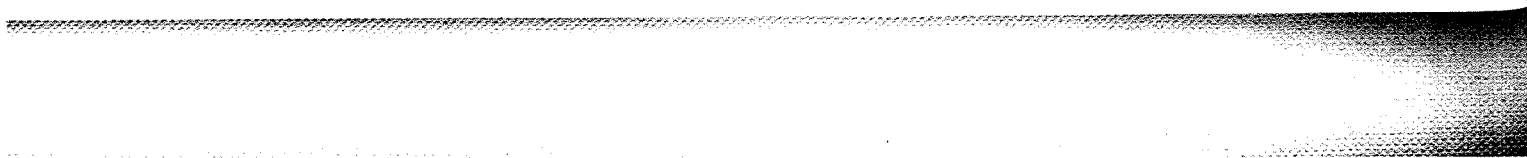
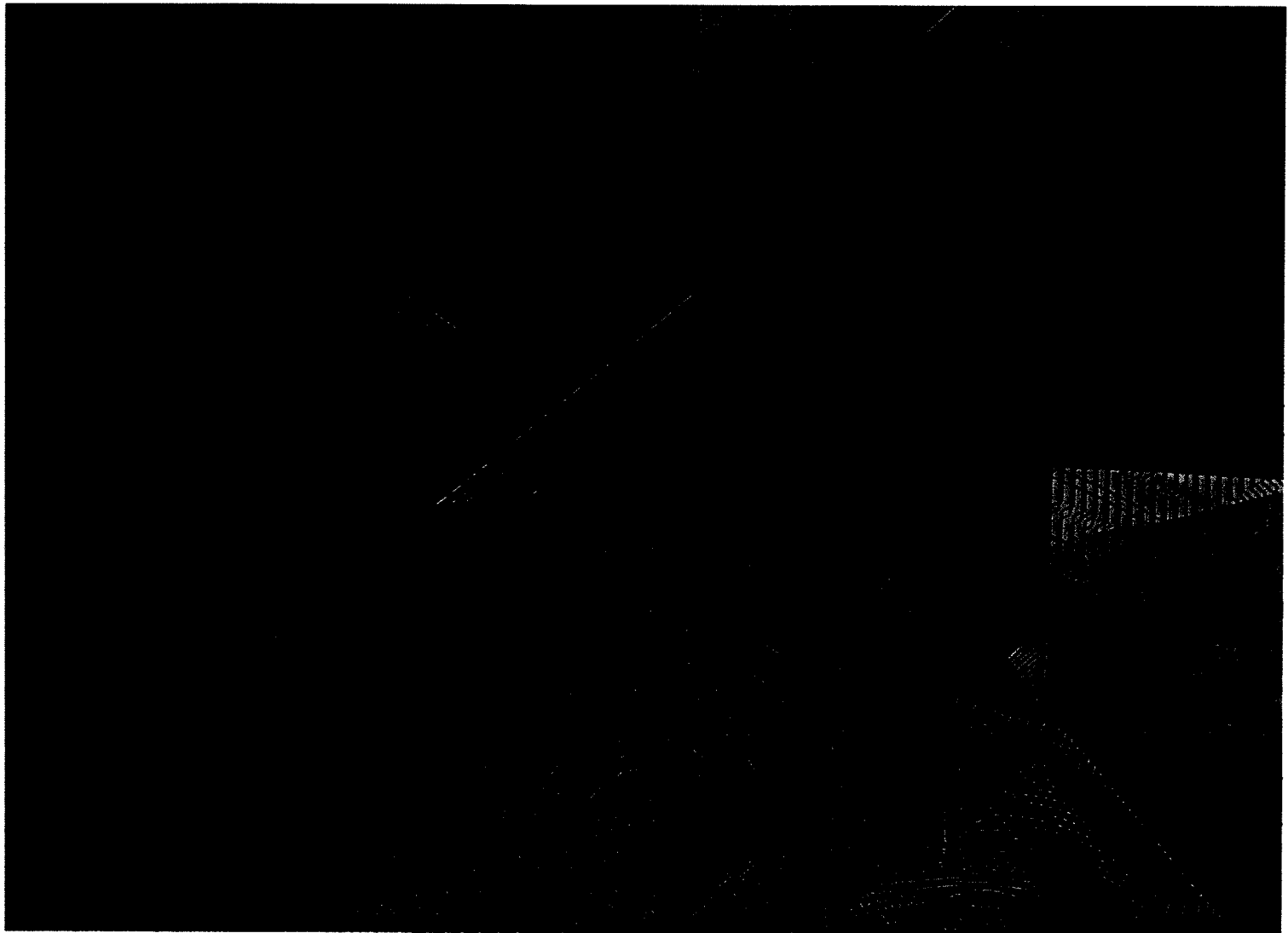


Lyn Clarke has had an extensive career writing for mainstream and direct marketing agencies both in Australia and in London. A former lecturer in direct marketing at RMIT University, she now works as a consultant to companies and agencies. Lyn can be contacted at lclarke@whome.com.au.

