# Measuring Successful Sponsorship

## Evaluation Strategies for Justifying Investment

## Second Edition

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# LIST OF CONTENTS

**Executive Summary** ..... **9**

**CHAPTER 1: INTRODUCTION** ..... **13**
Historical Perspective ..... 13
Size of the Global Sponsorship Marketplace ..... 13
Defining the Issues ..... 13
Establishing A Sponsorship Strategy ..... 14

**CHAPTER 2: DETERMINING THE OBJECTIVES** ..... **15**
Exploiting a Sponsorship – General Overview ..... 15

**CHAPTER 3: MEASUREMENT THEORY AND PRACTICE** ..... **17**
Introduction ..... 17
Why is sponsorship success difficult to measure? ..... 17
What Can Be Measured? ..... 18
Changes in Awareness and Image ..... 18
Case Study: American Coalition for Entertainment and Sports ..... 18
Case Study: Rugby World Cup ..... 19
Spending Equivalencies ..... 19
Sales Impact ..... 20
What makes Successful Evaluation and Measurement? ..... 20
Sponsor Priorities: Ensuring Category Protection ..... 21
Case Study: Vancouver's Pacific National Exhibition (PNE) ..... 22
Case Study: Canadian Football League (CFL) ..... 23
Case Study: The Arthritis Foundation ..... 23
Summary Of Main Points In This Section ..... 23
Measurement and Return on Investment ..... 23
EquiTrend Survey ..... 24
Measuring the Right Things – Impact ..... 25
Sponsorship's Impact on Brand Equity ..... 25
Case Study: DDB Needham Research ..... 25
Case Study: Coca-Cola (US) ..... 26
Case Study: Colgate-Palmolive ..... 29
Case Study: How Sprint quantified return on investment ..... 31
Case Study: How Gillette Maximises and Quantifies Sponsorship Value ..... 33
Analysing the Effect of a Sponsorship on Product Sales ..... 36
Case Study: Intrum Justitia and the Whitbread Challenge (now known as the Volvo Ocean Race) ..... 36
Summary of Main Points in Chapter 3: ..... 39

**CHAPTER 4: EVENT SPONSORSHIP** ..... **41**
Introduction ..... 41
Why Evaluate and Measure? ..... 41
Case Study: Ipsos-UK and Social Research ..... 42
Case Study: ISL ..... 43
Case Study: Mars - The London Marathon ..... 43
The Impact of Television on Event Sponsorship Evaluation ..... 43
Case Study: Formula One ..... 43
Case Study: The Olympics and Coca-Cola ..... 44

IEG Sponsorship Report ..... 44
New Evaluations Techniques ..... 45
Denmark Research ..... 45
Biggest spenders on sponsorship in the US ..... 45
Case Study: SRi ..... 46
SRi Sports Monitor ..... 49
SRi Sponsorship Monitor ..... 50
SRi Sponsorship Selection Research ..... 51
SRi Media Evaluation Research ..... 51
IEG's 12th Annual Event Marketing Conference ..... 52
Case Study: Sears' Merchandise Group ..... 52
Case Study: Visa International ..... 52
Case Study: Los Angeles Cellular Telephone Company ..... 53
Case Study: Cellular One ..... 53
Case Study: Borden Inc ..... 53
Case Study: Intel Corp ..... 53
Case Study: A&P ..... 53
Case Study: Nissan Motor Corporation, US ..... 53
Case Study: Times Mirror Magazines ..... 54
Pre-Event Quantitative Analysis ..... 54
Case Study: Columbia Sportswear Co ..... 54
Post-Event Qualitative Analysis ..... 54
Case Study: The Chicago Mayor's Office of Special events (MOSE) ..... 54
Quantitative Analysis ..... 55
Qualitative Research ..... 56
Case Study: Post Event Research by BMRB ..... 57
Case Study: Euro 96 ..... 58
Case Study: BMRB International's Re*Sponsor* ..... 59
Steps to prevent ambush marketing at Sydney 2000 ..... 59
Separating Benefits Accruing to Sponsorship from Advertising ..... 60
CaseStudy: MRF Ltd ..... 60
Product Demonstration at Events ..... 67
Summary of Main Points in Chapter 4: ..... 68

**CHAPTER 5 – CAUSE RELATED MARKETING ..... 71**
Introduction ..... 71
Stakeholder Society ..... 71
Case Study – CRM ..... 71
Case Study: Ben & Jerry's and Waste Food ..... 72
Case Study: Cadbury Schweppes and 'Strollerthon' ..... 74
Emergence of the Vigilante Consumer ..... 75
Case Study: New Covent Garden Soup Company ..... 76
Case Study: HP Food's Daddies Sauce ..... 76
Case Study: Kellogg's and National 'Woggle' Day ..... 77
Case Study: 'Persil Funfit Scheme' by Lever Brothers ..... 77
Case Study: Levis Strauss (LS) and HIV/AIDS ..... 77
Case Study: The Beneficial Bank ..... 78
Case Study: Working Assets and CRM ..... 79
Case Study: BT's new focus on CRM ..... 80
European Experience of CRM ..... 83
Case Study: Bertelsmann Foundation ..... 84

US Experience of CRM ..... 84
Case Study: Lee Apparel sponsorship of Susan G Komen Breast Cancer Foundation: ..... 84
Case Study: United Airlines and the Names Project Foundation ..... 85
Case Study: TGI Friday's and Children's Miracle Network: ..... 85
Summary of Main Points in this Section: ..... 86
CHARITY SPONSORSHIP ..... 87
Introduction ..... 87
Corporate philanthropy and social responsibility ..... 88
Case Study - NSPCC and Cussons Morning Fresh ..... 88
Case Study: NatWest and Community Action Awards ..... 89
Case Study: Royal Mail and The National Trust ..... 90
Case Study: The British Gas Charities Partnership ..... 90
European Business Network for Social Cohesion ..... 94
Summary of Main Points in this Section: ..... 95
Conclusion – Cause related marketing ..... 95

**CHAPTER 6: COMMUNITY SPONSORSHIP ..... 97**
Introduction ..... 97
Centre for Tomorrow's Company ..... 97
Definition of community sponsorship ..... 98
Sponsorship is not Patronage ..... 98
Sponsorship is not Charity ..... 98
Sponsorship is not Advertising ..... 98
Community Activity and Corporate Marketing ..... 99
The Good Neighbour Principle ..... 100
Case Study: ASDA's School Holiday Programme ..... 101
Successful community sponsorship programmes ..... 102
Determining Target Audiences ..... 102
Setting Objectives for a Community Sponsorship Programme ..... 103
Case Study: Nationwide Building Society and Cancer Relief Macmillan Fund ..... 104
Case Study: BP Amoco's 12-Step Plan ..... 106
Determining Catchment Areas ..... 107
Case Study: Thames Water ..... 107
Case Study: Northern Electric and Community Sponsorship ..... 108
Establishing Benchmarks and a Research and Evaluation Programme ..... 109
Case Study: British Aerospace (Military Aircraft Division) and Benchmark Research ..... 110
Summary of Main Points in Chapter 6: ..... 113

**CHAPTER 7: ARTS SPONSORSHIP ..... 115**
Introduction ..... 115
Sponsorship in the UK ..... 115
Defining the Issues ..... 115
Additional Support ..... 116
Case Study: Toshiba and ICA ..... 116
Case Study: American Airlines and the British Film Festival - Winner of the 1996/97 FT/Arts & Business Sponsorship in Kind Award ..... 116
Why Sponsor the Arts? ..... 117
Case Study: BAA and the Public Art Development Trust (PADT) ..... 117
Sponsorship Aims and Objectives ..... 117
Case Study: BP ..... 118
Case Study: Tate Britain ..... 120

