

Pippa Collett and William Fenton

The Sponsorship Handbook

Essential Tools, Tips and Techniques
for Sponsors and Sponsorship Seekers



THE SPONSORSHIP HANDBOOK

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PIPPA COLLETT AND
WILLIAM FENTON

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This book is dedicated to the pioneers of modern sponsorship, the colleagues and companies that have enabled us to develop our sponsorship competence and the patience and good humour of our families.

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FOREWORD

The European Sponsorship Association's mission is to improve the standards of professionalism in sponsorship practice and The Sponsorship Handbook makes a significant contribution to achieving this objective.

It is a practical guide to the key components of sponsorship with tools and checklists to prompt thinking and action. The many case studies drawn from sources all around the world help to illustrate key points and provide inspiration. The authors are sponsorship professionals with extensive, quality experience working both within and for leading sponsors and rights-holders.

As the sponsorship industry grows and new organizations enter the market. The Sponsorship Handbook will be a vital resource in educating new sponsors, rights-holders and other interested parties in sponsorship best practice.

Karen Earl
Chairman
European Sponsorship Association

PREFACE

As a relatively young marketing discipline, sponsorship lacks the body of knowledge required to ensure best practice and the implementation of policies and processes that result in satisfactory outcomes. As full time practitioners and part time lecturers, with more than 40 years sponsorship experience between us, we wanted to capture what we have learned, often through trial and error, to help newcomers to this exciting industry learn more quickly and less painfully than we did!

This book aims to create a baseline understanding of sponsorship by introducing anyone interested in developing their sponsorship competence to the principles and processes that will enable them to deliver robust results.

For further resources and information on sponsorship visit
<http://www.sponsorshipstore.com>.



For updates on news, ideas and trends in sponsorship follow us on Twitter
@Sponsorshiptips.

ABOUT THE AUTHORS

Pippa Collett

Pippa Collett is a leading sponsorship practitioner with an extensive client-side career with Shell, American Express and Rank Organization. Her global sponsorship experience includes Ferrari in Formula One motor racing and the Athens Olympics as well as arts and entertainment projects such as The Olivier Awards and Disneyland Paris. She joined Sponsorship Consulting as Managing Director in 2006 to work with blue-chip clients such as Siemens, Standard Chartered Bank and Cisco.

Achieving measurable returns on sponsorship investments is a particular interest, and her work in this area was recognized with a Hollis Award for Best Use of Research in Sponsorship in 2005. As Vice-Chair of The European Sponsorship Association, Pippa has led on key aspects of the developing sponsorship agenda, including authorship of ESA's Sponsorship Assessment & Evaluation Guidelines and introducing the concept of Continuing Professional Development. More recently she has developed ESA's Sponsorship Agency Selection Process and is currently focusing on developing the structure for the provision of qualifications within the sponsorship industry across Europe.

An occasional lecturer at the Institute of Direct Marketing and the Incorporated Society of British Advertisers, Pippa is a regular speaker at sponsorship conferences in the US, UK, Europe and the Middle East. Her work has been published in the *Journal of Sponsorship*, *The International Journal of Sports Marketing & Sponsorship*, and *Argent*, the journal of the Financial Services Forum. Her opinion on sponsorship issues is widely

sought by the media, including the BBC, CNBC, *The Times* and the *Wall Street Journal* as well as the marketing trade press.

A Cranfield MBA, Founder Chartered Marketer, Fellow of the RSA and member of the Marketing Society, Pippa lives in London with her husband and two children and is a keen carriage driver.

William Fenton

William Fenton is a Director of Sponsorship Consulting in London and Brussels, looking after clients as diverse as The British Library, The Dubai International Film Festival, Epson, FedEx, The Olympic Business Club and The European Space Agency. His status as a sponsorship expert has been built through 19 years in sponsorship, working with IFM Sports Marketing Surveys and Sponsorship Research International/ISL on major sports events including the Olympics, FIFA World Cup and Formula One racing.

William is Editor of *The World Sponsorship Monitor* produced by IFM Sports Marketing Surveys and has been published in *The International Journal of Sports Marketing & Sponsorship*, *The Journal of Sponsorship* and *SportBusiness International*, as well as making appearances on CNBC television's *Money and Sport* programme. He lectures at the Hogeschool-Universiteit and VUB University in Brussels, holds the Market Research Society Advanced Certificate in Market and Social Research Practice and is a founder member of the European Sponsorship Association's Continuing Professional Development Accreditation programme.

