

## Last Generation Sponsorship

*by Kim Skildum-Reid*

Sponsorship has grown up. Through three generations, several awkward phases, and many lessons learned, it is now finally living up to its potential. It's multi-faceted. It's quantifiable. And it's widely acknowledged to be at the forefront of modern marketing. It is not just mature, it is wise. This is the Last Generation of Sponsorship.

### ***Infancy, adolescence, maturity, and wisdom***

The first generation of sponsorship was driven by gaining exposure and awareness, with a big dose of chief executive's choice thrown in for good measure. This was the norm throughout the 70s and early 80s and, unfortunately, is still the norm for many corporate sponsors throughout the world who still hold onto the notion that flashing their logo – in the company of dozens of other logos – in front of masses of cynical consumers equals marketing return.

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The second generation had its heyday from the mid 80s to the early 90s. The focus was very clearly on sales, with immediate gains the driving force. Long-term benefits were rarely sought or even considered in this formula-based era, although some sponsorships undoubtedly achieved them as a side-effect. Bargains were big news as results were measured in things like incremental sales, sales promotion participation, retail support, case commitments, profit margins, and sales conversions as compared to the price of the sponsorship. This

generation has largely disappeared, with the exception of brands that sponsor primarily to gain vending rights.

Third generation has been a major step up from second, becoming popular in the early 90s and still used very effectively by sponsors today. Brand needs, integration, and the achievement of multiple marketing objectives are drivers of this generation, with the goals resting equally between the short and long-terms. Skills are strong, processes are refined, and results well-documented. It is good sponsorship, but its full potential will only be realized by shifting the focus from “what can we get?” to “what can we offer?”

This brings us to Last Generation Sponsorship. Why “last” and not “fourth”? Because, after forty years and three increasingly sophisticated generations, we are finally starting to focus on and be driven by the right thing. Last Generation Sponsorship is not ego-driven like first generation. It isn't short-sighted, like second generation. And it's not needy and self-centered, like third generation. Last Generation Sponsorship is about nurturing a brand's connection with a target market by putting their needs first. It isn't about how many times you can “get in front of” or “communicate with” your target market through a

**Last Generation Sponsorship is about nurturing a brand's connection with a target market by putting their needs, not brand needs, first.**

sponsorship, it is about how you can use the most emotional and personally relevant of all marketing media to improve your brand's relationship with a target market and, more importantly, their relationship to your brand. As much as those target markets change and their needs change and the world around them and their reaction to it changes, the basic building blocks of Last Generation Sponsorship will never change.

This new wisdom has led to a very different model of sponsorship. In the past, sponsors have concentrated on creating bonds with events, rather than with their target markets. An example would be a brewery that decides that it is in their best interests to be aligned with football. They spend a lot of time, effort, and money creating an indelible link between their brand and football – they put logos all over each other, the players drink the beer, they run ads, and thank each other and end-of-year dinners – with the assumption that after all of this overt linking, Joe Beerdrinker is just going to “get it”, whatever that “it” may be.



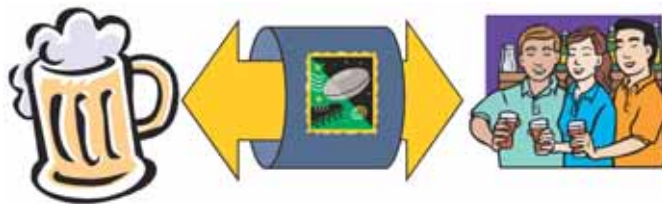
Unfortunately for all involved, it's just not happening. People aren't noticing signage anymore and we don't bother with the convoluted mental gymnastics required to transfer attributes from an event to a brand (eg, “if Beer X is associated with football, and football is manly, then Beer X must be manly”). We have all become very good at editing the few marketing messages that matter to us from the hundreds that merely clutter our universe. If you find this hard to believe, ask yourself or a colleague or a friend these questions:

- What was the most recent major event you have attended (in which you weren't involved)?
- How many logos would you have been exposed to on that day?
- How many could you name right now?
- Of those that you can name, did any of them change your perceptions of that brand or make you understand it better? Eg, your trust in their brand grew immeasurably or you now understand how that product fits into your life. Did any of them change your behavior? Eg, you ran right out and test drove a Ford or started to eat at KFC more often.

I have asked these questions hundreds of times, and I am guessing that you will remember being exposed to dozens of logos, will be able to name 2-4 of them, and none will have made you change your behavior or perceptions. If one did, it is probably because they leveraged it in such a way that it really resonated with you, your interests, and your needs. In that case, one out of dozens got it right.

