



MODULE 8

Part 2: Sponsorship and merchandising for events



Table of contents

1. Introduction.....	3
2. Event sponsorship.....	4
2.1 Objectives of sponsorship	5
2.2 Levels of sponsorship	6
2.3 Developing a sponsorship proposal	8
2.4 Evaluating sponsorship effectiveness.....	9
3. Event merchandising	10
4. Conclusion	11
5. Bibliography.....	12

**Disclaimer:**

These notes are adapted from the University of Cape Town and GetSmarter's course notes for Module 6 of the Events Management elective offered as part of the blended version of the UCT Postgraduate Diploma in Management and Marketing.

Learning outcome:

LO8: Describe sponsorship in the context of event management.

1. Introduction

Note:

When planning and managing your time, as you read through this set of notes, please be aware that the estimated reading time indicated on the Online Campus does not include the time it takes to work through any embedded videos or links to articles from external sources. This additional content is designed to enhance your learning experience and provide information that expands on the theory outlined in the notes.

Think about the last public event that you attended. Can you remember what the signage on stage and in public gathering areas looked like? What was printed on the food and beverage containers you purchased? If you won any prizes or received a goodie bag, what packaging was used and what logos and slogans were displayed on the goods? Chances are that these objects were all associated with the main sponsors affiliated with the event, and that your memory of the event is inextricably linked with the colours, images, and slogans associated with the sponsoring brand. You may have gained a new appreciation or fondness for the brand as a result of the good time you had at the event, and perhaps the next time you are in a shop you will be more likely to reach for the sponsor's product on the shelf. You might even tell your friends about the event and recommend the sponsor's products the next time that somebody is in the market for that specific good. This is the power of sponsorship – it encourages brand loyalty and increases sales.

Similarly, if you walked away from that event having purchased some clothing, accessories, or souvenirs bearing the event's logo, slogan, or mascot (or in some cases the sponsor's logo), this merchandise would serve as a tangible reminder of the good time that you had at the event every time you use it, thus reinforcing your desire to attend the event again.

This set of notes considers the role of sponsorship at events, and how event organisers and sponsors can partner together to benefit from sponsorship agreements. It covers:

- How to select sponsors;
- The objectives of sponsorship;
- Different levels of sponsorship;



- How to develop a sponsorship proposal; and
- How to measure the effectiveness of sponsorship agreements.

Additionally, the role of merchandising at events, and some key aspects related to merchandising, is also discussed.

2. Event sponsorship

Due to the growing number of events that take place internationally each year, there is an increased need for sponsors to assist in providing funding for these events. It has become a common source of funding and forms a large component of recurring events' revenue streams (Knott & Turco, 2010:274; Van der Wagen, 2001:62). For example, the Coca-Cola Company's long-term sponsorship agreements with high profile events such as American Idol, NASCAR, the NBA, and the Olympic Games ensures that the soft-drink company's products obtain a large amount of exposure, and that these iconic events can keep running year after year (The Coca-Cola Company, 2012).

Sponsorship can be defined as:

The purchase (either with cash or in-kind support) of exploitable rights and marketing benefits (tangible and intangible) that arise from the direct involvement with a personality/player, special event, program, club or agency.

(Allen et al., 2005:234)

In other words, sponsors provide cash or free goods and services (value in kind) in exchange for increased exposure and commercial returns. In this way, sponsorship can be described as a "symbiotic" relationship in which both the sponsor and the event benefit.

It is important to distinguish sponsorship from philanthropic or charitable initiatives, however, because sponsorships are always very strategic marketing investments (in the form of below-the-line advertising), and can therefore be viewed as business partnerships (Allen et al., 2005:235; Van der Wagen, 2001:62). Charitable donations, grants, corporate philanthropy, and patronage, on the other hand, are not extended on the basis of expecting a return on investment (ROI) or any significant commercial benefits arising from the sponsorship (Knott & Turco, 2010:276).

How to get sponsorship

To get sponsorship you first need to know what to look for. The following article explains sponsorship in simple terms, breaking down its basics and teaching you how to determine and sell sponsorship value. Access the article on [how to get sponsors for an event](#) here.

