

Sponsorship in Marketing

Chapter 3: Becoming Partners

Becoming Partners

In any relationship, there are at least two perspectives. In sponsorship relationships, as noted, the sponsor organization usually is the perspective that receives the most emphasis.

But it is only one side of the story. To understand sponsoring, perspectives of both the sponsor and the property are needed.

THE PROPERTY PERSPECTIVE

Overview

- *Soliciting Sponsors*
- *Developing the Proposal*
- *Pricing*
- *Prospecting and Sales*
- *Vetting and Negotiation*

THE PROPERTY PERSPECTIVE

Soliciting Sponsors

Small

- Solicit directly
- Standard proposal
- Yes/No response
- Orientation is covering cost

Large

- Solicit via an intermediary
- Proposals are tailored
- Negotiated
- Orientation is maximizing value

THE PROPERTY PERSPECTIVE

Developing the Proposal

- Hook
- Synopsis of reasons for the sponsor to enter an agreement
- Overview of property
- Insights on past performance
- Terms and conditions
- Building value
- Success measurement
- Contact information

THE PROPERTY PERSPECTIVE

Pricing

- Cost-based pricing – cost plus pricing
- Competition-based pricing – based on competitors and alternative
- Value-based pricing – value of the property for the specific sponsor

THE PROPERTY PERSPECTIVE

- Prospecting and Sales
- Vetting and Negotiation

THE SPONSOR'S VIEW

Overview

- Objectives
- Exclusivity
- Sponsor Decision-Making
- Contracts
- Relationships

THE SPONSOR'S VIEW

Objectives

- Awareness/visibility of brand or company
- Positive attitudes/reputation
- Sales
- Expand content strategy
- Enhance stakeholder relationships
- B2B development
- Fan engagement
- Strengthen customer loyalty
- Brand positioning/repositioning
- Gain business/consumer insights
- Support market entry
- Increase ROI
- Reach niche markets
- Product demonstration

THE SPONSOR'S VIEW

Exclusivity

Exclusivity is the possibility to be the only brand in a category, communicating in conjunction with a property.

Exclusivity is a highly valued aspect of sponsoring, but it is complex.

There are exceptions to the strong preference for exclusivity:

- *Same category but not a directly competing brand.*
- *Same category (even if a direct competitor) but in a different market.*
- *Contextual preference for shared exclusivity.*

THE SPONSOR'S VIEW

Sponsor Decision-Making

Planning Stage

- *Set objectives.*
- *Conduct market research and analysis.*
- *Identify the target group.*
- *Develop the strategy.*
- *Calculate the budget.*

Selection Stage

- *Select type of sponsorship.*
- *Select a sponsee among alternatives.*
- *Check fit between sponsor and sponsee.*

Negotiation Stage

- *Contact the sponsee.*
- *Select sponsorship rights.*
- *Conduct the contract negotiations.*

THE SPONSOR'S VIEW

Contracts

The International Chambers of Commerce define a sponsorship agreement as:

Any commercial agreement by which a sponsor, for the mutual benefit of the sponsor and a sponsored party, contractually provides financing or other support in order to establish an association between the sponsor's image, brands or products and a sponsorship property in return for the rights to promote this association and/or for the granting of certain agreed direct or indirect benefits.

There is no single, specific form a sponsorship contract should take, but there are some common components.

THE SPONSOR'S VIEW

Relationships

As is the case for virtually any business relationship, commitment (dedication to the relationship) and trust (confidence in the integrity of the partner) are central to sponsorships.

Becoming Partners Questions

- 1. Consider Table 3.1. Should the weighting points vary across different ecosystems? If so, how?*
- 2. How might sponsor objectives change over the next five years?*
- 3. Research has shown that personal objectives influence sponsorship decision-making. Are there instances in which such drivers are acceptable or even “good business”?*