

Sponsorship drives global brand affinity

Sponsorship's flexibility means it can be integrated into all marketing activities, addressing all key audiences, says Karen Earl

In the past decade sponsorship has firmly established itself as an effective marketing tool. No longer does it sit on the edges of brand marketing strategies as a 'nice to do'. Marketers now fully embrace the fact that an integrated sponsorship campaign can achieve real business benefits.

The size and value of the sponsorship industry is testament enough. Estimated global expenditure in 2010 is an enormous \$46 billion, compared with \$44.4 billion in 2009. In Europe alone, expenditure in 2010 is set to reach \$ 12.7 billion (source: IEG, www.sponsorship.com).

Like most industries, sponsorship has felt the effects of the global recession. The financial services sector is one of the major contributors to the industry worldwide; ergo, expenditure has been drawn back while the industry recovers from the recent downturn.

However, for every cutback or withdrawal from sponsorship announced in the past 12 months, there has been a continual increase in the number of new partnerships emerging. High-profile, global events such as the Olympics, World Cup and European Championship football steal the headlines. On another scale, but no less important, sponsorship at community and grassroots level is seen by a number of businesses to be an important part of their business planning and significant in demonstrating social responsibility credentials.

Increasing sponsorship within the music industry, and a desire by brands

to create a more direct and personal relationship with consumers, has led to 'experiential' marketing. Event sponsorship is fast becoming an outdated description.

At the root of all sponsorship strategies is sound business planning.

Sponsorship of the London 2012 Olympics, for example, means a serious financial commitment, and no brand makes that investment without a clear analysis of the quantifiable returns to its business. The fact that LOCOG (The London 2012 Organising Committee) has almost reached its target of £700 million sponsorship income speaks volumes for the business value that such an association can deliver.

The most successful sponsorships are those that have clear business objectives, which can be measured and evaluated. Creative execution which epitomises business and brand values is also important and contributes to memorable campaigns.

Case studies of sponsorships by large, global brands such as Coca-Cola, Mastercard, Visa and Heineken are as often quoted as they are impressive.

Coca-Cola has long been an investor in sponsorship, seeing the benefits of an association with, among others, the Olympic Games and FIFA World Cup football many decades ago. Campaigns such as 'Eat, Sleep, Drink Coca-Cola' at the UEFA European Championships in 1996 are famous. In 2009, the company unveiled the global campaign to surround its 2010 FIFA World Cup sponsorship. Called 'What's Your Celebration?', the campaign invites football fans to express their optimism and





passion for football through active dance celebrations, particularly reflecting the passion in Africa for football. The campaign will sit at the centre of the brand's activities surrounding the sponsorship and will be carefully analysed to ensure the business objectives are achieved.

Brands such as Red Bull and Virgin adopt a different approach - one which reflects their brand positioning.

Red Bull has a portfolio of self-created sponsorships. The brand's slogan is 'It gives you wings' and the product is marketed aggressively through sponsorships such as the Red Bull Air Race, sports team ownerships such as the Red Bull F1 team, and several celebrity endorsements, chosen for their synergy with the brand's values.

Virgin is firmly positioned as a 'challenger' brand, and a sponsorship such as its infamous assistance to the subsequent 2009 F1 Championship winners, Brawn GB, is a typical example.

In contrast, utility companies, whose businesses revolve around the communities within which they operate, tend to choose sponsorships that convey this positioning. Southern Water's portfolio varies from a sponsorship that has taught 500,000 children to swim to giving its staff paid time off work so they can visit schools to help disadvantaged children to read.

Recently the company has added another project, called 'Blooming Schools', which helps thousands of children across the south-east of the UK to create beautiful gardens in their school grounds.

Similarly, Morrisons' 'Let's Grow' scheme has been designed to engage with local communities. However, this example demonstrates the flexibility of sponsorship to act as a campaign platform, in that the scheme is partly a community engagement programme, partly a voucher redemption scheme, partly a CSR programme and partly a stakeholder partnership programme.

Working with the existing infrastructures of two charity partners, Morrisons' objectives were to engage its customers on a deeper level, and to demonstrate its key differentiated brand message around its expertise and commitment to quality fresh food.

Targeting mainly mums with kids in primary schools, the results have been



notable, with good brand perception shifts and a huge uptake from schools, teachers and parents.

The beauty of sponsorship is its flexibility. The perfect sponsorship sits centrally in a brand marketing strategy and becomes integrated into all activities, addressing all key audiences. This flexibility also facilitates brands to change strategies mid-term. Several examples can be highlighted. For example, Npower sponsored English Test cricket matches at the outset to gain name awareness for a new brand - the result of the amalgamation of several power companies. Quickly achieved, the brand's objective turned from awareness to sales. Continuity for a decade would suggest that Npower is meeting such changing objectives.

