The sponsorship gap

Sponsorship is set to become a $46 billion industry in 2010, a 3.6% increase over last year, growing at nearly double the rate of the global advertising market as a whole, which is forecasted to gain by 2% this year.

While some of this out-performance can be accounted for by the sports calendar – 2010 is the year of the Winter Olympics and the World Cup, which are only staged every four years – it is clear that brands both big and small are seeing the benefits in attachment to something that, if executed well, will not only raise brand exposure but lend fame and legitimacy to the brand. Major global sports events are still the largest beneficiaries of sponsorship activity – presenting an opportunity for brands to reach an international audience and position themselves favourably in association with a highly popular event.

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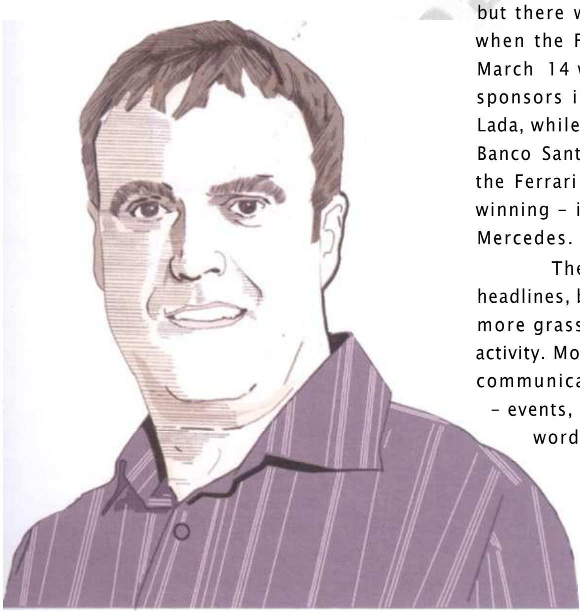
Some financial brands may have reduced their exposure in the credit crunch, but there was no shortage of replacements when the Formula One season kicked off on March 14 with the Bahrain Grand Prix: new sponsors included Virgin Group, CNN and Lada, while the expansionary Spanish bank Banco Santander wrapped its colours around the Ferrari team, doubling its chances of winning – it already sponsors McLaren-Mercedes.



These sporting ties might make the headlines, but sponsorship increasingly lies in more grassroots local community and ethical activity. Moreover, a successful sponsorship communication will carry across many outlets – events, media, projects, landmarks, games, word-of-mouth, celebrity endorsement.

This makes the task of measuring the benefits (already difficult) ever more challenging. A major difficulty is the absence of an industry-wide recognised research metric; each media agency network has its own and this can vary between territories.

As Initiative's Kevin Alavy argues in his paper 'Fill the gap in measurement', there is much to be done to reach the standards met by other forms of marketing communication. He believes that vested interests make the adoption of one industry standard unlikely. Instead, agencies should individually improve the reliability and universality of their metrics. And this will require a cultural change with a greater awareness of the requirements of corporate procurement departments.

Yet, the pressure for greater accountability must come from sponsors, and maybe it is they who first have to mend their ways. There is a lingering suspicion that the glamour and 'feel-good' factors associated with sponsorship, not to mention the corporate entertaining opportunities, make for a less than rigorous questioning of the investment in some sponsors' boardrooms.

But this state of affairs cannot last. Accountants' and shareholders' demands for marketing budget justification are increasing just as the avenues for spending the budget are mushrooming.

When a sponsorship works well, in partnership with a complementary entity that adds value to both parties, there is no doubting its benefit to the brand. This issue of *Admap* is awash with great examples involving brands as diverse as Sage, E.ON, Gordon's Gin and AIG. Yet, proving the effectiveness of many sponsorship projects in the sort of hard financial terminology that acccountants understand, can be difficult.

It won't be long before the same tests are applied to sponsorship as to a TV spot or piece of DM. Unless the industry responds, the effects of a consequent cut in funding will be felt by all of us who follow sport, watch TV, get involved in community projects, or any of the other activities that currently benefit from sponsors' largesse.

Colin Grimshaw
Editor, Admap
colin.grimshaw@warc.com

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