Many would say that leverage is the key to maximizing sponsorship returns, and it does help, but even if a sponsorship is very thoroughly leveraged using the old model, the focus of that leverage is football, not Joe Beerdrinker. It may catch Joe's attention, but it is unlikely to really *matter* to him. And to be an active part of the sponsorship, such as participating in promotions, Joe Beerdrinker is required to make the lion's share of the effort. It is hard work wasted, which brings us to the new model of sponsorship, The Conduit.

First, we have to ask ourselves, is it really a brewer's job to "align with" football? Is it in the company mission statement to be "synonymous with" football? No. A brewer's job is to sell more beer by getting people to try their beer, engendering loyalty to their beer, and getting the companies who sell their beer to promote it more than their competitors. Their job is to connect with target markets – internal, external, and intermediary. Sport doesn't buy the beer, the fans buy the beer. Football is simply a means to an end – a tool – and that's it. How they, and we, use that tool is what separates good from great sponsors.



Last Generation Sponsorship puts the target market's needs first. The sponsee becomes a conduit – a set of benefits and information – through which you connect with that market. Identifying, valuing, and meeting those needs – both functional and emotional – now forms the basis not only for what you sponsor, but the benefits you negotiate and how it is leveraged.

How that connection is made is often very simple – a meaningful gesture, a demonstrated sharing of values, or a way for your market to become part of the event. Interestingly, there are lots of examples of very successful conduit sponsorships, but often as not, the sponsor doesn't seem to understand why it worked and goes straight back to the conventional model. Those that do understand and continue to use the conduit model are some of the most consistently successful sponsors around.

### ***Last Generation selection and negotiation***

As a last generation sponsor, you have three priorities when selecting and negotiating sponsorship. They are:

1. Target market needs
2. Internal buy-in
3. Brand needs

### ***Case studies and examples***

**Cell phone companies** are using their sponsorships of music festivals to improve their customers' experience at the event while showcasing product features. Some provide their mobile-mad customers with phone recharging facilities throughout the event or SMS reminders of upcoming sets at the various stages, while others allow customers to SMS messages (and now photos) to friends, bands, etc. and have them shown on the big screen.

**Some companies** have realized that one of the biggest hurdles to enjoyment at an event is parking, with many trading in massive signage visibility for the ability to provide their customers with parking right next to the event entrance.

**A skincare brand** sponsoring a major tennis tournament, provided spectators with UV-sensitive bracelets upon entry. When the bracelet changes color, it is time to cover up or put on some sunscreen, helping their target market avoid sunburn on a long, sunny day while inducing on-site product trial and sales.

**Sprint Telecommunications** used their sponsorship of the 1997 Rolling Stones US Tour to provide customers with the opportunity to buy tickets before they went on sale to the public. They didn't offer a discount, because they understood that their market's challenge wasn't financial, but logistical.

**Santa.com** used their sponsorship of a Christmas parade to make the audience part of the event, with elves taking digital photos of children and families in the crowd and uploading them directly to giant screens built into the floats. After the parade, people could download their keepsakes at the Santa.com site.

**In the UK**, Diet Coke understood that their core target market were not only huge fans of Bridget Jones' Diary, but identified strongly with Bridget herself. They negotiated with author, Helen Fielding, to write an extra chapter of the bestseller, which was available only in cases of Diet Coke, providing meaningful added-value to current customers and a big enticement for brand-switchers.

**Cause-related marketing** may be one of the best and most pervasive examples of conduit sponsorship, providing sponsors with not only a strong demonstration of alignment with their target markets' passions, but an active and easy way to participate in the sponsorship: Buy a product, automatically donate to a good cause, and get an emotional payoff.

**Generational change:  
Selection and negotiation**



**1G – Senior executive's choice  
and logo exposure**



**2G –Bargain hunting**



**3G – Brand needs**



**Last Generation –  
Target market needs**

“Whoa, Nelly!”, I hear you saying, “Brand needs third?!” Yes, brand needs are third on the list, and for very good reason: You won’t meet your brand needs effectively if the other two priorities aren’t met first.

**Target market needs**

If the ultimate goal is to connect with a target market in a way that creates meaningful and long lasting changes in their behaviors and perceptions, the first thing you need to understand is who your target markets are – not what they are, which demographics will tell you – but who they are. We’re talking psychographics here – motivations, self-definition, peer influences, and opinions. If you don’t know who your markets are, you won’t be successful at any kind of marketing, much less with sponsorship, the most emotional and personal of all marketing media.