The airline, Emirates, has used sponsorship successfully to launch new destinations, as has its Middle Eastern rival, Etihad. British Airways, on the other hand, uses sponsorship to emphasise its Britishness. Its inclusion in the London 2012 sponsors is no surprise, but the other main focus will be an employee engagement strategy - another increasingly important area for business, together with the demonstration of social responsibility and transparency.

The Deloitte Parasport campaign is a good example of a company adding its London 2012 Olympic sponsorship to

its agenda of cultural diversity. Deloitte is working with ParalympicsGB to use the power of sport to reach the 12 million registered disabled people in the UK, while at the same time engaging its own employees in the campaign. The results have been very positive, with 95% of Deloitte's staff being proud of the company's support of disability sport; 2,500 staff have volunteered over 2,500 hours, and 20 Deloitte Champions lead disability sport across 18 regional offices.

EVALUATION

Key to all successful marketing campaigns is the ability to measure and evaluate. It is a fallacy that sponsorship cannot be accurately assessed. As the European Sponsorship Association's Guidelines to Sponsorship Assessment and Evaluation Guidelines advise (Source: ESA www.sponsorship.org) evaluation should be based on return on objectives (ROO), not just on return on investment (ROI). Those objectives should be specific, measurable, achievable, relevant and timebound (SMART).

Clear objectives lead to concise evaluation whereby judgments can be made on the business success of sponsorship campaigns. In this, sponsorship is not unlike other forms of marketing. The label that sponsorship used to carry of being difficult



to measure or, worse still, an activity based merely on a chairman's whim, has long since been silenced. Sponsorship is expected to make a business return and, as such, faces the same rigorous checks and balances as other commercial marketing activity.

Few companies are willing to make public the results of such evaluation, fearing, perhaps, that success will spawn an increase in the costs of sponsorship rights. One exception to this was Peter Foss, GE's president of Olympic sponsorship and corporate sales, who was happy to confirm that his company's top Olympic sponsorship, when measured from an incremental growth standpoint, had resulted directly in \$700 million of business in Beijing. He went on to say that such business revenues were only one of several objectives of the sponsorship but that they all culminated in increased awareness of the GE brand. So, Mr Foss was happy to admit increased business revenues but stopped short of admitting the sponsorship had paid for itself.

There are, of course, a number of reasons why sponsorship contracts do, or do not, get renewed at the end of their term. Most marketing teams investigate in-depth whether sponsorships have proven ROO and, if so, whether that benefit can be carried into a further term when considered against future business objectives. Where businesses can positively answer both these

questions, negotiations will probably take place for an extension to the sponsorship contract.

THE FUTURE

Sponsorship as a marketing medium is firmly established. It needs to guard against other marketing disciplines claiming its success and submerging it. Its flexibility means it comes in many guises and, to the uninitiated, it can be seen as an alternative form of advertising - when sponsoring television programmes or signage at events, or merely as celebrity endorsement - Tiger Woods for example. The latter's recent saga has highlighted the careful thought necessary when associating a brand so closely with a personality. Accenture took a hit as a result of Woods' off-course activities, while Nike is sticking

with its man and trusting that he can make a successful return to the sport and continue to shift their product as he has done since 1996, when Nike signed him for \$40 million. At that time the brand had a 1% share of the global golf equipment market. When it re-signed the deal with Woods in 2000 for \$90 million, it had captured a 15% share of the global market - a position it attributed largely to the deal and worth considerably more than its outlay.

Sponsorship faces other threats, most notably from possible legislation. With tobacco sponsorship snuffed out, alcohol is the next industry in the spotlight, and the fear is that pressure will be exerted, too, on others such as gaming and fast food. Sponsorship industry body, the European Sponsorship Association (ESA), lobbies hard in Europe and in the UK to promote better understanding of the benefits of sponsorship and to defend it against becoming an easy political target within growing social pressures.

Despite such political and any future economic threats, sponsorship remains in good shape. In a marketing landscape besieged by media fragmentation, it offers an effective, flexible means of reaching and communicating with consumers through their emotions.

As David Wheldon, global director of brand at the Vodafone Group, recently confessed: "I certainly spent all of the 1980s thinking sponsorship was a waste of money, a chairman's indulgence and not capable of driving brand engagement, brand equity or all of the things I now know sponsorship to do very powerfully. I'm a total convert to sponsorship as a marketing platform."

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