Is this the right sponsor?

As tempting as it may be for an event organiser to approach any and every potential sponsoring organisation in the hope of securing adequate funding for an event, it is very important to ask the right questions to determine whether or not the event and sponsor are the right “fit”. Van der Wagen (2001:64) outlines six key questions that an event organiser should ask before approaching a sponsor:

1. **What are the benefits?** Will the sponsoring organisation benefit commercially from being involved with the event, and do the benefits outweigh the potential cost of the sponsorship (in terms of time, finances, and other resources)?
2. **How long will the association last?** Will the sponsorship be a long-term partnership, and is it possible to secure an agreement extending over a number of years?
3. **How much exposure will the sponsor gain?** How prevalent will the sponsor’s logo be at the event – will it appear on all the event’s advertising, will there be merchandise, and will the sponsor have naming rights to the event?
4. **Will it be an exclusive sponsorship?** Will the sponsor be the only sponsor (and thus gain more exposure), or will there be numerous sponsors associated with the event?
5. **Is there compatibility?** Is the sponsor’s product or service a good “fit” for the event objectives? Are there any conflicts of interest that could arise from sponsoring the event?
6. **Is there the potential for ambush marketing?** Are there potentially organisations that will attempt to gain exposure through the event despite not being an official sponsor, and will competitors’ products be on sale at or near the event?

2.1 Objectives of sponsorship

The first question that any potential sponsor will ask when approached by an event organiser is “what’s in it for me?” The sponsoring organisation will want to fulfil certain objectives through the sponsorship and obtain a reasonable ROI for their efforts. It is the event organiser’s responsibility to make sure that they assist sponsors in achieving these objectives, as this will ensure a long-lasting and mutually-beneficial working relationship between the two parties (Knott & Turco, 2010:276). Some of the most common sponsor objectives include the following:

- **Awareness:** Events provide excellent opportunities for media exposure and coverage, and increased awareness of products and services. Due to this, events are often considered a low-cost-per-exposure marketing medium. Media exposure can take the form of television and radio coverage, newspaper coverage, and exposure on social media platforms such as Facebook and Twitter.
- **Image enhancement:** Often sponsorship is seen as a form of public relations in that



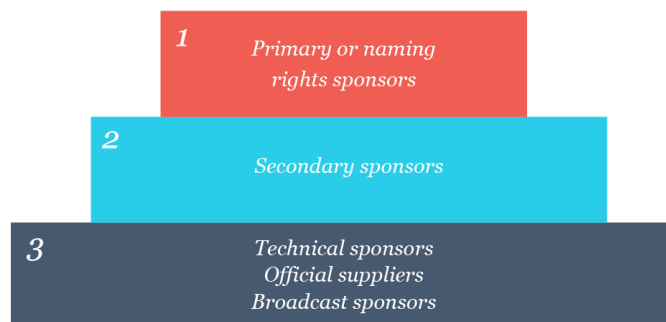
sponsors seek to portray a positive image – one of being a “responsible citizen” or a reputable and reliable brand – to the public. By sponsoring high-profile events, sponsors can reinforce, or in some cases alter, public perception of their organisation and paint the organisation in a favourable light. A good example of deflecting bad press and enhancing image and reputation through sponsorship was Nike’s sponsorship and CSR activities under which the company launched under the “NikeGo” name in 2002. This was done to help repair the company’s image after the negative publicity it received for the poor working conditions and underage labourers in its factories in developing nations (Knott & Turco, 2010:276).