**Sponsorship is the most emotional and personally relevant of all marketing media.**

You also need to understand your target market’s relationship with both your brand and the event. Sponsorship selection and negotiation will be driven by the answers to questions like:

- What do my target markets care about? Are there any events, sports, programs, or causes that they really care about or which form part of their self-definition? (Eg, snowboarding, volunteerism, the high arts, alternative music, child safety, etc)
- What are all the ways that my target market consumes that event (eg, at the stadium, in a bar, at home with friends, reading about it in the paper, etc.)?
- What are the best things about this event experience to my target market?
- What are the worst things about this event experience to my target markets?
- Is my brand part of that experience? Could it be? How can we improve that experience?
- What are all the ways that my target market consumes my brand and competitor brands? What is their “brand experience”?
- Could that experience be improved using the unique benefits of sponsorship?

As a Last Generation Sponsor, the answers to these questions will help enormously in the selection process and virtually create the negotiation plan for you.

## Internal buy-in

It used to be that one person, either a senior executive or a sponsorship manager, would make the decision about whether to sponsor something and how to negotiate and leverage it. They would manage it, hopefully measure the results, and might even write a report on how it fared.

Originally driven in large part by Olympic sponsors trying to get maximum value from their tens of millions of dollars invested, now sponsors have realized that it is only through integrating a sponsorship across existing marketing media that they will receive the strongest and most cost-effective return. Everyone from sales managers to IT, human resources to brand management, ad agencies to new product development are using sponsorship to increase the relevance and effectiveness of their activities. Unfortunately, this isn't always easy.

The fact that sponsorship is the most emotional of all marketing media isn't limited to the outside world. Internally, sponsorship can be both a powerful tool and a battleground. Everyone has his or her own perceptions about it as a medium, everyone has their own favorite sports, charities, and events, and a lot of them let those perceptions and pet projects rule their decisions about whether and how effectively they will integrate a sponsorship.

There is far more to say about integration and leverage than I can address in this short article, but I will go so far as to say that there are three truths of sponsorship integration that many sponsors ignore:

1. Sponsorship is the most integrateable of all marketing media
2. If a sponsorship isn't well integrated across at least a few marketing media, it won't work
3. You can't force integration to happen. Your peers have to want it

The long and the short of it is that achieving buy-in from a range of internal stakeholders, and commitment from them to use the sponsorship in a meaningful way, is now a *prerequisite* to committing to a sponsorship. This means that their departmental needs and concerns must be understood and addressed *and* their interests represented in negotiations. There is no use gaining buy-in from your major customer management area and then not negotiating the benefits they need to enhance their VIP connections.

**Even corporate hospitality** can benefit from the conduit approach. We know of one fashion-oriented charity sponsor who handed out slippers to 500 upscale women midway through a gala fundraiser, becoming the instant savior of the stiletto lovers who make up their market. By the end of the night, there was not a Manolo Blahnik in sight.

The fact that this is taking place before a sponsorship commitment is made is the key here. Anyone who has tried to sell a sponsorship into uninvolved colleagues after the fact will certainly agree, and the result is a sponsorship that is more costly and far less effectively leveraged. As my grandpa used to say, it's like trying to make a silk purse out of a sow's ear.

## Brand needs

The good news about gaining internal buy-in prior to investing in a sponsorship is that you will also gain a far more comprehensive understanding of brand and business needs than you would if this information was coming solely from the brand group. One flows from the other, making brand needs sit very comfortably as the third, yet still very important, priority.

**Last Generation branding**

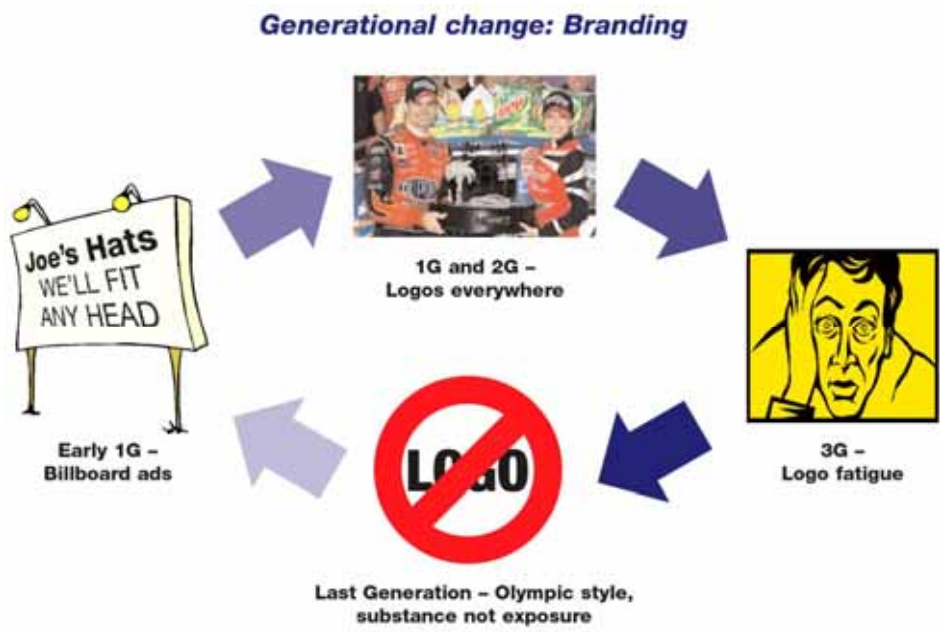
As you have no doubt figured out, I am not a big fan of logo exposure. Something that will come as somewhat of a surprise to many sponsors is that neither are your customers.

