



PIT-STOP MARKETING

by Darren Marshall

Brand alignment is crucial to making the most of sports sponsorship investments

Every year, North American companies spend more than \$10 billion on sports sponsorships—yet the total amount devoted to figuring out if that was money well spent on increasing brand health is probably less than \$10 *million* per year. In the early days of sponsorship, this lack of accountability was largely due to decisions being made by CEOs because of their affinity for a sport or athlete (no accident that golf is so heavily sponsored); but with the rising cost of sponsorships over the last two decades, this kind of patronage has been hard to sustain.

In search of some sort of ROI affirmation, sponsors began to lean increasingly on “exposure valuation.” This tool is based on counting the length of time your logo (on a car, person, or sideline) is on screen, then calculating how much it would have cost to buy that amount of advertising time at the thirty-second spot rate prevailing in the program in question. On this basis, the average Top-25 NASCAR Nextel Cup team

sponsor will generate about \$47 million in exposure value—around four times the cost of the *average* Top-25 Nextel Cup sponsorship, and clearly a massive return on investment.

Or at least, it is if you’re prepared to believe that (a) your logo flashing by amid 100 other logos for thirty seconds is as valuable as a creative piece of advertising focused solely on your brand, (b) most of the people who are exposed to your logo remember it, (c) most of the people who remember it change the way they think about your brand, and (d) most of *those* people will try/switch or stay loyal to your brand. A giant leap that Clark Kent’s alter ego would be proud of...

Many companies are happy to hear—and report—that their sponsorship dollars generate \$100M in exposure per year. Such numbers have the merits of being 1) extremely simple to calculate and understand, 2) very big, and 3) very likely to go up every year;

this makes them a pretty valuable currency within the industry, particularly when the CEO starts asking awkward questions...

Unfortunately, in our experience the majority of that \$10 billion per year is invested as scientifically as if it had all been put on red at Caesar's Palace. Most sponsors are a long way from understanding the ROI for their sports sponsorship investments, which means they have little to go on when making future plans—or that they will make those plans based on incomplete data.

Based on my fifteen-plus years of experience observing and measuring the sports sponsor world, here are three steps that can help companies get the most out of sponsorship dollars.

1. Carefully align your goals and brand to the sponsored brand. Sports fans are basically members of affinity groups with an almost tribal passion and loyalty to their sport, team, or athlete. They have

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an incredible “resonance” (engagement, attachment, community, loyalty) for their sport; most brands would kill for consumers to feel this strongly toward them. At its roots, sponsorship taps into this resonance and seeks to transfer it to the sponsor's brand. This can happen by transferring the image of the sport to the brand (as Visa

did with the Olympics), by using the sport to establish credibility (as Toyota has done with racing) or an aspirational need (“Be like Mike”), or by simply engendering a feeling of goodwill.

Time and again, research shows that sponsors are perceived as not merely advertisers, but vital contributors to the team's or event's success. Fans feel almost as if they are part of the contract with the sponsor; because they are receiving “benefits” (their driver has a ride in NASCAR again this year, or their team can sign top free agents), they feel they should give their business to the sponsor to encourage the support to continue. This is arguably the major difference between sponsorship and advertising.

We know from our research that this “reward” is strongest where the purchase decisions are most frequent and have the lowest monetary risk—consumer packaged goods. A Patriots fan may drink Pepsi, the “Official Soft Drink of the Patriots,” because he would feel a little disloyal drinking Coke (particularly

with fellow Pats fans) and feels he should reward Pepsi. However, if he has a Dodge, he is hardly likely to run out and buy a Ford because it is the “Official Vehicle of the Patriots.” He might take one for a test drive when he might not have done so otherwise and, if all things were equal, it might just swing the purchase. But by and



large, sponsorship can have a better impact on sales for CPG brands and mainly affects image and consideration of durables.

It is also essential to be sure that the sponsor brand and the sports brands are in alignment. Just as every brand has its own personality, so too do sports leagues. Simply throwing dollars at the largest, best-known target may or may not be a smart strategic move—and it could have a decisive effect on ROI. You might also find that the sport best suited to your company or product can be had at a relative bargain—which makes the whole proposition a lot more appealing.