- **Employee relations and recruitment:** By sponsoring events that existing staff members and potential new recruits can identify with, corporate sponsors are able to enhance staff pride in the organisation, and position the organisation as one that is aligned with the values and interests of potential recruits. In this way, the company can attract talented new employees that share the company’s values. Companies can even provide incentives for staff members to get involved in aspects of the sponsorship, such as the potential to win tickets or be invited to the corporate hospitality areas at the event.
- **Increased sales:** Increased brand awareness and opportunities to purchase and sample products and services at an event leads to increased sales for the sponsoring organisation. This is especially the case if sponsors have exclusive merchandising rights, or the opportunity to hold product launches or samplings at the event. For example, an energy drink manufacturer might sponsor a marathon and, as part of their marketing campaign, provide race finishers with free samples of a new energy drink in their product line.
- **Corporate hospitality:** Sponsors can set up corporate hospitality areas to entertain key business leaders, opinion leaders, wholesalers, and retailers. This is especially effective for sponsors with business-to-business clients. A prominent example of this is the corporate hospitality marquees set up by the whisky manufacturer J&B at the J&B Met. By extending an exclusive invitation to the J&B marquee to these influential individuals, the J&B sales team can ensure that they mingle with the right people and strengthen the company’s trade relationships.

2.2 Levels of sponsorship

Depending on the contributions that event sponsors are willing to make, they can be categorised into either primary or secondary sponsors. Additionally, sponsors can also fall under the categories of technical sponsors, official suppliers, and broadcast sponsors (if the event is broadcast on television). Figure 1 outlines the different functions and characteristics of each of these types of sponsors (Knott & Turco, 2010:281-282).

Types of sponsors



Primary or naming rights sponsors

- Pay for naming rights to the event.
- Can be sole naming rights or a joint primary sponsorship with another brand.
- E.g. Old Mutual Two Oceans Marathon, Red Bull Air Race

Secondary sponsors

- Less exposure than primary sponsors.
- Specific right entitlements depend on individual sponsorship contracts for the event.
- Can include some of the rights of technical sponsors and official suppliers.

Technical sponsors

- Entitled to supply official technical equipment to the event.
- Provides an opportunity to showcase what the equipment can do.
- E.g. Shure (an audio company) was the official technical sponsor for South African Idols, for which they supplied microphones.

Official suppliers

- Entitled to supply products to the event.
- E.g. soft drinks, snacks, or bottled water.

Broadcast sponsors

- Attractive to marketers because of the benefit of communicating to consumers via the media.
- A sponsorship package is negotiated with the official media broadcaster.
- E.g. on screen corner logo displays, opening and closing billboards, advertising during commercial breaks, branding in the television studio.

Figure 1: Events can partner with various types of sponsors including primary, secondary, technical, and broadcast sponsors, as well as official suppliers.

How can sponsors activate and leverage sponsorship opportunities?

In order for sponsors to make the most of the resources that they invest in events and ensure a sizeable ROI, they need to find creative ways to leverage their sponsorship and go beyond simply having their brand on a few key items or posters. Apart from traditional forms of activation such as corporate hospitality, merchandising, and signage, the advent of social media has also made a number of digital activation strategies possible. The internet allows potential and existing customers the opportunity to engage with brands and events in a more tangible way than ever before, and sponsors need to recognise these opportunities and engage their client base (Knott & Turco, 2010:283; Henderson, 2014). In this Digital Marketing Magazine article, Athlon Business Director Daniel Henderson discusses some key ways in which sponsors can leverage their sponsorship opportunities using digital media.

2.3 Developing a sponsorship proposal

Once the event organiser has decided what type of sponsorship they require for the event, they need to develop a proposal to present to potential sponsors. This is normally done in the form of a formal proposal document that secures the partnership. On a broad level, the proposal should answer the following questions (Allen et al., 2005:252):

- What does the organisation need to sponsor?
- What are the benefits to the organisation of entering into the sponsorship agreement (what will they receive)?
- What will it cost the sponsor to sponsor the event?

The proposal document can take on many different forms, and the event organiser should ensure that the following areas are covered in their proposal (Allen et al., 2005:252-253; Knott & Turco, 2010: 284-285):

- **Executive summary:** A paragraph or two at the beginning of the document to summarise the main points outlined in the rest of the proposal assists busy executives who need quick access to relevant information and do not always have time to wade through pages and pages of text in detail. This summary should cover all the key aspects of the proposal.
- **Introduction:** The introduction is aimed at creating a good first impression, and should briefly describe the proposed sponsorship opportunity and create interest. Information that could be included in the proposal includes the event managers, event dates, target audience, and an overview of planned media coverage and exposure.
- **Event overview:** Potential sponsors need to be able to gain a good idea of what the event is about, including its mission, vision, goals and objectives, location, duration, past and current sponsors, predicted attendance and media coverage, and the attendee profile (target audience). Additionally, if it is a recurring event, historical financial data



could also be included. This is a chance to sell the event, and information about the history and growth, major milestones, and major successes could also be included here.

