

Survival Guide for the New Sponsorship

By *Kim Skildum-Reid*

When originally asked to write this article by Australia's Marketing Magazine, I had two choices: Address the current state of sponsorship, or try to provide a roadmap to best-practice sponsorship. An idealist to the core, I went with the latter.

What follows are some of the key trends underpinning the best sponsorships and the best sponsors in the world. They cover the overall approach, management, negotiation, leverage, and measurement. If you're a sponsor, this should provide some direction, or at least get you asking some different and more strategic questions of your sponsorship portfolio. If you're a sponsorship seeker, knowing the trends that are driving many sponsors' decisions – and that will be driving even more sponsors in future – will help you to prepare, so you can be responsive to these new strategies and emerging needs.

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The new approach: True, cross-departmental buy-in

We hear rhetoric on this every day, but in reality, true cross-departmental buy-in is still rare. About the best most companies do is to get agreement from department heads that a major sponsorship is a good idea and a directive to the sponsorship or brand team to "go do it".

Newsflash! That is not cross-departmental buy-in. That is simply consensus. Buy-in means that they are convinced of the benefits of a sponsorship investment to their business unit and are prepared to use it *and resource it* appropriately.

How it will benefit you

- **Workload** – Rather than having one person or team, such as a sponsorship team, trying to wear all of the hats, you will have your loyalty marketing team developing loyalty and database-building programs, your sales team creating sales promotions that will be compelling to retailers, your human an resources team creating multi-faceted staff engagement programs, and so on. In other words, your internal experts will be doing their jobs, but doing them better with the added power of a compelling sponsorship.

- **Economy** – While that workload is being shared around, two things will be happening: The business units will be using sponsorship to enhance or replace less compelling activities that they might have otherwise undertaken; and the sponsorship team won't be creating stand-alone leverage activities that are competing with existing brand activities in the marketplace.
- **Selection** – Sponsorship works best when there is real cross-departmental buy-in, so I advise my clients not to invest in anything to which departments are reluctant to commit. An additional benefit to gaining this buy-in early is that every department will have the opportunity to tell you what they need from the sponsorship – specific access and benefits – and those can be negotiated into the contract from the start.
- **Strategic** – With cross-departmental buy-in, you will notice something very quickly. If they have some say in what is negotiated, they will not ask for more logos or more signs. The sales team couldn't give a crap about logos on things if they don't have the tools they need to sell more stuff or get your retail/broker network to sell more stuff. Ditto for all of your other business units. Logo exposure, as a goal of sponsorship, will fade into the far background (where research has repeatedly proven it should be) and you will become immensely more strategic and focused on objectives that matter to your business and your target market.
- **Costs** – Buy-in creates a situation where sponsorship becomes a catalyst to make other activities more effective. This is counter to the normal mindset that sponsorship needs to be supported with additional leverage money. Best practice sponsors spend a minimum of incremental funds, but the dollar value of the media a major sponsorship impacts could be many times the value of the sponsorship fee.
- **Budget** – Depending on the benefits provided and their value to individual business units, you may be able to access additional budgets to help pay for larger sponsorships. This is particularly true if the sponsorship will accomplish something for a business unit – such as developing a qualified database – in a more cost-effective way than however they normally do it.

The new negotiation: Win-win-win

We have already touched on one facet of best-practice negotiation: Getting your business units involved early in the process so you can negotiate the benefits they need from the start, not end up trying to make benefits work for them that are less-than-ideal.

Assuming you've taken that approach on board, the most important facet of best-practice negotiation is a shift from the old win-win mindset – that is, the sponsor wins and the sponsee wins – to win-win-win.

And who is that third “win”? The target market.

This is a massive step in the way sponsorship is negotiated. Savvy sponsors are now negotiating brand benefits, as before, but are putting at least as much emphasis on negotiating benefits that they can pass along to their target markets. The best sponsors understand that putting their target markets first is the best thing they can do for their brands.

The key here is to negotiate for *meaningful* benefits. The opportunity to play your ad on Diamondvision might be meaningful to your brand, but it isn't meaningful to your target market. Seriously, how does that make your target market's event experience, brand experience, or life better? And that is the question you have to ask and your goal to achieve that final "win".

There is also a tendency to think that simply providing funds that underwrite something people care about is meaningful, but it's usually not. (At least not until a beloved organisation lies in financial ruin after a major sponsor pulls out!)

Putting the focus onto the target market during the negotiation starts the very appropriate strategy of putting target market needs, wants, and interests ahead of brand needs. It is also reflective of best practice marketing – not just sponsorship – as evidenced by both research and the very successful transition that brands have taken into consumer-driven and experiential marketing.

In short, don't use sponsorship as a billboard! If you want a billboard, rent a billboard!! Making your brand meaningful to your target market is a far more important, impactful, and effective strategy than simply getting in front of your target market.