Case Study: Ernst & Young Sponsoring the Cézanne Exhibition at Tate Britain ..... 123
Case Study: Glenmorangie 10 Year Old Highland Malt Whisky and The Glasgow International Jazz Festival (GIJF) ..... 127
Case Study: Halifax Building Society ..... 129
Case Study: Northern Ballet Theatre (NBT) ..... 130
Summary Of Main Points In Chapter 7: ..... 133

**CHAPTER 8: EDUCATIONAL SPONSORSHIP ..... 135**
Introduction ..... 135
Sponsorship Criteria and Objectives ..... 135
Educational sponsorship guidelines ..... 137
Commercial Activities in Schools ..... 137
The Best Practice Principles ..... 137
Leveraging and extending an existing property through an educational sponsorship ..... 142
Case study: The Royal & SunAlliance Stress Management Programme ..... 142
Developing an Educational Sponsorship from Scratch to meet a Specific Need ..... 143
Case Study: Macmillan Cancer Relief - Cancer Talk ..... 143
Using Partnerships for Effective Educational Sponsorship ..... 144
Case Study: Department for Education and Skills - Write Here, Write Now ..... 144
Redemption Schemes ..... 146
Case Study: Walker's Books for Schools ..... 146
Charities and educational sponsorship ..... 147
Case Study: Comic Relief Fair Trade Education Project ..... 147
Public sector and educational sponsorship ..... 148
Educational sponsorship and the Internet ..... 149
Case Study: BT Education Programme ..... 149
International sponsorship in schools ..... 150
Case Study: Association of Plastic Manufacturers in Europe – Podium/Platform ..... 150
Summary of Main Points in Chapter 8 ..... 151

**CHAPTER 9: THE INTERNET AND NEW MEDIA ..... 153**
The Marketplace ..... 153
Definition of Internet Sponsorship ..... 153
Sponsorship on the Internet ..... 153
Analysis of the UK Market ..... 154
Is the Internet really a Global Platform? ..... 156
Audience Habits ..... 156
Age Groups ..... 157
Business-to-Business ..... 157
Intranets and Extranets ..... 158
Advertiser Trends ..... 158
Case Study: Adidas partners Sports.com ..... 159
Key Principles For Successful Online Sponsorship ..... 161
Checklists for Sponsors: ..... 161
Sponsorship Hierarchy ..... 162
Non-Internet Sponsorship ..... 162
Measuring Success on the Internet ..... 163
Measurement Standards ..... 164
Summary Of Main Points In Chapter 9 ..... 165

**CHAPTER 10: EMPLOYEE MOTIVATION AND RECRUITMENT ..... 167**
Introduction ..... 167
Case Study: UPS' sponsorship of the 1996 Summer Olympic Games in Atlanta, US ..... 167
Sponsorship as an internal communications tool ..... 169
Summary Of Main Points In Chapter 10: ..... 172

**CHAPTER 11: OPINION FORMERS AND INVESTORS ..... 173**
Introduction ..... 173
Case Study: Centre for Tomorrow's Company ..... 173
Corporate Reputation and Profit ..... 174
Britain's Most Admired Companies 2001 ..... 175
Results of Britain's Most Admired Companies (2000) ..... 176
Benchmarking and Measurement of Corporate Community Involvement ..... 177
Current thinking ..... 178
Case Study: NatWest Opinion Leader Research (1996) ..... 179
Case Study: Allied Domecq and the Royal Shakespeare Company ..... 183
Case Study: Global Teamwork Consortium – BT Global Challenge ..... 184
Summary of Main Points in Chapter 11: ..... 185

**LIST OF SPONSORSHIP CONTACTS ..... 187**
EUROPEAN SPONSORSHIP CONSULTANCIES ..... 187
FINLAND ..... 187
FRANCE ..... 188
GERMANY ..... 188
GREECE ..... 188
ITALY ..... 189
THE NETHERLANDS ..... 190
PORTUGAL ..... 192
SWITZERLAND ..... 193
EUROPEAN RESEARCH CONTACTS ..... 196
OTHER CONTACTS ..... 201
LEGAL CONTACTS ..... 205
**Grants and Additional Funding ..... 206**
Arts & Business New Partners ..... 206
Sportsmatch ..... 206
National Lottery Funding ..... 206
**Arts ..... 206**
**Sport ..... 207**
**Heritage ..... 207**
**Charities ..... 207**
**List of Abbreviations ..... 208**

## Executive Summary

Sponsorship originally was, and sometimes still is, perceived as a highly cost effective method by which to significantly increase levels of brand or corporate awareness. The market, however, has matured significantly over the last 15 years, so that the main reason for a company to undertake a sponsorship programme, particularly in Europe, has become to positively influence customers perceptions of its image; both its strengths and weaknesses.

Now the market is beginning to alter yet again, due in main to the advent of digital television. At least 195 of the 300 television channels record such low audience figures as to be immeasurable (less than 1.0% of the UK population). Therefore the massive reach advantage that advertising held over sponsorship no longer applies. Media agencies are now forced by brand owners to consider 'properties' that deliver 'niche' rather than 'mass markets'.

Mainstream marketing has also started to adopt lessons practiced for the last decade by the leading sponsorship practitioners. For instance in order to succeed in sponsorship, brand owners have had to provide meaningful added value experiences. Through sponsorship, and also successful customer relationship programmes, this approach has been adopted by most major brands as a cornerstone of their overall marketing strategy. Such an 'Experiential Marketing' approach seeks, as with a successful sponsorship, to dazzle the customer's heart, stimulate their mind and touch their senses. In short by harnessing the power of the emotions and senses a brand cuts through the noise in a cluttered marketplace.

The first three chapters of this report examine the growth of sponsorship, assess the objectives that sponsorship can achieve and give an overview of the theory and practice of sponsorship measurement.

Successful sponsorship succeeds in identifying qualities and values in the television programme, community, event or venue being sponsored and transfers and adds those values to the sponsor's own brands or company. To give an example, the UK television series, *Kavanagh QC*, was marketed as providing the following perceptions for a sponsor to link into: 'confidence, being established, the human sensitive side, quality, intelligence and knowledge.'

In North America there is a further major objective for sponsors, which is to directly stimulate product and service sales through fully integrated sales promotion techniques such as couponing. While this objective would be equally valid in Europe and the UK, such techniques, are less widely used to leverage sponsorship outside the US.

Sponsorship, in simple terms, is the acquisition of the rights of association. In order to achieve success, the purchase of the rights will not in itself deliver marketing success – the rights need to be leveraged. For example, UK newspapers in the past have successfully used scratchcard promotions thematically integrated with their TV programme sponsorships to gain substantial increases in circulation.

Such exploitation techniques have not, surprisingly, been used by, say, the television sector. Even simple promotional mechanics are often ignored or forgotten. For example, television programme sponsorship should be supported through on-pack promotions trade competitions, seminars, roadshows and on-line activity.

The event marketing area (see Chapter 4) is also undergoing great change. For example, retailers and the media in the US are far advanced compared to those in Europe. In the US, retailers buy sponsorships and then sell them on, in the same way that in Europe, inclusion in a retailer's advertising campaign is sold on by them to their suppliers. Media owners have gone even further by acquiring rights, sometimes with cash and sometimes through barter of advertising pages, and then bundling

them up with further pages of advertising or radio spots and selling on the enhanced package. Sports Illustrated, as early as 1992, financed its Olympic sponsorship through this technique, which has now 'trickled down' to even relatively small regional newspaper owners. Multimedia giants, such as AOL Time Warner, have also extended their appeal to sponsors by tying in other companies they own (such as theme parks) to offer further sponsor benefits.

The crucial lesson which is still being learnt all around the world is, 'do not measure only what is easy (visibility) but rather what is critical (impact).' Thus, the higher the regard for the brand, the more likely it is to be purchased and therefore the higher the return on investment (ROI) is likely to be.