SPONSORSHIP EXPOSED

Having scored a sizeable chunk of Australia's advertising spend, companies are realising that sponsorship is a valuable marketing tool in its own right, says **Lyn Clarke**.



In Australia, an average of 21 percent of the overall marketing and communications budget is allocated to sponsorship. This was one of the key findings of 'Sponsorship Outlook 2006', a study commissioned by S-COMM Australia and the Australasian Sponsorship Marketing Association (ASMA).

That's one-fifth allocated to sponsorship here in Australia, compared with an average of 17.7 percent in Europe (Red Mandarin) and 13 percent in the US (IEG 2006). 'Sponsorship Outlook 2006' surmises that Australia's renowned love affair with sport ensures sponsorship has a strong place in the overall marketing mix.

As expected, the report found that sport still dominates Australian sponsorship investment; with 60 percent of total sponsorship spend. Surprisingly, the cause-related segment has moved to a clear second place with 18 percent. The most significant finding, however, was that despite the sizeable investment being made by companies, there is only an average understanding of the concept of sponsorship as a marketing tool within sponsors' organisations.

As such, the time seems right to put the spotlight on sponsorship, examining the issues, challenges and opportunities available to today's businesses.

SECURING RIGHTS

At the end of 2005, according to the Australian Bureau of Statistics, there were 9256 sports and physical recreation businesses and organisations. Over half of these (54 percent) were for profit, 39 percent were not-for-profit and six percent were government organisations. Spoilt for choice, potential sponsors would be wise to shop around and negotiate the benefits they are buying.

Simon Baggs, chief executive officer of Lateral Marketing and Management, agrees, noting that some sponsorship sellers are still living in the 'gold, silver and bronze' package mentality in which they bundle benefits that rarely make sense from a sponsor viewpoint. He says that wrangling is a part of the process. Sellers will say, "You can't have that branding unless you are a 'gold' sponsor and buy a full gold package." But at the end of the day, buyer and seller need to come to a price for the benefits, irrespective of packages and sponsorship tiers.

"Sponsorship is one of the most malleable disciplines of the marketing mix," Baggs emphasises. "Sport sponsorship can include a wide array of benefits depending on the orientation of the sponsor. FMCG companies might seek branding and sampling, while charge and credit card companies might be more interested in the transactional processes for ticketing, along with hospitality and branding. Automotive companies will be seeking to display their latest models, entertain their dealers and to do this in a strong brand environment. Sport sponsorships are often used for increasing the reach of brands in certain geographies. For example, a retail bank may have a stronghold in New South Wales, but be weaker in Victoria. They may consider AFL club sponsorships to get into the hearts and minds of Victorians, while the Victoria-based banks will be in negotiation with the Rugby Union in New South Wales."

Baggs notes that corporations seem unable to spend a dollar in advertising without an ad agency, but they will happily spend millions on sponsorship, often without sufficient due diligence. "Get professional sponsorship agency advice on the negotiation tactics, on the value of sponsorships and on ways to leverage the sponsorship to your advantage."

portable display
banners posters point
indoor outdoor large
printing offset printing
printing dye sublimation
printing flat bed
laminating mounting +



Xstand



baseSTAND



RollUp



Vertical



Horizontal

Outdoor
Aframes

PopUp

- > suit any budget
- > special agency rates
- > full design service available
- > custom design & manufacture

XGROUP
display solutions

www.xgroup.com.au

info@xgroup.com.au

[03] 9584 1200



“Despite the sizeable investment being made by companies, there is only an average understanding of the concept of sponsorship as a marketing tool...”

LEVERAGING YOUR INVESTMENT

‘Sponsorship Outlook 2006’ states that in 2005 sponsors spent an average of \$2.5 million with 60 percent allocated to rights fees, 33 percent on leveraging that investment and six percent on research, as a means of measuring the effectiveness of their sponsorship investment.

“Brands will not derive value from a sponsorship by being passive,” explains John Nicholl, managing director of STW Sports & Events. He notes that the fee to leverage ratio is under-indexed in Australia versus other key international markets. “However, we are seeing a shift to leverage dollars increasing relative to the fee investment to sponsor a sport.”

Nicholl points out that sponsorship has a crucial role to play in the marketing mix of ‘sponsorship savvy’ companies, saying that now more than ever, it is extremely important for brands to integrate sponsorship into the marketing mix to derive increased brand health and commercial return.

“Sponsorship leverage in isolation will not unleash the potential value for a brand or company. The true value of sponsorship can only be realised if it is leveraged in conjunction with other elements of the mix; i.e. brand, media, advertising, PR and new media. At STW Sport & Events, we are seeing a major trend by companies leveraging their sponsorships via online platforms to connect with their target audience,” adds Nicholl.

New media and the impact of content and online leverage programs are changing the ways that brands leverage their sponsored properties, according to Nicholl. “Broadcasting of sporting events, via FTA or pay TV, is also having an effect on the ways brands determine fit and value for various sports properties,” he says. “Brand awareness and hospitality is no longer the only value brands see in sponsoring a sporting team or event; it is more about integration of the entire marketing mix.”