Examples

- Lexus provides their owners with free valet parking at the Sydney Opera House.
- In 1996 (a very early example of win-win-win sponsorship), American telecommunications company, Sprint, provided their long-distance customers with access to tickets for a blockbuster Rolling Stones concert tour of the USA before anyone else.
- American Express cardholders get a discount at the Museum of Contemporary Art store.

How it will benefit you

- **Jump-start** – If you have meaningful benefits to pass through to your target markets, all that remains for leveraging that activity is creating the communications around it. This is much less work than creating meaning from scratch and *then* having to communicate it.
- **Ease** – Rather than negotiating for more of a finite resource, like ground signage or tickets, you are likely to be asking for benefits that are either a) infinitely available; or b) not currently in-demand (given the old-school approach of most sponsors).
- **Starts partnership on the right foot** – This approach to negotiation lays the groundwork for a very strategic, flexible, and creative relationship with the sponsee. Where it goes after that is up to you!

The new leverage: Adding meaningful value to the experience

It used to be that leverage was approached in one of two ways: Extending the visibility of a sponsorship or the tick-box approach.

While it has been proven over and over that visibility isn't what delivers returns on a sponsorship, it sadly still happens. The tick-box approach – Sales promotion? Check. Issue press release? Check. Hospitality program for VIPs? Check. And so on. – came about in response to the understanding that there was more to leverage than visibility, but in reality, is not very effective either. In a way, it is thorough, but it really doesn't get to the heart of what makes sponsorship a valuable marketing commodity:

1. It is the most personally relevant and emotional of all marketing media – You are reaching people through something that they really care about
2. It is the most integrateable of all marketing media – Using the catalyst approach (see above), it can add relevance, resonance, and real emotional weight to any or all of your marketing activities

The tick-box approach just doesn't leave a lot of room for real creativity and concepts like win-win-win and true cross-departmental buy-in.

In best practice leverage, the driving principle is about adding meaningful value to your target markets' experiences. You can use sponsorship to add value to their event experience or you can use it to add value to their experience with your brand. Even better, do both. This is, in essence, an extension of the win-win-win approach to negotiations. How can you use this sponsorship and all that you do to leverage it to put the target marketing into the picture in a meaningful way?

You can value-add in ways that are both functional and emotional – options run the full spectrum. Adding value via a cause sponsorship is more likely to be emotional, while adding value to a football sponsorship is more likely to be functional, but those tendencies are just that. Nothing is set in stone.

The goal is that, rather than crowing about how you align with an event (and really, who cares?!), you spend your time and effort aligning with your target markets. You will demonstrate – not just talk about – how you understand their needs and priorities. You will demonstrate that your company actively believes in something that they believe in, honour their passions, and respect their experience..

One word about respecting their experience: Creating more, bigger, moving, rotating, or electronically-inserted signage in a bid to get your target markets' attention is pure folly. Interrupting their experiencing is not adding value to the experience they're trying to have, it's trying to draw their attention away from the experience they're trying to have. That is not respecting their experience.

Examples

- Mobile phone company, Orange, provides a Recharge Room at alternative music festivals, where customers can charge their phones and chill out in air conditioned comfort. They also provide a reminder service, texting customers when bands they want to see are about to take the stage, among many other consumer benefits.

- In their now defunct sponsorship of Kids' Help Line, Kellogg's used their boxes to distribute the phone number and important information on coping skills, such as "How to deal with a schoolyard bully" to mums and kids across Australia. That box alone sold 700,000 *additional* boxes of cereal in a country of 20 million. Not bad.
- Many companies provide paid days off for volunteering or match employee donations for a sponsored charity

How it will benefit you

- **Loyalty** – By concentrating on aligning with a target market, not the event, you set the stage for a real boost in loyalty. People buy brands and recommend brands that fit not only their functional needs, but their lifestyle and self-definition. Using sponsorship's unique emotional weight creates a wonderful opportunity to shift into that zone of being a defining brand for an individual, group, or entire market segment.
- **Desirability** – The same factors, outlined above, that go into making a current customer more loyal make a brand desirable for people who want those functional or emotional benefits, those bragging rights, and that lifestyle.
- **Chatter** – Word-of-mouth is about as good as it gets, when it comes to marketing, and if you're leveraging with the target markets' interests first and foremost, that is bound to create some chatter. People want to have bragging rights, to feel important, or to be the first in a group to get access to something cool, and when a sponsor gives them that opportunity, they will talk.
- **Partnership** – Your partners will love you. If you're making your target market's experience better, and your target market makes up at least part of the sponsee's audience, you are making their audience experience better. This is good for everyone and very likely to result in a more flexible and creative relationship.
- **Preference** – Following on from above, you will become a preferred partner. You are far less likely to become embroiled in a bidding war to renew a sponsorship if you are adding real value to the audience's experience. That is of far more value – and long-term value – to a savvy sponsorship seeker than the short-term benefit of a larger sponsorship fee.