Potentially appropriate techniques started to be developed in the early mid-nineties. For example helping a sponsor measure perceived quality (Total Research), return on investment (Coca-Cola, 1994, Sprint, 1994), incremental profits (Colgate Palmolive, 1993) and maximising and quantifying sponsorship value (Gillette, 1995).

Notably in 1996, Coca-Cola developed a new way of measuring sponsorship 'impact' in a new and radical way. After its sponsored Olympic Torch Run across North America Coca-Cola asked spectators not just who sponsored the run, but also 'who were you standing next to?' and 'what did the torch-bearer look like?' in order to elicit a deeper understanding of the emotional impact that the event evoked. This was also a very early example of a measurement technique, which today is highly relevant to those brands seeking to measure their strategy as regards 'experiential marketing'.

Sponsors too often consider with banners, P.R. coverage and corporate hospitality. In Europe, in particular, sponsors regularly fail to exploit their sponsorship with sufficient financial support. Chapter 4 illustrates this difference by considering the typical level of financial support (leverage) which U.S. companies in various industries put behind their sponsorships. U.S. soft drink companies, for example, spend six times their sponsorship fee on leverage (*source: IEG*).

Venue sponsorship has become the fastest growth area in sponsorship as those venues that attract millions of visitors each year compete on reach with all but the biggest T.V. channels. Whilst venue naming rights deals have received most of the media headlines to date, this is but the tip of the iceberg. Shopping centres work major sponsorships just like the Olympics with 8 or 10 category exclusive sponsors, all of whom provide extra value experiences and thus add significantly to the consumers 'day out'. The 'Land Rover Experience' at the Bluewater Shopping Mall, Kent, England is an example of such a trend and moreover the customer pays £10 to Land Rover to be driven in an off-road experience.

Sponsors also often fail to comprehend that building a bond with their prospective customers requires more than banners, P.R. mentions and V.I.P. hospitality from which they are excluded. This need to emotionally engage with consumers in order to be successful is demonstrated by research conducted by the Phoenix Open golf tournament. This event attracts millions of pounds in sponsorship every year. Yet research conducted after one event revealed, amongst attendees, that the best performing sponsor using both qualitative and quantitative data was South West Airlines who only spent $500 on its sponsorship. The airline was so successful because it realised that with temperatures in the 80's and 90's Fahrenheit spectators would be very grateful for water coolers at each tee.

Chapters 5 to 8 examine issues by analysing sponsorship in areas such as cause related marketing, arts, community and education. To succeed, event, community and cause-related sponsorship must transmit 'emotional values'. The Prudential's Theory of Social Responsibility endorses this point by stating that, when selecting from seemingly identical products the consumer will choose to buy from the company to which it can most closely relate. The rapid rise in social and ethical auditing is occurring

because, Sir Iain Vallance, former chairman of BT stated: 'It gives a competitive ethical edge. It makes sound business sense.'

Similarly, Carling's sponsorship of Premier League Soccer was undertaken to create a relationship with football fans and therefore increase sales to younger beer drinkers by contemporising its brand image. The success of this approach can be assessed by Carling's £37m four-year extension of it's Premier League sponsorship, an increase of more than 300% over it's previous investment, and by it's desire to continue an involvement until 2001 despite competing as a UK only brand with global brands such as Budweiser, Coca-Cola, Pepsi, and Siemens. Moreover, at the time of the first renewal, BT and Ford were said to have offered even more for the contract. Barclaycard, who've recently replaced Carling, has committed £48 million for its four year contract These offers by very astute and commercially sophisticated marketers only occurred because they all believed such a sponsorship as the Premier League would offer a better commercial return than spending the same sum in other ways, such as conventional above-the-line advertising. With the advent of digital broadcasting, mass appeal sports such as soccer now reach more of the population than many of the hundreds of new TV channels combined.

Global brands, such as Coca-Cola, obviously do not undertake sponsorship to boost awareness. It commits a sum, which in an Olympic year with support costs must approach $400-$500m, to achieve more sophisticated objectives, which have been established by ongoing market research. In Coca-Cola's case, spend on market research is 8% of it's total sponsorship budget.

Sponsorship has also started to attract funding from budgets outside marketing and the community. In particular, science and engineering companies have recognised that they have major image problems with young people. Therefore they are increasingly using sponsorship in order to overcome such negative perceptions on order to obtain both qualitative and quantitative improvements in recruitment. Human resources and marketing requirements are starting to coalesce.

New media (including the Internet, CD-Roms, computer games and digital TV) is still the centre of many sponsorship experiments. This is not surprising, as new media entertainment has captivated an entire generation and is now very much at the centre of many consumer's lives.

Marketers have seized on new media platforms as an ideal vehicle for building interactive relationships with prospects and customers. However, few have really cracked how to maximise the potential of these mediums. Major Internet marketing agencies have attempted to create more impactful and memorable adverts that are not just standard 'banners'. However, new media seems destined - for the time being at least - to be treated as a media buy, consisting of standard 'banners' and 'tiles' (see Internet Chapter) rather than a campaign's linchpin. As a result new media will perform a better role in activating offline sponsorships than it will as a sponsorship in its own-right.

The advancement of sponsorship into new areas such as crime prevention and education will continue to grow as the public begins to accept the abdication of responsibilities, which previously it saw as the sole remit of the government. As major sports events are attracting larger and larger sponsorship commitments, UK and European companies are increasingly accepting the North American model of corporate social responsibility. Social auditing, however, shifts the funding emphasis from charitable giving to the delivery of an ethical marketing edge, which is particularly applicable to the ever-increasing number of service and utility companies.

For example, the most important developments in measuring sponsorship over the past few years have to follow the lead of Coca-Cola, whereby significantly more emphasis is placed on qualitative rather than just quantitative methodologies.

# CHAPTER 1: INTRODUCTION

## Historical Perspective

Sponsorship is a business relationship between a provider of funds, resources or services and an individual, event or organisation. The provider is offered rights and association with the individual, event or venue in return for the finance, goods or services, which have been provided.

Sponsorship is not a modern invention – examples of such arrangements can be traced back as far as 65BC, when Caesar 'hosted' a gladiatorial show, and gained increased recognition as a result of the publicity associated with it. Michelangelo, Columbus and Mozart are all examples of individuals who benefited from sponsorship by other individuals – then more commonly referred to as 'patronage'.

The earliest example of sponsorship in the modern sense took place in the 1860's, when an English company sponsored the English Cricket Tour of Australia. Since then the industry has grown, particularly from the 1970's onwards, and sponsorship now incorporates a wide range of activities – not just sports and arts.

## Size of the Global Sponsorship Marketplace

IEG Inc, a major Chicago-based sponsorship consultancy, has tracked sponsorship expenditure on a worldwide basis since 1984, and produces annual projections on sponsorship spend, both for the North American market and for the wider, global marketplace.

The company projects an increase of 12% in the amount spent worldwide on sponsorship this year, taking the total sum from over $22 billion in 2000 to $24.6 billion in 2001. This represents an increase of 62% since 1997.

IEG states: "Sponsorship has proven in previous downturns to be the most recession-proof communication medium. As the only marketing tool that by definition benefits the greater good, sponsorship is perfectly positioned to thrive as consumer confidence continues to slide."

**Table 1.1: Anticipated spend on sponsorship, 2002**

| | |
|---|---|
| North America | $9.6bn |
| Europe | $7.1bn |
| Pacific Rim | $4.3bn |
| Central/S. America | $2.1bn |
| Other | $1.3bn |

The increase in the sponsorship spend especially in the US can be directly attributable to the increase in venue sponsorship. For instance in 2000 Philips Electrical paid $270 million and PSINet $104 million for the naming rights (for 20 years) of the stadiums home to Atlantic Hawks (basketball) and the Baltimore Ravens respectively.

