

Successful Sponsorship

Building Sponsor Value & Creating Sponsorship Opportunities

This report on sponsorship is of equal importance for organisations seeking sponsorship as it is for business engaging in sponsorships as a promotional tool.

We will examine the sponsorship landscape and discuss the key principles that relate to sponsor value.

If you are an organisation seeking sponsorship, following these principles will ensure that you provide real value to your sponsors, generate a return on their sponsorship investment and secure their continued support.

If you are a business engaging in sponsorships to promote your brand and offer, following these principles will ensure that you get value and a return on investment from your sponsorship spend.

The Sponsorship Landscape

Marketing professionals agree that the sponsorship landscape has changed.

Organisations are increasingly unwilling to provide sponsorship on a "feel-good" basis.

Sponsorship opportunities are rigorously examined in terms of:

- The commercial value and opportunity they create
- The fit with the brand values
- The match between target markets
- The return on investment they deliver
- Not-for-profit, sporting associations and other organisations that have typically relied on sponsorship as a major source of funding have needed to change their approach to soliciting sponsorship.

More than Signage or Naming Rights

The most successful sponsor partnerships create commercial value and achieve human connections in exchange for the funding provided by the sponsorship.

This is achieved by the application of the following principles:

- A targeted approach
- Building commercial sponsor value
- Creating a realistic business case
- Establishing the emotional connection
- Matching brand values
- Pre & post event support
- Measuring & demonstrating sponsor ROI

Regardless of whether you are seeking sponsorship or evaluating an opportunity to sponsor an organisation or event, following these principles will stand your organisation in good stead to generate sponsor support and ensure value from your sponsorship investment.

A Targeted Approach

A targeted approach is essential but often overlooked as organisations mass-market their sponsorship opportunity in the quest to secure a sponsor.

In addition to the basic requirement of a shared audience, different sponsors will have different needs and will seek different sources of value from a sponsorship opportunity.

When seeking sponsorship, take an individual or segmented approach in preparing the sponsorship documentation by considering the sources of value that each target sponsor will find most appealing and customise the presentation to each particular sponsor.

You may also wish to speak to the target sponsor about the opportunity to determine what they are looking to achieve from sponsorship activities - branding, direct sales, publicity, an emotional connection - before you prepare the submission.

The same principle applies in reverse. Sponsoring organisations should match the many sponsorship opportunities to their specific marketing and promotional requirements such as customer acquisition or reinforcing messages with existing customers.

As a potential sponsor, if you have received a submission which lacks key elements of value, highlight this in your discussions as the organisation seeking sponsorship may still be able to support you in these elements.

Building Commercial Sponsor Value

Building (and evaluating) commercial sponsor value relates to matching the return from the sponsorship to the objectives of the sponsor organisations marketing strategy.

The return should match in terms of overall marketing objectives and be consistent with elements of the marketing mix such as; target markets, brand values, promotional messages, other campaigns and positioning.

If any elements do not match they should be considered in terms of their overall importance to the sponsorship achieving the desired results and their potential to de-value the sponsorship ROI or damage the sponsors brand.

Business Case - Do the numbers stack up?

The business case is primarily concerned with the financial return on investment for the sponsorship.

This return on investment is typically considered in terms of the positive brand equity the sponsorship will build in the market place and the sales that the organisation can expect to generate from the opportunity.

At a minimum the organisation will need to consider the following:

- Is this our target market?
- What level of exposure can we expect to receive?

- Is there a media component?
- How do we typically reach this target market & how much does it cost?
- How many people do we expect to convert into new customers?
- How many contacts will be existing customers with whom we will re-enforce the brand?
- How many will influence other customers who will purchase?
- Are we evaluating in terms of lifetime value or one-off purchase?
- How many sales do we need to generate to cover the cost of the sponsorship?
- What positive brand equity do we expect to generate?
- How else may we generate those sales and brand equity?
- Is the opportunity good value?

The Emotional Connection

The emotional connection is an important part of the commercial value of the sponsorship as this creates an important link between the sponsor, the opportunity (cause or organisation) and the sponsors target customer.

When seeking sponsorship, the emotional connection should be both stated and visually represented in the submission.

Organisations engaging in sponsorship activity will need to determine how to best leverage the emotional elements of the event to gain impact and rub-off for their brand. In the case of highly emotive sponsorships, such as international aid or charity groups, a simple association is typically sufficient and in good taste.

Other sponsorships, such as sporting or entertainment, give far greater scope to build promotions and campaigns around the event to demonstrate a shared passion with your target market and cement the association.

Matching Brand Values

Matching brand values relates to ensuring a fit between the brand values of the two parties and is an essential part of an effective sponsor relationship.

From a sponsor's perspective, sponsoring a charity, sporting team, organisation or event that does not have compatible brand values is most likely a wasted investment.

For an organisation seeking sponsorship, make sure that you demonstrate the link between the brand values of the two entities to support your proposal and put your prospective clients mind at ease.

Remember to highlight the shared values in your promotional campaigns to demonstrate the underlying purpose of the sponsorship to your target market.

Pre & Post Event Support

Pre & post event support involves the Marketing Manager of the sponsored entity (charity, sporting club, organisation or event) working proactively with the Marketing Manager of the sponsor organisation.

The purpose of pre & post event support is to maximise the commercial value of the sponsorship opportunity for the sponsor.

Pre & Post event follow up also relates to the \$1 for \$1 rule which holds that for every dollar an organisation spends as a sponsor, they should also spend \$1 promoting that sponsorship in the marketplace to create the link and gain commercial value.

A critical role of the Marketing Manager of the sponsored organisation is to assist their sponsors in achieving commercial value from the sponsorship.

In addition to making good on the obligation to provide a return on investment for the sponsor, proactive support is likely to lead to longer term support from the sponsor.

Measure & Demonstrate ROI

The return on investment from any sponsorship opportunity will have tangible and intangible benefits for the sponsor. An important component of any sponsorship relationship is the demonstration and documentation of the benefits and overall return on investment from the sponsorship opportunity.

Post event follow up and evaluation should include key focus areas such as: measurement of elements of value, media exposure, sales increases, new customer acquisition and brand equity gained through association.

A full debrief, evaluation and follow-up occurring at the end and at key intervals during the sponsorship opportunity will help confirm whether the sponsorship achieved its objectives.

More Information?

MJH Group are the outsourced marketing specialists!

For more information on Marketing Strategy, Outsourcing your Marketing Management or our Customer Understanding programs, please contact MJH Group on 03 9428 1315 or email us at enquiries@mjhgroup.com.au

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