Based in Brussels, married with three children and a keen rower since his time at Durham University, his earliest practical experience of securing and managing sponsorship goes back to the £2.5 million 1986 *In The Footsteps of Scott* Expedition. Reputed as the "last great 20th-century expedition", three men were the first to successfully walk the 900 miles to the South Pole without support. Sponsors of Captain Scott's original 1912 expedition returned 74 years later and a Jonathan Cape book and a contract with ITN News helped to secure the huge logistical budget. This included an aircraft and a ship, *The Southern Quest*, which sank spectacularly in Antarctic ice on the return journey without loss of life, and with William on board. The images were seen by viewers across the world.

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HOW TO USE THIS BOOK

The sections for sponsors and sponsorship seekers both inform each other as the key to good sponsorship is understanding the needs and different perspectives of both parties. Icons are used to guide the reader and make it easier to extract information quickly.



Overview



Case Study



Key Action



Key Questions



Key Learning Points

INTRODUCTION TO SPONSORSHIP



Overview

Sponsorship, correctly conceived and creatively executed, has unparalleled power to build brands, engage stakeholders and present profitable commercial opportunities.

This chapter introduces the basic building blocks required to understand sponsorship and the environment in which it operates, including:

- What sponsorship is, and is not, in the context of modern sponsorship practice.
- The size of the industry, and why it continues to see growth at a time when advertising spend is slowing.
- The key players and the range of sponsorship opportunities, target audiences and possible sponsorship objectives that should be taken into consideration.
- Tangible and intangible sponsorship assets and how some of these might be valued.
- The process of sponsorship from both a sponsor's and a rights-holder's perspective.
- A discussion about when to use internal headcount versus external support to deliver on sponsorship objectives.

Sponsorship: what is it?

This is the subject of much current debate especially with take up of social media which we discuss in Chapter 10. At best, sponsorship is an associative marketing tool that creates mutual brand and business value for both the sponsor and the sponsored activity. At worst, it is an excuse for the Chairman to indulge his wife's interests at the shareholders' expense. The most widely accepted definition currently is that of the International Chamber of Commerce:

“Any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and sponsored party, contractually provides financing or other support in order to establish an association between the sponsor's image, brands or products and a sponsorship property in return for rights to promote this association and/or for the granting of certain agreed direct or indirect benefits.”

The key words in this rather long statement are:

- *Commercial*: Modern sponsorship of the sort undertaken by businesses large and small is targeted at delivering some sort of commercial outcome for business owners, whether the company is publicly or privately owned. The benefits may be accrued in terms of additional revenues or cost savings in the profit and loss account, or as an increase in the value of brand equity on the balance sheet. While an individual undertaking a challenge to raise money for good causes – such as running a marathon or learning a new skill – is a laudable activity, it is outside the scope of this definition, and therefore this book.
- *Mutual*: There is progressive acceptance that the benefits of a sponsorship relationship should represent a win–win partnership for both the sponsor's organization and that of the sponsored activity.
- *Contract*: This may be written out in detail or be based on an oral agreement, but the fundamentals of contract law, as applied in the appropriate judicial system, will apply to the relationship. The rights-holder is offering

for sale the right of association and possibly other benefits, which are accepted by the sponsor and confirmed by the provision of some form of consideration, which may be cash or defined value in kind. An informal agreement of mutual association with no consideration does not constitute sponsorship under the ICC definition.

This definition therefore excludes many activities that historically might have been given the name of sponsorship, such as philanthropy, donations or patronage. However, one of the reasons the definition of sponsorship is currently causing such controversy is the development of other associative marketing activities that, from the average consumer's standpoint, look and feel like some sort of sponsorship (see Figure 1.1). These include:

- *Cause-related marketing* – Red, the global AIDS-related fundraising initiative, is a good example where a variety of brands have come together to raise money to fight AIDS while benefiting from enhanced brand equity.
- *Product placement* – Whether it is BMW in the Bond movies or Coca-Cola being prominently consumed by X Factor USA judges, consumers are progressively aware that brands are capitalizing on collective aspirations to market their products.
- *Advertiser-funded programming* – Gillette's World of Sport is the classic example of the genre, associating shaving products with performance.