*Source: IEG Sponsorship Report*

## Defining the Issues

Sponsorship activities must be fully integrated with other areas of marketing communications in order to capitalise on their potential value. Successful sponsorship works in four dimensions: print and television are two-dimensional and events are three-dimensional. The fourth dimension is emotional – successful sponsorship brings this aspect into play, to effectively build a relationship with the consumer or target audience.

Knowledge or components that are crucial to running successful sponsorship programmes include investing in an understanding of new technology, keeping apace with the changing face of broadcasting and adding value for their consumers or audience. These elements, when included in a sponsorship programme, merit detailed pre-event research. Indeed, one of the main reasons for sponsorship programmes falling short of their desired goal is lack of pre-event research and benchmarking, which leads to false expectations.

Measurement plays a crucial role in refining and developing sponsorship programmes. All sponsorships should have specific objectives against which the results of the programme or programmes can be measured. Research is relatively new to sponsorship but processes are continually developing and being refined. Measurement is an essential management tool in a successful sponsorship process, not only to gauge the success of a programme and develop it further, but perhaps equally importantly, to safeguard and justify sponsorship budgets internally against the competing demands of other elements of the marketing mix.

## Establishing A Sponsorship Strategy

Evaluation forms an important part of a sponsorship strategy, both in the early stages of a project and also in post-event analysis of a sponsorship programme. The chart below shows the different stages involved in establishing a sponsorship strategy:

Define Objectives

Market Analysis

Define Target Market/s

Examine Lifestyle Data/Demographic Profiles

Competitive Review

Strategic Development

Budgetary Allocation

Concept Review and Testing

Programme Selection

Development of Marketing Support Activities

Implementation

Post-event Evaluation and Research

# CHAPTER 2: DETERMINING THE OBJECTIVES

Sponsorship objectives need to be deliverable, measurable and integrated into overall corporate and marketing strategy.

Sponsorship can deliver the following objectives:

- incentivising customers;
- enabling data capture and database building;
- developing customer loyalty;
- enhancing community relations;
- revitalising brand/corporate image;
- niche targeting.

Measurable activities might include:

- increase in sales;
- new sales leads;
- retention of customers;
- staff recruitment;
- positive impact on perceptions of brand/company;
- increase in trade distribution.

Issues to consider when setting objectives include:

- product attributes – image strengths and weaknesses, target customer profiles, potential lifestyle associations;
- benchmarking for evaluation;
- balance between image-building, relationship building and the need to drive short-term sales;
- key internal targets – encouraging buy-in and involvement;
- corporate hospitality – can/should this be planned for separately?

## Exploiting a Sponsorship – General Overview

All sponsorships gain maximum benefit by being used as the basis of a marketing programme, which includes:

- sales promotions;
- sampling;
- trade/staff incentives;

These elements can all be measured. Many are based on numerical results (e.g. take-up rate on sales promotions) and therefore provide an ideal and simple research mechanic.

# CHAPTER 3: MEASUREMENT THEORY AND PRACTICE

## Introduction

As sponsorship has grown, so has the demand for accountability. Companies paying higher prices for events, as well as those bracing themselves for uncertain economic prospects, have an increased need to justify costs. However, while sponsorship can be evaluated, the choice of sponsorship evaluation and measurement methods is more problematic.

As the pressure for accountability in sponsorship has increased and the discipline has gained credibility within the marketing function, measurement and evaluation have become increasingly important to all parties involved in sponsorship transactions.

There is no doubt that evaluation has become one of the buzzwords of the business. But while it is an integral part of the language, for the vast majority, it is still not an integral part of the process itself.

Much of the research undertaken focuses exclusively on awareness measures rather than the actual effect that a sponsorship has on the brand/consumer relationship. Sponsorship research methodologies must reflect an understanding of how sponsorship works – and how it differs from advertising – in order to be truly valuable.

## Why is sponsorship success difficult to measure?

Quite simply, there is no single universal measure. One company may sponsor primarily for corporate hospitality and networking reasons, another may sponsor to increase sales and change consumer behaviour and another company might want to motivate its employees through sponsorship.

It is obvious that no one single measure will be able to cover all these various objectives, it is difficult to separate out benefits accruing from sponsorship in isolation from benefits derived from advertising, PR and other marketing activities that will be present at the same time.

Measurements are borrowed from other areas of marketing and sponsors frequently use yardsticks from other disciplines, such as advertising costs per thousand (CPT).

Yet comparing sponsorship on a CPT basis does not give a complete picture as to whether the campaign was effective or not. According to *IEG Sponsorship's Guide to Evaluation*, produced in 1996, a sponsor wanting to reach as many people as possible should stick with advertising.

However, this is too simplistic, particularly in light of sponsored events such as the Olympics or the football World Cup, which attract millions of viewers around the globe.

It can be argued that it is better to try and measure the results of sponsorship than not to try at all. Also, measurement and evaluation techniques have vastly improved and sponsors as well as property owners increasingly use research as a sound basis for making investment and fundraising decisions.

Just as setting realistic objectives is an essential element in effective sponsorship, so too is the assessment of how far the objectives have been achieved? Whether it is a detailed survey commissioned by the sponsor of a major national tournament, or an assessment of a community sponsorship programme, there are three important considerations for the sponsor to make:

- *At the outset* – what are the awareness levels amongst the target audience, attitudes to brand and other factors?

- *When tracking progress* – is the sponsorship activity going in the right direction, are there any strong positive or negative pointers to adjust or change?
- *At the end of the sponsorship programme* – to what extent have objectives been met and how have these been evaluated and measured? Will this positively or negatively impact future sponsorship strategy?

## What Can Be Measured?

## Changes in Awareness and Image

By conducting pre-activity research and post-activity research a company or organisation can determine a shift in consumer awareness or perception.

## Case Study: American Coalition for Entertainment and Sports

For example, the American Coalition for Entertainment & Sports carried out pre-sponsorship research into the opinion of sports fans on companies sponsoring sports events. The poll, conducted by the Roper Organisation, defined sponsorship of professional sports as 'advertising at sports events and sponsoring such things as tennis matches and auto races that are named for the company'.

**Methodology**: A subsequent phone survey was conducted among a nationally representative sample of respondents in the adult population (aged 18 and over) and sample of 'sports enthusiasts' who described themselves as 'very interested' in sports.

Within the general population of 1,000 persons, about 25% qualified as sports enthusiasts. To have 500 sports enthusiasts for analysis, an additional sample was screened, which produced interviews with another 252 sports enthusiasts.

The sample was statistically weighted so sports enthusiasts would not have a disproportionate effect on the total results. In total, 1,252 respondents were drawn from the public and 504 respondents were drawn from sports enthusiasts.

The results were as follows:

- 37% of those interviewed thought corporate sponsorship of professional sports was 'a good thing';
- 56% said they did not care one way or the other;
- 50% of sports enthusiasts thought it was a 'good thing';
- 41% said they did not care one way or the other;
- 47% said advertising at sports events and other types of corporate sponsorship were important sources of money for professional sports;
- 57% of sports enthusiasts said they were a very important source;
- 47% of the public and 57% of sports fans thought sponsorship and advertising provided the most money for professional sports;

- 76% of the public and 80% of sports fans agreed that corporate sponsorship was a fair price to pay to keep sports free on TV and contain ticket prices at events.

## Case Study: Rugby World Cup

An independent study conducted by Performance Research at the 1999 IRB Rugby World Cup found that the sponsors failed to fully convert positive feelings into sponsorship recall.

On-site sponsorship activity at Rugby World Cup was low, inconsistent, and unimaginative, with over-reliance on stadium signage to generate sponsorship awareness.