Forty years ago, sports grounds had billboards. The signs actually said something about the brand or the product, not like the logos that now plaster every surface of every modern stadium. That was followed by the more-is-better logo-driven approach. Still common, the problem with this approach is that the massive preponderance of signage is unwelcome. It is clutter – an interruption – that detracts, rather than enhances, the audience’s experience with the event. Research has shown that people tend to equate signage with sponsorship and sponsorship to making an event run, which means that they tolerate it, but that is all they do.

The past few years have seen the advent of technological innovations like revolving signage, Diamondvision, and virtual signage – all created to capture the attention of an audience. All created to divert that audience from the experience that they are trying to have. This is not good. If you want your brand to be an invited part of someone’s life, there is no more powerful way to achieve that than to add value to their experience and align with their values and self-definition through something that they truly care about, and no worse way to do it than to disrespect their experience by intruding on it.

**Good sponsorship is about adding value to, not intruding on, an audience’s event experience.**

The wisest of sponsors – those who operate in the Last Generation – understand that signage and other branding is not the cake, it’s not the frosting, it is merely the cherry on the top. In a fully realized sponsorship program, it can serve as a reminder of the sponsorship’s substance, but a conscious effort is made not to be intrusive.



I believe that, as logo fatigue becomes a more recognized phenomenon, this more Olympic-style approach to branding will become a major part of Last Generation Sponsorship. I also believe that we will eventually see a move back to billboards for some sponsors, who will recognize the value of a message over a logo.

**Last Generation leverage**

First generation sponsorship was neither leveraged nor part of the overall marketing plan. It was considered a luxury spend, with exposure being its own reward.

Second generation saw an acknowledgement that sponsorship had to be leveraged to provide returns. Sponsorship departments started budgeting extra money to run promotions and PR campaigns, often in competition to other brand activities. It was better, but still not integrated.

Integration with overall marketing objectives came into play with third generation sponsorship. It became a piece of the marketing pie, with less incremental money spent on support and more integration with existing marketing activities.

Last Generation sponsorship turns conventional leverage programs on their head. It acknowledges the integrateability and uses the uniquely emotional power of sponsorship to drive the brand’s entire marketing program. Sponsorship is now not supported by other media, but acting as a catalyst to make that other media more effective.

This is not to say that sponsorship should be your biggest expenditure or drive every marketing activity, simply that if meeting both functional and emotional target market needs is part of your overall marketing plan, that the more consistently and centrally you use the power of Last Generation Sponsorship, the more effective your marketing program will be.

The leverage program of a successful Last Generation Sponsorship will have one or more of the following qualities:

- It is leveraged in a way that respects and enhances the audience’s emotional connection with the event (or team, cultural organization, program, etc)
- It provides meaningful added-value to the audience’s experience with the event

**Generational change: Leverage**



- It provides meaningful added-value to the customer's experience with the brand
- It enhances the target market's community (geographic or virtual) in a way that impacts, even in a small way, on ordinary people's lives

The best sponsorships do all of these things.

### **Last Generation measurement**

When I started in this business, I clearly remember measuring results solely in terms of impressions. One logo seen one time equals one impression. The more impressions a given sponsorship got, the more valuable and effective it supposedly was. While this did give some indication of the reach of a sponsorship, it really didn't have anything to do with the impact that sponsorship had on brand's results. It was convenient, it was lazy, but it was all we knew.

Second generation was all about sales and the myriad ways of counting them. If you couldn't count it, it didn't happen, and if the sponsorship wasn't "profitable" in immediate dollar returns, it was a dud. Some augmented sales numbers with impressions. Others threw a big number into the ROI column to indicate the amount of good corporate citizenship the sponsorship engendered, which, crude as it was, may have been the first real indication that our industry understood that sponsorship returns could be both long and short term.