- **Sponsorship package:** The different components of the sponsorship package should be clearly laid out. This includes the types of benefits the sponsor can expect, the pricing (how much it will cost the sponsor), the proposed duration of the sponsorship agreements, and an analysis of the strategic fit between the sponsoring organisation and the event. Some components that are usually important to sponsors include exclusivity, signage, media and broadcast opportunities, and opportunities to market their products and further leverage the sponsorship through other activities at the event.
- **Value enhancements:** If there are any additional benefits not highlighted in the sponsorship package section that the sponsor can expect to obtain, these should be laid out here. For example, some events may conduct research on the effectiveness of sponsorship initiatives for the specific event, and this research could be made available to the organisation to inform their own strategic decisions post-event.
- **Terms and conditions:** The expected financial commitment, payment terms, and any other conditions of sponsorship must be clearly laid out. If there is provision to be made for in-kind sponsorship, those details also need to be included here. Payment timings, duration and conditions for termination of the agreement, options for renewal, responsibilities of each party, and contingencies must be stipulated.

How to obtain corporate sponsorship:

Competition for corporate sponsorship is fierce, and with so many event organisers clamouring for the best sponsors, it can be overwhelming to start looking for sponsors and drafting proposals to win them over. Read this Marcato article for [ten tips for obtaining corporate sponsorship for an event or festival](#).

SponsorMyEvent is another company that can assist event organisers in their search for sponsors. The company's purpose is to create a platform to bring event organisers and sponsors together so that each event can find their appropriate sponsor match.

2.4 Evaluating sponsorship effectiveness

Worldwide, corporations are tightening up on budgets and carefully scrutinising every potential expenditure and, as such, event organisers have to be able to offer sponsors proof of an acceptable ROI for their contributions. The only way to assess whether an adequate ROI is being achieved, however, is to measure it using quantitative and qualitative research techniques. If event organisers can provide proof that sponsors are benefiting from their contributions through increased brand awareness and recall, sales, and media exposure, then they are more likely to continue with the partnership into the future (Knott & Turco, 2010:285).

It is advisable to set out the post-event evaluation methods from the beginning of the sponsorship programme, with the main focus being on how to measure the sponsor's main



objectives. Turco and Knott (2010:285) outline three key ways in which ROI and sponsorship effectiveness can be measured:

1. **Qualitative assessments:** A subjective assessment of the sponsorship's effectiveness based on executives' or other experts' judgements. These experts will evaluate the success of the sponsorship based on how well the event contributed to meeting the sponsorship goals and objectives deemed important to the organisation.
2. **Market responses:** This type of assessment focuses on changes in the market-related elements such as sales levels, trade participation, and target market perceptions, attitudes, and buying behaviours.
3. **Media equivalencies:** This method makes use of media tracking to record the number and length of all relevant media exposure and compares this exposure to the equivalent cost of advertising to gain the same exposure. The quality of the media exposure is also taken into account, and this is done by determining which publications and programmes covered the event, the tone of the coverage (positive, negative, or neutral), and who reported on the event. It is also useful to track how much coverage a specific sponsor obtained relative to other sponsors.

It is generally agreed upon that the effects of sponsorship are more far-reaching and nuanced than advertising, and this makes it challenging to track the exact ROI and benefits of a sponsorship. Sponsorships also generally tend to have longer-term impacts than advertising, as it takes a while for consumer perceptions and attitudes to develop. Once favourable impressions and associations of the sponsoring brand with the event have been developed, these can be long-lasting and tend to stick long after the sponsorship has ended (Knott & Turco, 2010:286).