Guinness was the only sponsor who managed to take advantage of their official sponsorship position with more than half of the fans reporting them to be involved with the Rugby World Cup. This left other sponsors, including Coca-cola (26%) and BT (21%) in their wake.

Similarly, when asked to identify sponsors from a list almost all fans were able to report Guinness (94%), which again was head and shoulders above other official sponsors including Coca-cola, BT and South African Airways who were all identified by less than 7 out of 10 fans.

When so many fans struggled to recall the current sponsors, it is hardly surprising that the majority (53%) of fans were unable to remember any sponsors involved with previous Rugby World Cup tournaments. Coca-cola (sponsors of the 1995 tournament) was the most frequently mentioned previous sponsor but was recalled by less than 1 out of 10 fans.

With so little advertising present on-site, it is no surprise that nearly three quarters of the fans reported the level of commercialism at this tournament to be acceptable.

The good news for sponsors is that the vast majority of Rugby World Cup attendees agreed that sponsorship benefits rugby (92%) and was appropriate at the (84%) World Cup. Moreover, the majority of fans felt more positive towards sponsors (63%), believed they were more innovative than non-sponsoring companies (62%) and appreciated them more because of the involvement (62%).

Currently sponsors are not fully benefiting from the positive feelings of the rugby fans. According to Mark Knight, project manager, Performance Research Europe: “Until a sponsor develops a relationship with the fans that effectively communicates the benefits of the sponsorship to both the individual and their sport, the opportunity to develop brand-loyal consumers through sponsorship will be missed.”

## Spending Equivalencies

A sponsor can place a monetary value on free media exposure generated by sponsorship by determining what it would have cost to purchase comparable advertising.

But this type of evaluation raises an important issue. Is free editorial coverage worth the same as advertising space? The answer varies according to the sponsor. To some, it might be worth one tenth, to others, twice as much. For example, a tobacco company, unable to advertise on TV except through sponsorship, is likely to place a higher premium on TV coverage than perhaps the exposure given to a soft drinks manufacturer who does not have the same legislative restraint on advertising.

In addition, consumers perhaps give more credence to editorial coverage than an advert because it should be based on facts and other objective criteria and is independent from the viewpoint of the sponsor.

## Sales Impact

There are two ways to make sales analysis easier: use short-term or localised sponsorships that aid comparison with control areas, and design a tie-in using tangibles such as a voucher redemption scheme.

## What makes Successful Evaluation and Measurement?

Research carried out by IEG Sponsorship (1990) into what makes successful analysis revealed a number of recurring themes. The key is for the sponsor to know what it wants from a sponsorship. Although obvious, a minority of companies have clear goals.

### *Have Narrowly-Defined Objectives*

It is commonly believed that objectives must go beyond defining whom the company or organisation wants to reach. 'If you want to tap trade, determine whether your objective is opening new accounts or increasing sales to existing ones.'

For example, when cigarette manufacturer Marlboro wanted to gain distribution in pubs in the UK, it sponsored a national darts tournament.

IEG commented: "The company judged its success by the number of pubs which signed on to carry its cigarettes. On the other hand, a corporation sponsoring to entertain current clients can evaluate by the number of orders taken by the end of the day."

### *Set a Measurable Goal*

If few sponsors have clear objectives, according to IEG, still fewer have measurable goals. The broad impact of sponsorship makes it impossible for surveys to glean meaningful results from general questions and therefore targeting and being specific is extremely important.

According to Jed Pearsall, president of international market research company Performance Research: 'Since most sponsorships are demographically fairly narrow, it's more sensible to ask if awareness increased or attitudes changed in a specific group than in the population as a whole; the whole may not be exposed to sponsorship.'

### *Measure against a Benchmark*

If a company is trying to increase trade against a competitor, it needs to know where it stands before it commences a sponsorship programme. Although obvious, many companies may overlook this aspect of pre-sponsorship research and so weaken the chances of running a successful sponsorship programme, which is strategically driven by business objectives.

### *Do not change other marketing variables during the sponsorship*

In the above example, Marlboro could have upset its sponsorship evaluation by offering a money-off sales incentive discount to pubs at the same time as its sponsorship of darts matches. This would have distorted results attributable to the sponsorship programme and made measurement of the darts sponsorship more difficult.

***Negative data may not indicate that the sponsorship is wrong***

Pearsall says: "Too many people see evaluation as negative, like getting a report card. Often the problem may not be what is being sponsored but in how the audience perceives it."

For example, a study by Performance Research showed that public approval of US College sports sponsorship increased dramatically when sponsors persuaded audiences that the events would have been impossible without sponsorship.

In this example, the sponsors had failed to externally communicate their involvement more widely but were now more aware of doing so and could make improvements to the sponsorship programme rather than scrapping it altogether.

***Incorporate Evaluation into the Overall Sponsorship and Marketing Programme***

Evaluation can only be as effective if it is done properly, based on reliable and relevant information. Mary Tiffany, president of Training Plus Inc commented: "Sponsors need their own in-depth measurement to make the link between perception and sales. We can provide half, but they need to show that sales effects weren't merely seasonal or the result of other forces."

***Long-term Tracking of Sponsorship***

Sponsors need to track the long-term impact of sponsorship. Pearsall reckons: "Effects are delayed because sponsorship is good-feeling-generating, not need-generating."

He added: "A sponsor can hire us to do pre-event, during-event and post-event surveys. But if the effects start showing up nine months or more down the line –such as with an automotive sponsorship – a client needs to know its own marketing mix and how evaluation data fit together to draw conclusions."

## Sponsor Priorities: Ensuring Category Protection

Beyond the service they seek from sponsor-seekers, what are the most valuable sponsorship benefits to companies? Respondents to an IEG/Performance Research survey - early 2001 - in the USA cited a mix of tangible and intangible benefits, led by category exclusivity, rated as a 9 or a 10 by 68 percent.

Other important benefits were on-site signage (rated as a 9 or a 10 by 53 percent), title of a proprietary area (40 percent), ID in the property's media buy (39 percent) and broadcast advertisement opportunities (37 percent).

Rights deemed less valuable were programme book ads (28 percent) and access to the property's mailing list (32 percent).

***Consumer Loyalty is Top Goal***

Highlighting one of sponsorship's key strengths among marketing media, sponsors said the number one objective for their sponsorships is increasing brand loyalty. Given a list of 15 possible goals and asked to rank the importance of each on a scale of 1-10, 71 percent of respondents said increasing brand loyalty was a 9 or a 10. The only other objectives rated a 9 or a 10 by more than half the respondents were creating brand awareness/visibility (65 percent) and changing/reinforcing image (59 percent).

Although sponsorship incorporating employee benefits has become more widespread, it was of comparatively little importance among sponsors surveyed, perhaps a casualty of the tightening budgets. Exciting employees and incentivising sales forces were two goals least-often mentioned as highly important, scoring 9s and 10s with only 13 percent and 14 percent of respondents respectively.

Other objectives of least importance: gaining on-site sales rights, and networking with co-sponsors.

The statistics also revealed a startling anomaly between sponsors objectives and how they evaluate success. Notably, although brand loyalty is purportedly companies' top objective, less than half, 47 percent, employ primary consumer research as a component of their analysis when deciding to change or renew deals. And although their key targets are outside corporate offices, nearly all executives seem to rely on gathering opinions from their own colleagues – 94 percent said they incorporate internal feedback into their decisions.

***Do not rely strictly on the numbers***

Norm Elder, vice president of Jim Garber & Associates argues: "People look to research as a marketing panacea. They forget that sponsorship is more an art than a science."

The preponderance of numbers in paid media is at the root of the problem, according to IEG. Elder comments: "By virtue of numbers existence, everybody believes them. Decision-makers think they're making scientific decisions, in sponsorship as well as media."