Third generation was a revelation, with a range of stakeholders not only integrating sponsorship with their activities, but also setting multiple objectives and using their own resources and expertise to measure results against those objectives. Market research has become an integral part of third generation sponsorship, as measuring changes in perceptions and behaviors has become an important part of reporting.

In terms of measurement, Last Generation Sponsorship is only a small step from third generation. Rather than replacing any of those effective and appropriate measures, it simply goes further, creating a far deeper understanding of the target market's alignment with and attachment to a brand, the longevity of those changes, and the role of sponsorship in achieving that. Last Generation Sponsors measure their brand's alignment with and understanding by target markets who have experienced a sponsorship against ambient numbers. Again, market research is a key element.

### **Generational change: Measurement**



1G - Impressions, awareness, exposure



2G - Sales



3G - Objectives



Last Generation - Alignment

### ***Last Generation ambush***

An argument could be made that ambush marketing isn't really part of sponsorship, that it's essentially the anti-sponsorship. I disagree. It is something that happens to sponsors, it functions much like sponsorship, and the results are very similar to sponsorship results, so I approach it as a facet of the sponsorship industry.

First and second generation ambushers do it for one reason, to annoy the competition. They get a buzz when they manage to get their logo or advertisement into or around an event, whether that event is a strategic or even market fit, and imagine the competition eating their hearts out that their beautiful sponsorship has been foiled by 40 people wearing a non-sponsor's t-shirt.

Third generation ambushers are somewhat more strategic, with their primary focus to create confusion as to who the true sponsor is among a key target market. Does it work? Well, that depends entirely upon how well the true sponsor has leveraged their sponsorship and how natural a fit that true sponsor is with the event.

Moving on from that, generation 3.5, for lack of a better name, ambush marketing has become very strategic. Ambushers select, leverage, manage, and measure their ambushes with the same degree of care that they apply to their sponsorships. They don't even try to ambush good fitting, well leveraged sponsorships. This means that there are fewer ambushes across this generation, but those that are carried out tend to work – delivering on a range of objectives very cost-effectively. The best ambushes create meaning around an event that the real sponsor has missed. The heartfelt patriotism that underlies all of their marketing and ideal positioning of Qantas made them not only a natural ambusher of the 2000 Olympics, but enabled them to reflect the emotional state of Australians during the Games, something the true sponsor didn't and couldn't do.

So, what does ambush marketing look like in the Last Generation? I'm an idealist, so I'd like to think that when Last Generation Sponsorship becomes the norm, there will no longer be any room for ambush. Sponsorships will be selected, negotiated, leveraged, and measured thoroughly and for the right reasons, and the degree of meaning that will bring to the brand-customer relationship will make any attempts at ambush ineffective.

### ***Generational change: Ambush marketing***



## What next?

After reading this article, you may be realizing that you are already there. You are a Last Generation Sponsor – not just mature, but wise. It is more likely, however, that you will have recognized elements of your approach across third, second, or even the first generation. If this is the case, you need to update the way you do sponsorship and you need to do it soon.

Last Generation Sponsorship is still in the early stages, with precious few companies fully realizing the potential of the medium. This will not, however, last forever. As more great case studies get out – as more people read this article and see the benefits of focusing on target market needs first and foremost – the impact of doing sponsorship right and leading your category will diminish.

Sure, you can always catch up. Of course, creating meaningful bonds with your target markets will always be a good idea. But for a few years at most, this emotional marketing turf will be relatively uncluttered, allowing the shrewd sponsors among you to take ownership of key ground before your competition does.

Getting there isn't necessarily easy, and it often requires up-skilling across a broad range of internal stakeholders in order to consistently benefit from the principles of Last Generation Sponsorship, but it is worth it. And it is not optional.

If you liked this article, please feel free to pass it along. You may also be interested in...

- [\*The Sponsor's Toolkit\*](#) by Anne-Marie Grey and Kim Skildum-Reid, published by McGraw-Hill and available at good bookstores.
- [\*The Sponsorship Seeker's Toolkit 3<sup>rd</sup> Edition\*](#) by Kim Skildum-Reid and Anne-Marie Grey, published by McGraw-Hill and available at good bookstores.
- [\*The Ambush Marketing Toolkit\*](#) by Kim Skildum-Reid, published by McGraw-Hill and available at good bookstores.
- [Kim Skildum-Reid's Corporate Sponsorship Blog](#) – Filled with advice, how-to, and opinions that most other industry pundits wouldn't dare commit to cyberspace, you are sure to find something useful in Kim's blog.
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