Boosting an event's ROI and measuring event success:

With increased pressure on event organisers to provide measurable and statistically significant ROIs on events, organisers need to start coming to the party, so to speak, and implement innovative and effective ways of boosting ROI for sponsors and other investors. This BizBash article outlines [four simple ways to increase ROI for an event](#).

3. Event merchandising

Event merchandising can play an important role in generating extra revenue at an event, and also serves as a means of promoting the event long after it is over (Carmouche, Shukla, & Anthonisz, 2010:266). A cap or a branded water bottle purchased at the event for example may travel with the attendee to numerous locations, thus providing increased opportunities for public exposure and reinforcing the good memories of the event in the mind of the attendee. There are many event merchandising companies that event organisers can partner with to produce the necessary merchandise for their event, although smaller events should be careful not to order too many items and risk being overstocked and potentially making a loss. You can read more about different types of event merchandising here.



Sponsors can also use merchandising to leverage their sponsorship if their brand name and logo appear on the merchandise along with the event's branding (or sometimes, only the sponsor's branding will appear, especially if goods are provided in-kind). Some key aspects of event merchandising include the following:

- **Logos:** A good event logo should be able to convey what the event is about, portray the event image well, provide relevant messages, and be colourful (when appropriate), attractive, and eye-catching. Event organisers should consult design agencies before finalising the logo. When logos are placed on merchandise, it can provide a significant revenue stream and serve as an effective form of marketing for the event.
- **Mascots:** A good event mascot can assist in promoting the event, especially among specific target groups (consider, for example, the positive impact that Zakumi, the 2010 FIFA World Cup mascot, might have had on the younger target audience's enthusiasm for the event and the sport itself).
- **Licensing and copyright:** The logos, slogans, and mascots produced by organisations are copyright protected and cannot be used without permission, licence, or payment. Companies often pay large sums of money to use logos on their merchandise, and care should be taken to not allow fake merchandise (that is often of inferior quality) to be sold in and around the event venue. The official event marketer will most often have access to relevant legislation to discourage the sale of counterfeit goods.

(Carmouche, Shukla, & Anthonisz, 2010:267)

4. Conclusion

Given the competitive nature of today's event industry, and financial managers' increased scrutiny of corporate budgets, obtaining sponsorship for an event rests on careful alignment of the event organiser's and sponsor's goals, clear mutual benefits, measurable ROI for the sponsorship, and favourable sponsorship agreements with the view to establish long-term partnerships. Generating additional revenue for events has also become more important, and merchandising serves as a useful way for events to increase their revenue stream, obtain marketing exposure long after the event is over, and reinforce a positive image of the event and sponsor in the minds of event attendees. If sponsorship agreements and merchandising decisions are implemented correctly, they can benefit both the event organiser and the sponsor and ensure that the event enjoys a long and fruitful run.



5. Bibliography

- Allen, J., O'Toole, W., McDonnell, I. & Harris, R. 2005. *Festival and Special Event Management*. 3rd ed. Queensland: John Wiley & Sons.
- Carmouche, R. Shukla, N., & Anthonisz, A. 2010. Events marketing and communication strategy. In *Events management: A developmental and managerial approach*. 3rd ed. D. Tassiopolous, Ed. Claremont: Juta. 251-272.
- Henderson, D. 2014. *How Sponsors and Rights Holders Can Leverage Sponsorship Opportunities*. Available: <http://digitalmarketingmagazine.co.uk/articles/sponsorship-and-digital-marketing-how-sponsors-and-rights-holders-can-leverage-sponsorship-opportunities> [2016, May 6].
- Knott, B. & Turco, D. 2010. Events sponsorship and fundraising. In *Events management: A developmental and managerial approach*. 3rd ed. D. Tassiopolous, Ed. Claremont: Juta. 273-290.
- The Coca-Cola Company. 2012. *Coca-Cola Sponsorships*. Available: <http://www.coca-colacompany.com/stories/coca-cola-sponsorships/> [2016, April 10].
- Van der Wagen, L. 2001. *Event Management for Tourism, Cultural, Business and Sporting Events*. NSW: Pearson.