing activities.

That seeming disconnect between what sponsorship marketers are saying about results measurement and what they are actually doing is grounded in two factors. First, until fairly recently, sponsorship existed in somewhat of a vacuum at many organizations. "You used to see a tendency to acquire the property, then figure out

what to do with it," Fischer recalls. With today's emphasis on cost control and increased accountability, that's rarely the case anymore. Fitting sponsorship opportunities to an existing tactical plan is becoming standard operating procedure, resulting in much better utilization.

The second challenge is a historical lack of meaningful metrics to measure success, the ANA's Liodice says. While that is changing — slowly and gradually — there still is no magic bullet. "Measurement is becoming more sophisticated, but it's not a perfect science," he notes. "But the whole area of accountability is continuing to progress and develop."

Again, setting clear objectives at the outset of the campaign plays a critical role in a marketing organization's ability to measure the performance of a sponsorship campaign, and the metrics must be matched to the objective. "For example, we measure our title sponsorship of Mercedes-Benz Fashion Week very differently than we measure our partnership with the US Open," says Lisa Holladay, national events manager at Mercedes-Benz USA, LLC. "As a car company, we utilize various data — such as sales figures, market research, and numbers of attendees who are owners vs. prospects — to measure success dependent upon the objectives of the programs."

As important as metrics and benchmarking may be in evaluating performance, there are some aspects of sponsorship that simply do not lend themselves to that approach. For example, Southern Company, a leading US producer of electricity, is a long-time sponsor of the PGA Tour, but the electricity it produces is marketed through subsidiary utilities, so it's virtually impossible to measure the sponsorship's impact on sales.

Nonetheless, Southern is convinced of the sponsorship's value. "Golf is the sweet spot for business elites, and that is the audience we want to reach," says Mary Story, advertising and brand manager, corporate communication, at the company. "The hospitality opportunities the PGA Tour sponsorship provides us are unmatched. Where else could you expect to get hours of uninterrupted face time with business elites?"

In the end, both marketers and the owners of sponsorship properties agree that in a multichannel marketing environment, sponsorship can be a valuable and powerful tool — provided it comes with clear objectives and plenty of support. ■

STATE FARM SCORES A HIT

"Go to Bat," the sponsorship deal State Farm Mutual Insurance Co. worked out with Major League Baseball in 2010, turned out to be, well, a real home run — so much so that the insurer is rolling out another version of the program in the current season. The online charitable-giving initiative was driven by State Farm's commitment to being there for the community and supporting those who are making a difference in life's big moments, says Todd Fischer, manager of national sponsorships at State Farm.

In the 2010 program, fans could visit the State Farm website and select one of about 50 charities to support. Each week, State Farm would randomly pick a winner and make a donation to the winner's selected charity equal to \$100 for every home run hit in MLB games during the previous week. Selected winners also won a trip for two to the 2010 World Series.

"The results were outstanding for our brand, returning great lift with both potential customers and existing customers, in terms of the latter's increased intent to stay with State Farm," Fischer says. "In a relatively low-growth category like insurance, retention is really a key growth strategy. Being able to accomplish both those things under one umbrella was big."

— M.J.M.