Nicholl urges companies to understand how a sponsorship property will align and complement the overall business plan objectives and fit within the marketing plans. “It is imperative that a company defines the sponsorship objectives and develops an integrated leverage plan prior to entering negotiations with a particular property. In this way, companies can maximise what rights and entitlements are needed to truly maximise value and return on investment (ROI) from their sponsorship investment. The end game should always be to connect your brand with the target audience in a relevant and meaningful way.”

MEASURING SUCCESS

Jann Kohlman, vice president of ASMA, says that as the recognition of sponsorship as a strategic marketing tool has increased, organisations are prepared to spend more on sponsorship. Accompanying this increase in spend, Kohlman cites the sponsorship sector’s rigour with regard to the measurement of results. “Because organisations are becoming increasingly adept at measuring the sponsorship results, they are increasingly able to build business cases for sponsorship and justify spend in this activity. So as long as sponsorship professionals can quantify results and justify the spend they will be able to justify investment in sponsorship activity.”

John Nicholl adds that measurement should always reflect the specific objectives a company outlines for each sponsored property, whether that be around brand health or driving sales. “Some of our clients have specific measurement models around the value of hospitality and this can be tracked on an ongoing basis to determine value from client entertainment. Other key metrics may be via incremental sales from sponsored promotions, brand health scores tracked against sponsorship and the number of hits to a website from specific sponsored leverage activity, among others.”

Lynn Anderson, managing director, S-COMM Australia, has seen many developments in the business of research and development. “Initially, we were mainly asked to measure the media value from the exposure opportunities of events. The next pivotal moment was when sponsors were being pressed for more definitive proof of ROI. This led to sponsors adding a few questions onto their overall brand tracker. A few years back, we expanded our market research division as sponsors recognised the need to conduct sponsorship-specific research that isolated the effects of the sponsorship with a cleaner measure. Finally, the latest movement we are seeing is clients who are now going to the next level of sponsorship research, where we are attempting to measure the impact of sponsorship and compare that directly with the impact from the other marketing media being used.”

ANOTHER OPTION

The increased pressure for social responsibility is also having an impact on how and where companies invest their money and time. Hailey Cavill, of Cavill & Co, a corporate/cause partnership specialist, explains that when it comes to investing in causes, a partnership model is often more effective for both parties.

Sponsorship often involves a company or brand funding an event or program and exposing its brand to the audience or participants. But when the property is a charity, the major benefit is when the company or brand borrows the image of the charity that carries enormous goodwill and trust, to create an emotional connection with their customers.

From Cavill's experience, the modern day cause/corporate partnership calls for involvement from a company or brand at a number of levels – staff volunteering/fundraising, brand alignment (as in a cause-related marketing campaign), as well as exchange of goods or services and expertise.

Cavill emphasises that it is critical that measurable objectives are set at the beginning. "Companies who set objectives such as 'position us as a good corporate citizen' are asking for trouble! It's just too broad." She says that measuring differentiation, brand trust and staff motivation requires additional investment in attitudinal research, whereas increased sales are much easier. "The key is to ensure that outputs as well as outcomes are being measured. An output could be the percentage of staff who volunteer versus outcomes – increased pride and motivation. In this era of corporate accountability, a cause partnership can lose credibility if the company cannot show the tangible

social difference that is being made. But we find it's the hard measures that generally make the CFO sit up and take notice, and realise that a cause partnership can provide significant ROI as well as that nice warm fuzzy feeling."


PROTECTING EXCLUSIVITY

Kym Illman, managing director of Messages On Hold, unashamedly admits to pulling some ambush marketing stunts, though he has never specifically targeted sponsored events. "When you're starting up you just want to get your logo out there. So I'd look for any opportunity where a TV camera was rolling, such as at the airport when stars were arriving or news reports on the street."

Starting as a one-man band in 1988, his company now has 80 staff and turns over \$12 million a year, with clients in 18 countries. His 'big hands' have appeared on television screens in lounge rooms throughout the world, usually in the background, but noticeable all the same. Even today, people recall seeing the 'big hands' on TV.

Despite crediting ambush marketing with getting him some brand exposure, Illman can't really see this type of advertising taking off. As he puts it: "Ambush marketing is just so hard to do, with a lot of planning involved."

Even though it occasionally makes the news, Jann Kohlman says that these stunts need not threaten a sponsor who has leveraged their sponsorship well. As Kohlman surmises: "Ambush marketing will generally create an advertising and PR opportunity. Long-term sponsors, by comparison, can create an enduring and relevant direct relationship with the target audience. This is the power of sponsorship."



In the end, the search for file no. 3,897,976 simply took its toll on Rebecca Schultz.

At Salmat, we understand time is a precious asset. So we have created a document management and archiving system that is both inexpensive and easy to use and empowers your staff to store and find everything they need, when they need it – without fuss.

To receive a brochure on how we can improve your archival & retrieval system, call 1800 508 308.

Salmat.
Getting the Message Across.

SALMAT
www.salmat.com.au