

Sponsorship Lecture

Goals of lecture

- Define sponsorship
- Role of Sponsorship in generating revenue for an organization/event/program
- Outline the Sponsorship Process
- Provide examples of sponsorship within various sport and recreation contexts

Sponsorship

- A cash and/or in-kind (contra) fee paid to a property (examples) in return for access to the exploitable commercial potential associated with that property
- Sponsorship is a form of advertising, promotion, and communication
- Sponsorship vs. Donation (Philanthropic)
- \$11 Billion spent in North America in 2004 in sponsorship fees (69% in sport)

Examples

- NASCAR www.nascar.com
- The Masters www.augusta.com
- Little Big Run:
<http://www.littlebigrun.ca/association.aspx?p=sponsors>
- U of A Athletics:
www.physedandrec.ualberta.ca

Why do organizations seek sponsors?

- Revenue generation
- Cost savings
- Value Added to consumers
- Legitimacy in the marketplace

Why Companies Sponsor?

(IEG's Complete Guide to Sponsorship)

- Heighten visibility
- Communicate commitment to a particular lifestyle
- Business to Business Marketing
- Differentiate product from competitors
- Showcase product attributes
- Entertain Clients
- Merchandising Opportunities
- Drive Sales

The Sponsorship Process

1. Is your event / program dependent on sponsorship? How much do you need to raise in dollars and in-kind sponsorships?
2. What are the objectives/goals of the event/ organization?
 - TELUS University Cup Hockey Championship
 - Cash
 - Media / Advertising
 - Hotel Room Nights
 - Food & Beverage
 - Transportation
 - Awards

The Sponsorship Process

2. Determine What & How much of your “event” or “property” is for sale?

Exposure = # of people that see

Exposure is only effective to the sponsor if it is exposure to the sponsor’s target market!!

Exposure is better when an individual that is a member of the target market:

- sees the sponsor (as often as possible)
- recognizes the sponsor
- remembers the sponsor

Exposure

Programming /Media/Advertising drives exposure

- Three Indisputable Laws of Exposure:
 - 1. Exposure: More is better than less
 - 2. Quality of Exposure: Bigger is better than small
 - 3. Messages (Noise/Clutter): Fewer sponsors are better than many sponsors (European Soccer Signage/ Ring of Fire at Rexall)

The Sponsorship Process

What has value? What drives value?

- What properties can you offer to a sponsor?
- Visibility
 - Requires traffic flow
 - Placement is critical (signs, ads)
- Sampling – to introduce products
- Access to markets
 - Databases are very valuable
 - Tickets available at outlets (McD)
- Partnership
 - Husky Energy wants placement to show relationship



The Sponsorship Process

What has value? What drives value?

- TV is still the most important element in sponsorship
- TV production cost must be covered
 - \$20K to \$25K for two hours
 - Satellite costs are high
 - Don't get quality control either (announcers)
- Rights fees are common in pro but rare in amateur sport
 - Need 100,000 viewers as baseline

The Sponsorship Process

What has value? What drives value?

- Media sponsors must come first, if possible
 - Media provides leverage
 - Media provides exposure for sponsor
- Newspaper can be an anchor sponsor
- Media values very inflated, by the media
 - Their ad value is \$5000 per page/day
 - Want value in return
- Media is key to cross promotion
- Internet rights are becoming valuable

The Sponsorship Process

What has value? What drives value?

- What is your property worth?
 - May be trial and error to find out value; exposure is always a factor
 - Develop packages with signs, ads, tickets, sampling
- What do competitors get from sponsors?
- Two rink boards at Clare Drake - \$5K
- Two rink boards at Rexall - \$250K

The Critical Link

- Your property value increases if you can prove that you can provide:
 - Access to the sponsor's target market
 - Exposure to their target market in sufficient numbers
 - Evidence that exposure leads to sales
- THEN, you have value to a sponsor

The Sponsorship Process

What are the costs?

- What is the cost to you to service the sponsor?
 - Signs, uniforms, ads
 - Assume Sponsor will do NOTHING
- What is the design cost?
- What does it cost to produce the sign or ad?
 - Who pays that cost?
- What if it gets damaged? Who replaces it?
- What is the manpower cost to sell it?
- What is the opportunity cost?
- Of course, cost must not exceed value!!

Exclusivity

- Sponsors want EXCLUSIVITY? What is it?
- Should you offer exclusivity?
 - Journal wanted to eliminate Sun
 - Coke vs Pepsi
 - TSN vs The Score in CIS (CRTC)
- Revenue from an exclusive sponsor must equal the potential revenue from all other sponsors.
- Exclusivity reduces clutter (white house)
 - French Open

How to find sponsors

Looking/Prospecting for your sponsors

- Local, Regional, National, International Event or program
- Similar Events and Programs (U of C)
- New companies (Burger King)
- Companies that want to reach your property's demographic
- People you do business with
- Media

The Sponsorship Process

Potential Sponsors: Need to know Information

- Know the company mission, values products and services
- Who makes the decision? (owner, marketing manager, ad agency, local decision or national decision)
- When do they make decisions (when do they budget, how much do they budget?)
- What are their goals and objectives? What are their HOT Buttons (sales focus vs. customer focus)

The Sponsorship Process

The Pitch

- Listen to their objectives
- Marketing Menu – Generic vs. Custom Approach
- Follow-up with Timelines
- When will decision be made?

The Sponsorship Process

Implementing the Agreement

- Contract /Letter of agreement
- Production and Delivery Time table (artwork, commercials, promotions, advertising buys)

Four Examples

- Media: Edmonton Journal
- Purchasing: Saxon Athletic
- Selling: Big Rock Brewery
- Advertising: Subway

Media: Edmonton Journal

Journal's Goals:

- Increase Readership (booth at registration)
- Sell more papers
- Provide value added to customers (contests, give-aways)
- Support the community

Our Goals

- Subsidized/ Free advertising to our demographic target market

Media Issues

- Exclusivity (Season or event)
- Selling space to a third party
- Influence on editorial content (radio, television, print)

Purchasing: Saxon Athletic

Saxon Athletic Goals:

- Expose our product to the local market
- Generate sales at youth & school levels
- Remove the competition presence

Our Goals

- Receive free or subsidized practice gear, game warm-ups, and jerseys

Purchasing Issues

- Product quality
- Product availability
- Clearly defined category
- Supplier / third party management

Selling: Big Rock

Big Rock Goals

- Volume
- Reach a key demographic target market through advertising and promotions
- Keep out the competition

Our Goals

- Provide value added to our events
- Generate additional dollars