The new management: Mutuality

Obviously, any good sponsee is going to try to help you achieve your objectives. Where it shifts into best practice is when a sponsor also actively works to help a sponsee achieve theirs – adding value to the relationship, just as you add value to your relationship with your target markets.

These are just a few of the added-value benefits you could provide to your partners: Access to your markets via your marketing or other dual-branded activities, introductions to other potential sponsors, access to pertinent research you may have done, use of a celebrity you may have under contract, or access to discounted media rates

This mutuality shouldn't be limited to marketing, though. They might need advice on a restructure, materials or technological infrastructure, or access to discounts you might have on travel or printing.

You are probably thinking that a lot of these would have cash value, and you're right. If some of these mutually beneficial activities are agreed during negotiation, you may be able to work out a discount based on the contra value of your input. One word of warning, however: The essence of this is just to work with them to do things that really benefit them – no strings or dollar values attached. You will find that they will do the same and that you will benefit from it. Once you start assigning dollar values and negotiating on these things, it stops being about providing extra value to the relationship and starts being about you saving costs. This is not 100% a bad thing, but do try to at least strike a balance.

The starting point is that you have to actually ask them what their overall marketing and business objectives are. Once you know that, you should be able to find ways to add value. Yes, this is a process that you may well initiate and could seem a little one-sided, especially at the beginning. In my experience, however, it quickly changes the entire nature of the relationship and sponsors tend to gain far more than it ever cost them.

How it will benefit you

- **Partnership** – Again, your partners will love you. They will be much more flexible and responsive to a sponsor who works with them to achieve their larger goals, and will be much more likely to want to renew the sponsorship without putting it on the open market.
- **Value** – If you add value to them, you can be 99.9% sure that they will add value to your investment. In other words, you will get more opportunity and more benefits than you paid for, and you will probably get it by doing things that are also good for you, like co-branded marketing activities, and/or really easy for your company to do.

The new measurement: Using your internal experts

We have come full circle from my first point about real buy-in. You have a building full of experts on how to get results using whatever marketing or business tools that they use. What most sponsors don't seem to realise is that these people are also experts on benchmarking and measuring results.

Sales people know how to benchmark and then measure incremental sales at the retail and wholesale level. They have ways of determining sales promotion participation. They measure things that go into making sales, like the degree of retail support and retail merchandising and/or promotional take-up. They measure both initial and follow-up orders on new product launches. They measure profit margins. And they do all of these things all the time.

Your loyalty or database marketing team knows how to measure loyalty (AKA “churn”), propensity to buy, loyalty sales, up-selling, and customer value. They know the questions to ask in order to determine whether a new prospect is a genuine qualified prospect, and the likely value of that, or just another name on the list. They will know how to measure conversion rates and satisfaction levels. Again, they do it all the time.

The company you use to research target market propensity to buy, satisfaction, understanding and alignment with your brands, etc could ask those same questions of people who attended an event you sponsor, who participated in a sponsorship-driven sales promotion, or who consider themselves a fan of that team, sport, or organisation. That will tell you whether a sponsorship had an effect – and the degree of that effect – on people with varying degrees of involvement with a sponsorship. It will tell you the effect on people’s mindsets about your brand in terms that you have already determined are valuable to your company.

These lists are repeated over and over across all of your business units and reflect real results and/or the factors that your internal experts know contribute to desired results. When so many of the complaints and concerns about sponsorship revolve around the issue of accountability, it is beyond me why more companies don’t approach measurement this way.

How it will benefit you

- **Realistic** - This kind of measurement is not based on mechanisms – like some hack estimate of dollar return based on the amount of logo exposure – and it’s not based on whether or not you got a “bargain” (did it cost less than if you bought the benefits a la carte?).
- **Defensible** – The business units themselves are measuring results in terms that they have already determined are of value to their areas. This is eminently more defensible to senior management than the shot-in-the-dark, dollar-return estimate often provided.
- **Comparable** – Because it is based on measurement standards already accepted by the company and its business units, it is relatively easy to compare results between one sponsorship and another.

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- [*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 3rd 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.
- [“Last Generation Sponsorship”](#) – A groundbreaking, free, 10-page PDF article by Kim Skildum-Reid on best practice sponsorship and what it can do for you.

- Kim Skildum-Reid also offers sponsorship coaching, workshops, and in-house training for sponsors and sponsorship seekers, as well as options for government and industry associations. Contact Kim's team on admin@powersponsorship.com or more on customised in-house training or register at www.powersponsorship.com to find out about upcoming workshops in your area.

If you have any questions, a gripe, or would otherwise like to reach Kim Skildum-Reid, feel free to drop her a line on kim@powersponsorship.com.