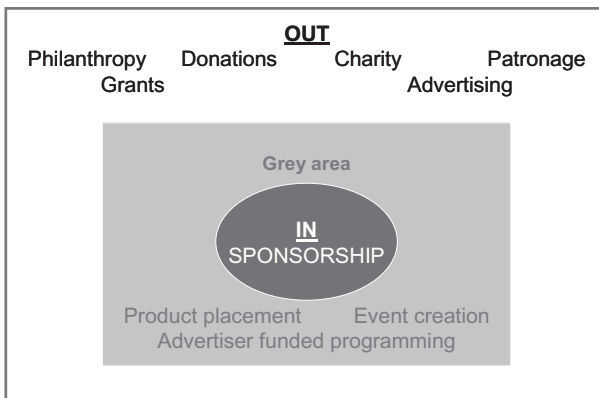


Figure 1.1 Pictorial representation of the definition of sponsorship

- *Event creation* – The Red Bull Air Race or Nike 10k Runs look like sponsored events but are both in fact owned by the relevant brand, representing a desire by them to have more control of the activity than would normally be available in a true sponsorship relationship.

This book will largely limit itself to the discussion of those principles and processes that relate to the core sponsorship definition, but it should be understood that many of those issues will also be applicable to other activities within the associative marketing spectrum.

Industry development

Sponsorship has experienced unprecedented growth over the last decade, with the level of investment in purchasing sponsorship rights of association almost doubling (see Figure 1.2).

This compares favourably with the growth in spend on advertising over the same period. Of particular note is the continued growth in sponsorship

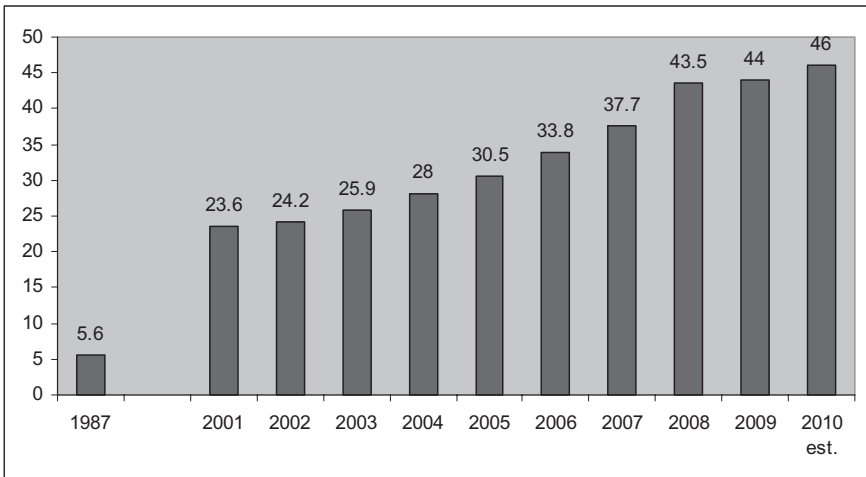


Figure 1.2 Global sponsorship rights spend USD billions, 1987–2010
(Reproduced with permission of IEG)

during the 2008–9 recession, albeit at a slower rate than previous years, at a time when advertising spend contracted by around 5%. The increased investment in sponsorship is underpinned by three core trends: economic development, social evolution, and the technological revolution.

- Economic development is currently focusing attention on sponsorship as a marketing tool because of the aspirations that greater economic freedom brings to individuals. In agrarian society wealth is highly concentrated with the majority existing at or below subsistence level with nothing to spare for discretionary activity. Economic development creates both the time and the cash for individuals to spend on discretionary items, usually initially allocated to physical comfort. As prosperity becomes the norm, so more money is available to allocate, first, to burden-reducing services, and then to leisure pursuits. Fully mature markets have now moved into an experience economy where people are looking for self-actualizing experiences. This is a need to which brands are responding, whether it is the “terrific experience” of dining at Pizza Hut, shopping at Apple or applying a grooming product. The challenge for many brands is to make these experiences real for customers. Sponsorship facilitates the bringing alive of brand experiences.
- Social evolution is the second trend driving growth in the sponsorship industry. Historically people identified themselves by the feudal lord they served. More recently, identity was linked to the company that provided your employment. Similarly, women started to gain their own identity, no longer recognized as merely their father’s daughter or husband’s wife. The outcomes of these societal changes are that people are looking for new badges of allegiance. These may be found in politics, sport, religion or other pursuits which bind groups together in real or virtual communities at the consumer level.

This social evolution has also impacted how corporations see their role in society. The introduction of triple bottom line accounting has meant that companies can no longer focus merely on economic success in terms of profit and dividends. Now they also have to consider their social and environmental impact. This has led companies to invest at grass roots levels in education, health, sport and culture, aiming not only to make a contribution at the local community level but also to have a global impact.