The solution is to make goals clear at the beginning. Elder advises: "Those seeking bottom-line gains should stick with sales or media numbers; others can use other evaluative tools, including qualitative surveys. When the client is involved in building the survey and guiding questions toward its goals, things come together."

***Budget for Measuring***

The amount of money spent on research of sponsorships remains relatively small when compared to the amount spent on securing rights and exploiting them. This remains an area of under-investment by sponsors and potential sponsors, despite the effect that sponsorship can have on the consumer's perception of the brand and 'perceived quality' (see below).

Most research agencies suggest that 1-5% of sponsorship spending is adequate for evaluation. Pearsall says: "That is sufficient to gather relevant data and small enough not to bother the budget."

However, there is a growing trend that properties are now increasingly prepared to pay for evaluation.

## Case Study: Vancouver's Pacific National Exhibition (PNE)

Vancouver's Pacific National Exhibition (PNE), which generates $2m in sponsorship, provides all 100 of its sponsors with a written post-evaluation on attendance, media mentions and admission-coupon redemption.

In 1994, PNE formulated a customer questionnaire after speaking to sponsors and invited visitors to complete these on portable data entry terminals, providing sponsors with data on purchasing behaviour, demographic composition of attendees and what they intended to buy.

## Case Study: Canadian Football League (CFL)

David Bowen, corporate sales, CFL says: "It's very easy to measure media, but almost impossible to measure effectiveness. We always try to put something in the package to create a bounce back, to drive our fan base to our sponsor's products. Promotions are where we measure our returns."

In-house comprehensive reports to 10 sponsors at the season's end and additional reports are sent after special events.

## Case Study: The Arthritis Foundation

The charity builds sales ties into its packages and provides its 27 national US sponsors with quarterly 'stewardship reports'. The research details the number of samples distributed, in-store activity, coupons distributed and the number of retail establishments assisted in their promotions by volunteers.

Harry Abel, vice president of corporate relations: "We know it's working since sponsors renew based on what we give them and their own analysis. The reports come out of the 8% of our overall budget that is devoted to corporate promotions."

## Summary Of Main Points In This Section

When producing evaluation reports for sponsors, the following should be considered:

1. ***Account for measurement and reporting costs***, which should be 1-5% of the total sponsorship revenue, in every sponsorship package and build them into the total sponsorship fee rather than show them as a line item in the proposal.

2. ***Build measurable elements***, such as sampling and redemption rates into each package.

3. ***Time reports to event duration***. Year-round properties report at least quarterly in the US, season-long properties report within the season, annual events report once, usually no later than six weeks after they are held.

4. ***Share as much information as possible with sponsors***, but only give information pertaining to a particular sponsor or its business category to that sponsor. Although sponsors do not compete directly, it is not necessary for them to know each other's answers.

5. ***Encourage audiences to respond to surveys***, particularly on-site at the sponsored activity.

6. ***Include obvious measurements***, such as media equivalencies and attendance but realise that they no longer constitute complete evaluation. At the very least, provide evidence of performance on everything that went on during the lifetime of the sponsorship and evaluate and measure specific benefits.

## Measurement and Return on Investment

Research by Total Research indicates that the higher the regard for the brand, the more likely it is to be purchased and therefore the higher the return on investment (ROI) is likely to be. 'Return on investment' is a ratio measure of profit achieved by the basic operations of a company or brand and can

be seen as a useful indicator of effectiveness and efficiency of that company/brand. Some organisations calculate ROI using the following formula:

$$\frac{\text{sales}}{\text{investment}} \times \frac{\text{profit}}{\text{sales}} = \frac{\text{profit}}{\text{investment}}$$

Brand equity research, where a brand's size is measured not just by sales but also by its 'perceived quality', is commonplace in the US as a result of Harris Interactive's Equitrend Survey. It has become a benchmark for measuring a brand's success, according to *BrandWeek* magazine. The technique was placed on trial in the UK in 1996. However, whilst it has been a growing success in the USA, UK brands have failed to extract value from it.

## EquiTrend Survey

The latest EquiTrend survey in the USA, was conducted in Spring 2002. However, the UK survey has not been repeated following its 1996 trial, conducted by Total Research.

The 1996 trial covered 163 brands, which were ranked by 1,002 respondents. Each respondent was presented with a list of brands drawn from 24 product and service categories and asked to provide a rating of each brand's quality on a scale of zero to ten, where zero is unacceptably poor and ten is exceptional.

Respondents could rank a brand using any number in that range, or indicate they had absolutely no opinion and could not rate it. This created a perceived quality score, which is the average quality rating among those who had an opinion on the brands listed.

Perceived quality is a vital component of a brand's strength and competitiveness, allowing them to sustain price premiums and fight off competition.

The survey also measures brand salience, a type of informed awareness, which is predictive of market performance. High salience indicates a brand has benefited from long-term marketing campaigns.

Multiplying the perceived quality score by the salience score provides the final brand equity rank.

An interesting finding in the research is that there is much more recognition of brands in the boardroom and Total Research found a correlation between Stock Market performance and the perceived quality of the brand.

It is against this background that sponsorship has a role to play in improving the perceived quality of the brand. It has long been accepted that sponsorship delivers the best return on investment over an extended period because it shows the brand's integrity and loyalty.

This belief is fully supported by the findings of the latest American Equitrend survey. It's demonstrates clearly that a steady long-term approach to sponsorship pays dividends in brand quality. For instance, in the tobacco sector, the Philip Morris tobacco brand Marlboro, has maintained for over twenty years significant global sponsorships in motor sport. It is surely no coincidence that this approach, which differs from the changing marketing strategies of its competitors, has contributed to it having much higher brand equity than any of its competitors.

However, perceived quality is only one element of brand equity and must be looked at in context – there are many other equity issues and brands mean different things to each segment of the target audience at different times.

## Measuring the Right Things – Impact

According to Jim Crimmins, executive vice president, strategic planning and research at DDB Needham, Chicago, sponsors are measuring the wrong things: "We measure what's easy – visibility – rather than what's critical – impact."

"The fact that people have seen our logo doesn't count for much. Does anybody remember seeing it?"

"Does anybody mentally link my brand to the property I've paid to identify with it? Is the extra cost I've paid to be seen in this particular environment worth any more than being seen on the side of a building somewhere? Does anyone know that I am bringing them this event or this cause? Does anyone care?"

These questions can only be answered by measuring impact, which Crimmins describes as the ability to positively influence consumer attitudes toward a brand in order to increase brand choice.

Crimmins claims: "While the demonstrable impact of sponsorship can be enormous with respect to generating consumer impact, most dollars are wasted." DDB Needham's research on Olympic sponsors reveals that companies can sponsor the same event at the same level with a huge variance of impact.

## Sponsorship's Impact on Brand Equity

In a world where image is vitally important, marketers are worried about how their brands are perceived by consumers. Image and reputation build strong brands and drive sales, so it is only right that they should be included in the equation when measuring a brand's performance.

The concept of brand equity looks at the holistic view of all the factors that constitute a brand's value. This concept is now being taken very seriously and the most far-sighted companies are including it on their balance sheets. Sponsorship can be one of the biggest contributors to the perceived quality of a brand, which in turn is being recognised as one of the most important aspects of brand equity. This has been shown to have a direct impact on sales performance, a brands ability to sustain a price premium and a firms overall financial performance.

David Aaker, professor of marketing strategy at the University of California and author of Building Strong Brands, studied the relationship between perceived quality and company stock prices. He says: "Among all brand associations, perceived quality has been shown to drive financial performance. Perceived quality is often a major, if not the principal, strategic thrust of a business."

## Case Study: DDB Needham Research

Using a national sample of 2,600 heads of household, the agency conducted five waves of interviews in 1992 – one in each of the three months before the Olympics, one during the Games and one a month after – tracking 90 sponsors and 270 of their competitors.