2. Think creatively—sponsorships can make money as well as cost money. There are many ways to create a powerful sponsorship, and new variations are invented each year. Look

for ways that the sponsorship can earn you money at the same time it is delivering an advertising message. For instance, there are a growing number of “vendor-partner” deals in the retail sector that generate significant profits for the retailers without relying on a single person seeing the sponsor’s logo. Home Depot, K-Mart, and Target have all utilized this approach with the Olympic Games or racing, but Target is arguably the most successful. Target becomes the title sponsor of a NASCAR or IndyCar team, then approaches key vendors in exclusive product categories—Energizer, Fuji Film—to become “Team Target Partners.”

The brands in the program agree to give Target a larger share of the retail sale in return for being part of Team Target trade promotions, recognition in TV commercials,

and show car appearances at the stores. In the 1990s, Target showed dramatic same-store growth in sales for Team Target brands as compared to those outside the program. Both the retailer and the vendor win—the retailer in a larger share of sales revenues, which can actually generate more additional revenue than the sponsorship costs, and the vendor in additional sales.

Or, you can look at sponsorship as a novel way to win a major new account for your company. Many deals in the racing business are like this—WorldCom spent more than \$10 million a year to sponsor the Jaguar Formula One Racing and the Toyota IndyCar teams because in return Ford and Toyota gave them so much business that the profits were far greater than the investment.

3. Track and tune your performance. Much time and effort has been spent in the industry adapting tools used elsewhere

in marketing communications research to try to develop methods that can objectively relate a sponsorship investment to a hard increase in dollars of product sold.

In its work with the Olympics, Visa offers one of the best examples of a sponsor who used research to effectively demonstrate the value of sponsorship. Visa became a Worldwide Olympic Sponsor in 1988 after American Express turned the deal down (a move that then-CEO Lou Gerstner called the “biggest mistake” of his career, and one he later rectified as IBM’s CEO by signing Big Blue up as an Olympic sponsor).

At that time, AmEx led Visa on a number of key metrics that Visa knew determined card usage (“accepted everywhere,” “best card for business,” and the like). By using advertising that leveraged the global nature and prestige of the Olympic Games, Visa was able to show dramatic shifts in these key metrics using international tracking



surveys, with Visa overtaking AmEx and creating an advantage AmEx has never regained. At the same time, Visa launched the “Use the card and pull for the team” promotion in the U.S. to significantly lift transaction volume in the period around the Olympics.

The first step in the journey toward accountability was developing a syndicated sponsorship tracking survey that would at least measure awareness of each sponsorship across and within the major sports. In the early days, companies might have known that 5 percent of people were aware of their golf sponsorship, but they had no idea if this was good or bad. With syndicated surveys, we were able to tell them that the number one sponsor got 25 percent, the leading golf sponsor scored 10 percent, their number one competitor scored 3 percent—and that their awareness was continuing to grow. The sponsors were a lot happier than they had been just with the exposure numbers. Of course, I also remember losing one particular client who looked at his awareness numbers just prior to signing up and said, “I can’t show those to my boss—I’ll be fired!”

Today, companies are pushing research suppliers to come up with a much more direct link between sponsorship and sales, because the stakes in economic terms are so much higher. In the early ’90s you could be the title sponsor of a NASCAR team for as little as \$3M. You would need to add \$10M to that number today.

Thankfully, research suppliers have answered that challenge and there are some really innovative techniques available that can isolate not only awareness of a sponsorship, but also its effect on brand resonance and sales. These days we can tell sponsors not only whether to put their

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money on red or black, but also how much to bet and what they will get back in return!

Remember that insights are only as valuable as the ways they are applied. After assuring that your effectiveness information is up to snuff, it is essential that you implement that data rigorously in tuning present sponsorships and planning future ones. This will help ensure that your messages get through to the consumers who will bring you value, as well as build strong internal support for future sponsorship efforts.

Darren Marshall is Vice President, Client Service, of Knowledge Networks. He can be reached at dmarshall@knowledgenetworks.com.