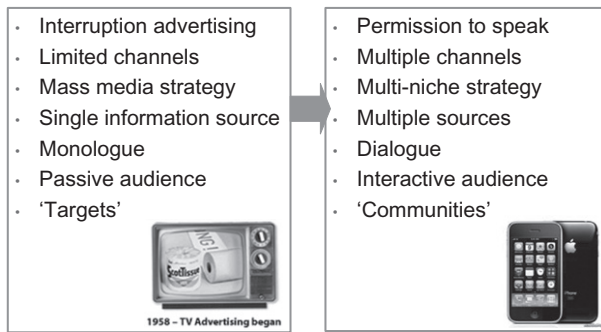


Figure 1.3 Communication channel development, 1958–2011

- However, the technological revolution represents the most important trend for sponsorship. The shift from a limited number of one-way channels to a plethora of two-way interactions has dramatically changed our expectations as consumers (see Figure 1.3).

There has been a fundamental shift from the interruption advertising and brand monologue of the 20th century to a multi-channel approach requiring brands to apply a multi-niche strategy. Consumers can now tap into multiple sources of information and no longer have to take a brand advertisement on trust. People very much want to have a dialogue with brands and, while some brands are finding this quite uncomfortable, winners in the long term will be those that learn to adapt to an interactive audience. Targeting based on socio-demographic groups is becoming ineffective because new communities incorporate a wide range of different types. So, businesses are looking much more at how they target communities of people with similar habits and behaviours rather than merely their socio-demographic grouping.

The challenge of the new communications reality is that it has had a huge impact on the consumer in terms of their ability to identify and absorb information. As Seth Goodin identifies in his book *Permission Marketing*, “the days of high demand and limited supply are over ... it’s a new game now. A game where the limited supply is attention.” *Advertising* is excellent for generating awareness, *public relations* informs and influences, and *sales promotion* stimulates trial, but all compete with each other to cut through the marketing clutter.

Brands have found that the best way to get our attention is to identify the passions of new communities and align with them through *sponsorship*.

The basic building blocks of sponsorship

Essential to successful sponsorship is an understanding of the key components that make up the industry. It is critical that all parties are aware of the other constituents and the role these play in terms of their collective ability to deliver on the rights assigned (see Figure 1.4).

The concept of a property and a sponsor may be considered as rather simplistic when placed within the environment of the sponsorship industry as a whole. The first challenge is to define exactly who is the rights-holder, that is, the organization that has the authority to sell the rights of association to a sponsor. Most often the rights-holder is the property's management, such as the Guggenheim Museum selling sponsorship for an art exhibition. However, there are occasions, and particularly in broadcast sponsorship, where the rights-holder is not directly overseeing the property itself, and this is being undertaken by some intermediary.

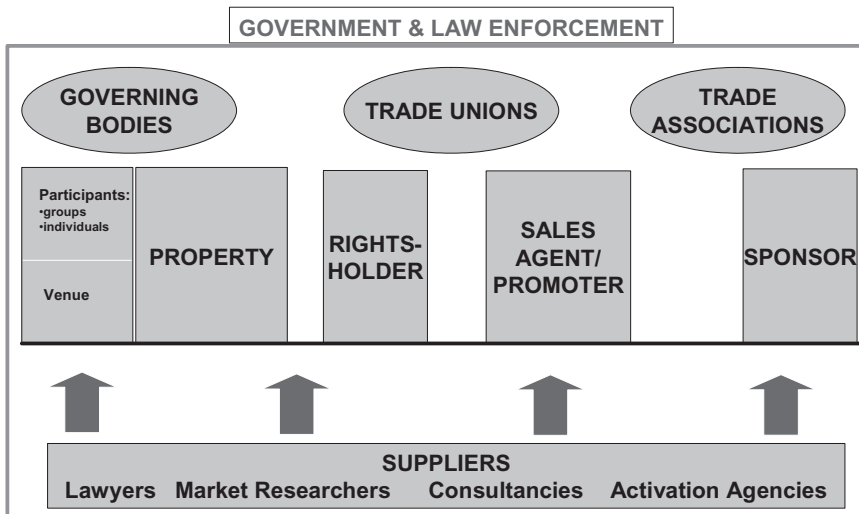


Figure 1.4 The key components of the sponsorship industry