Respondents received a list of brands and companies in random order and checked those they thought were Olympic sponsors and which brands or companies they believed offered the best product or service in their category.

***Results***

Throughout the five-month survey in 1992, Visa maintained a huge advantage over its competitors. Half of the respondents correctly identified the company as an Olympic sponsor, compared with about 30% who said MasterCard and 20% who cited American Express.

In addition, the gap in preference for Visa over MasterCard doubled from 15 points three months before the Olympics to around 30 points during the Games and remained larger than 15 points one month after the event.

However Visa was an exception. According to Crimmins: "Of 37 official USOC sponsors, only 15 companies succeeded in linking their brands to the Olympics in consumers' minds. Indeed, official USOC sponsors like Crest, Hilton and Kellogg's cereal brands were named as sponsors less often than Colgate, Holiday Inn and Wheaties." (See Chapter 4: Event Sponsorship.)

In response to measuring sponsorship's return on investment (ROI), multinational companies which spend millions on sponsorship each year have developed their own sophisticated models for measuring ROI and some of the best known models are reviewed in the following paragraphs.

## Case Study: Coca-Cola (US)

***Background***

Between 1992-94, Coca-Cola developed a measurement system to value the company's sports venue and team sponsorships. Stuart Schwartz, business affairs manager explains: "First, start with the sponsorship purchase. You can then use the sponsorship to create exposure for your trademark through such things as sampling and promotions."

"In most cases you are trying to create change in consumer attitudes and behaviour that will generate product sales, which hopefully produces shareholder value."

In developing the model, Coca-Cola identified three relevant questions:

1. How well does the property perform? This implies a relative valuation.
2. Does the property or event increase shareholder value? This is a much more directed and focused question, requiring different analysis.
3. How much should a company pay for the property alone?

***Impact analysis***

This answers the first question. Impact analysis measures the indirect marketing benefits of an activity and compares them to the cost.

Impact per dollar equals impact divided by dollar cost. Impact should have a qualitative and quantitative component. Impression measurement, which media people use, is meaningful, but it does not have a qualitative component (no distinction is made between a good and not so good impression).

Dollar cost is defined as the cost to purchase and activate the property (sponsored activity or cause).

Impact can be quantified with impression measurement and a value can be assigned to the following:

- venue signage;

- other trademark exposure;
- media spots;
- editorial mentions and exposures;
- sampling totals;
- other product related activity.

For the qualitative component, Coca-Cola uses consumer interview information. This asks respondents if they have had a change in attitude or perception about Coca-Cola's products or the company as a result of the company's sponsorship activities, whether they recall the trademark or whether they are aware of the product.

There are pros and cons in using both these methods. Impression measurement can be used to predict consumer attitudes before commencing sponsorship activities. It is also not an expensive methodology. However, on the negative side, the correlation to sales or consumer attitude can vary.

The main drawback with impact derived from consumer interviews is that they cannot be done pre-sponsorship and the questionnaire needs careful preparation. Schwartz says: "Asking the right questions is a real challenge. Where do you interview people? When? The information must be actionable. Market research sometimes gives you soft information, which does not lend itself to being put into a model."

"You need answers that can be quantified, so that you can divide that number by cost and come up with a value. This is generally an expensive methodology as well… we can't afford to do it at the end of every basketball game we sponsor."

***ROI Analysis***

This answers the second question – with an income and cost equation. More specifically, it evaluates cash flow from incremental product sales resulting from the marketing investment *less* the cost to purchase and activate the property.

However, although this works in theory, by Coca-Cola's own admission, it is difficult to apply in practice because it assumes that profitable product sales flow directly from sponsorship activities – which is impossible to measure given Coca-Cola's diverse communication activities surrounding its sponsorship programmes. Another weakness is that it may ignore long-term benefits of image building, which is meant to translate into more product sales.

However, this methodology could be applied in order to measure a short-term sales lift, for example, in a six-week period following the sponsorship activity.

***Establishing Price***

In order to answer the third question, there are three further considerations:

- value to the buyer (what he/she is willing to pay);

- value to the market (fair market price);
- value to the seller (what it seeks to be paid).

Negotiating a fair market value price is the most rational approach but Coca-Cola has used other means, for example, revenue requirements of the seller.

*Deal value **equals** sum of the market values of individual benefits **plus** cash flow from revenue product sales **less** estimated deal costs.*

This model allows comparisons to be made with other sponsorship deals and helps to calculate the impact of a change in the individual rights offered on the total value.

The present value is calculated over the life of the contract and then expressed on an annualised basis.

So, applying the above model, if the deal value equals zero, then Coca-Cola has a fair deal.

If it is less than zero, then there is no parity – instead there is a value gap and Coca-Cola will need to minimise that gap. In most cases, Coca-Cola expects there to be a value gap.

For market values of individual benefits, Coca-Cola finds an efficient market comparable so it can develop a benchmark for that item: "We look at the market to tell us the value of what we are buying. If there is no market, then we use a surrogate, so we can point to a real-life economic situation and say, 'we think it's worth this'."

***Tangible and Intangible Benefit***

Sponsorship benefits are both tangible and intangible.

***Tangible Benefits***

***Signage***: For the sports version of the model, Coca-Cola obtained every signage price it could and analysed them as a function of the number of people who saw each sign (opportunities to see), size, location and position of the sign in a stadium and the clutter surrounding the sign. This translated as a cost per million (CPM) per square foot as the benchmark.

Coca-Cola now uses this benchmark in order to get information from the property (sponsored activity or event) covering the number of people who see the sign, its size and other data in order to calculate the total value on a CPM per square foot basis.

***Broadcast media*:** For each property, Coca-Cola determines the aggregate ratings points of the spots the property is offering and compares it with the average cost per point in that market multiplied by the number of spots the property is offering. 'We factor in our typical media buy costs, because that's an arm's length transaction.'

***Hosting and tickets***: These are not usually negotiated prices and Coca-Cola applies face values in its calculations in determining how much it should pay for the property.

***Other trademark and product exposures*:** 'We run into problems pricing those things which we buy that nobody else buys, for example, having our trademark on water fountain cups,' explains Schwartz. 'That is a powerful form of advertising for us and we recognise the value but there is no direct comparable market value, so we had to develop one on an arbitrary basis as the market leader.''

### *Intangible Benefits*

It is difficult to have an analytical methodology covering promotion rights, including the use of the properties own marks and logos. Research could be done into the value of those rights by looking at the property's fan base, consumer attitudes towards the property and general marketability of the property.

A rating could then be applied that could then be offset by the value the sponsor brings to the property through awareness and association.

Other intangibles include the seller's goodwill and the value of exclusivity.

'Goodwill brings us back to the model's assumption that the sum of the parts equals the whole. Despite that assumption, we know a bundled package creates more value.'

'Some sellers implicitly have more goodwill than others, such as Disney versus your local amusement park – Disney is worth more even if all things are equal because it's more prestigious. The problem we face is how to place a value on that.'

The same problem exists in determining the value of category exclusivity, which is important in avoiding consumer confusion (with competing brands if they too are advertised at the same time) and message dilution.

### *Cash Flow and Deal Cost*

The next part of the model is cash flow product sales at the venue, which is relevant only to sponsors with the ability for on-site sales. 'Deal cost involves our cash sponsorship, the value of goods in-kind and services we provide, other contractually obligated purchases (the value of which should be included in benefits) and other direct cash costs.'

### *Conclusion*

The sponsorship market place is not efficient and therefore it is difficult to arrive at a 'fair market value price' for sponsorship. For example, property rights sellers regularly share information with each other and know how much sponsors have paid for other sponsorship deals.

Yet sponsors tend not to share this information with their competitors and are therefore at a disadvantage when negotiating with property rights sellers because they do not know how much another sponsor paid for an equivalent bundle of rights. It could be argued that this helps to balance the relative bargaining strengths of the two parties.

## Case Study: Colgate-Palmolive

### *Background*

During its three years sponsoring Starlight Foundation, a Los Angeles based charity that grants wishes to critically ill children, Colgate has halved promotional costs, raised the number of participating brands without jeopardising the sponsorship's ability to drive sales and devised an evaluation model it applies to sales promotion to gauge success.

Each year, Colgate has altered components to its sponsorship with the Starlight Foundation. Chet Gittleman, director, promotion management, says: "The most important change has been its localisation and tangibility."

For example, in 1991, the company had not involved local retailers in the campaign, which was impersonal and relied on toy donation bins and a Bugs Bunny plush. The cost of the campaign was $2.2m, which included a TV network show with Cher that was a questionable fit with the company's image.

In 1992 there was a complete change in sponsorship strategy. The budget was reduced to $1m and retailers now received background information on each local child who would have his or her wish granted and a say in which local hospital would have equipment donated by Colgate. In addition, the company produced bi-lingual point-of-sale (POS) material aimed at the Hispanic community of Los Angeles.

In 1993, Colgate replaced the free Bugs Bunny plush with a 'Starlight Bear' which was self-financing ($6.99 plus two proofs of purchase).

***Evaluating results***

The company made a cost reduction decision based on its formula for gauging a sponsorship's impact:

*Incremental profit through additional product sold less the incremental cost of running the programme.*

Colgate uses scanner data to compare sales in a three-week period in the 26 weeks following the Starlight FSI drop – during which 75% of redemption occurs – to three weeks of average sales during the previous six months.

Gittleman explains: "To establish average sales in a three-week period in the 26 weeks before the FSI, we divided the number of cases sold by 26 and multiplied by three."

"The result is a baseline against which to compare incremental sales. If the baseline is 100 cases and the three weeks after the FSI drop, a store sells 140 cases, the result is 40 incremental cases."

Gittleman continues: "There may have been promotions in the prior 26 weeks, so we try to isolate their effect by measuring sales of product that was not sold on price reduction, display or feature, which we can do with scanner data."

If the promotion results in one-store sales of 40 cases more than average and each case generates a $15 margin, Colgate receives $600 in incremental sales.

The company then deducts distribution, redemption and other expenses associated with the sponsorship to determine its net profit or loss position.

Gittleman says: "That formula is a powerful tool because it can help you establish appropriate levels of spending. For example, once we can gauge a proposed sponsorship's total cost, we can determine the amount of incremental sales required to break even and then decide if this is realistic by looking at what we've been able to achieve historically."

## Case Study: How Sprint quantified return on investment

### *Background*

Telecommunications is a very competitive market with a proliferation of brands and services.

Mike Goff, former director of corporate sponsorship for Sprint, the third largest US long-distance telecoms company, stated: "We're third in a three horse race. We're at a budget disadvantage versus BT/MCI and AT&T and we constantly face the threat of being outspent and out-delivered."

"There's a message gridlock in our category and we all have the same types of service. That's why we're moving away from a mass marketing approach to a niche approach, targeting smaller consumer segments."

Sprint had to find more efficient ways of reaching decision-makers with meaningful messages.

"Sponsorship helps us do that. It's an efficient use of our advertising budget. It provides a source of revenue, often from the property we're involved with."

Goff sums up the benefit of sponsorship: "It creates consumer loyalty through an opportunity to talk to people in a lifestyle settings and it offers an attractive hospitality environment for hosting current and prospective customers. It's also an opportunity for us to reinforce a broad scaled message and instill pride in the workforce."

In 1994, Sprint formalised evaluation procedures – a front-end model that helps Sprint choose what to sponsor and its likely success, and back-end model used to measure results and how this can be used to sell sponsorship internally.

The company believed that if it was to get involved with the right properties then it needed better measurement and evaluation tools in order to explore opportunities to use sponsorship corporately and by its business units – consumer, business, international, cellular and local.

### *Front-end evaluation*

**Table 3.1: Sprint model for sponsorship evaluation**

| Criteria | Rating (1-5) | X Weighting | = Score |
|---|---|---|---|
| Revenue opportunities | | 15 | |
| Ability to integrate | | 15 | |
| Costs | | 13 | |
| Exposure to target | | 13 | |
| Image enhancement | | 10 | |
| Competitive advantage | | 10 | |
| Employee impact | | 10 | |
| Hospitality/entertainment | | 6 | |
| Equity building | | 4 | |
| Commitment to community/market segment | | 4 | |
| **Total** | | **100** | |

*1= Unacceptable; 5 = Very Acceptable* *Source: IEG, Inc*

***Definitions***

***Revenue opportunities***: This is a primary criteria. Sprint considers whether by getting involved in the property the company will gain additional revenue. Other considerations include whether the sponsorship presents an opportunity for the company to show-case its technology and whether there are opportunities with other partners and sponsors to gain revenue through cross-promotion.

***Ability to integrate***: An evaluation of the opportunities to integrate the sponsorship into the other areas of the marketing mix.

***Cost***: This applies not just to the cost of the sponsorship but also to the cost of the marketing support and personnel resources that might be tied to the sponsorship.

***Exposure to the target***: Sprint evaluates the event's ability to increase familiarity and consumer's propensity to purchase, ability to deliver direct interaction with the target audience, viewership, physical attendance and geographic coverage.

For example, for the World Cup, Sprint would investigate how many names of ticket purchasers could organisers deliver through a database. Sprint also does audience estimates on TV viewers and print readership.

***Competitive advantage***: Is there any competitive advantage available that will pre-empt the competition and differentiate the company? And is there potential for ambush marketing by a competitor?

***Employee impact***: Sponsorship is evaluated on the basis of its positive effect on staff morale and/or productivity and whether it can help reach employees in key markets.

***Hospitality/entertainment***: Corporate hospitality and networking opportunities, although important, are secondary considerations in the model.

***Equity Building***: This too is a secondary criterion in the model.

***Commitment to Community/Market Segment***: Because of the nature of the likely sponsored activity or property on a national or international level, community involvement at grass roots level will also be a secondary criterion.

***Back-end evaluation***

Sprint applies four principles to back-end evaluation:

Sponsorship can be measured.

Evaluating and measuring sponsorship's success must be considered before putting a programme in place. For example, if brand building is an objective, then the company will do pre-event and post-event awareness studies to know how well it has done.
Measurable sponsorship objectives instil discipline in measuring the success of properties.

Each person in the marketing team must be responsible for evaluation.

## Case Study: How Gillette Maximises and Quantifies Sponsorship Value

### *Background*

Gillette in the US decided to re-evaluate its sponsorship approach. Jim Lamie, director, sports and events marketing Gillette explains: "As a result we've turned our attention to integrating sponsorship into the media and promotion, concentrating more on the retail end." The company now focuses on consumer sales, trade support and financial efficiency as the key output measures.

### *Strategies for Maximising Value*

Matching frequency of sponsorships to the typical consumer purchasing cycle of Gillette products: This was a two-stage process:

1. Determine the daily product use-up rate for all four major categories of blades, razors, shaving preparations, deodorants and hair care.

2. Calculate the average size for each of these products mapped against replenishment.

Gillette found that most consumers purchased their brands once per quarter and this led the company to regulate its sponsorship cycle which then peaked three or four times a year.

Merchandising impact at POS around national media-driven events: The company requires properties with TV audiences of around 30 million plus and co-ordinates brand advertising and national direct mail (coupons) with retail display programmes and co-sponsor advertising support for maximum coverage in all media throughout the promotional period. These fundamentals ultimately boost consumer sales of participating brands.

Delineating sponsorships by gender: Gillette establishes a balance between male and female properties, establishing a separate selling and promotional focus for its female brands, for example, the LPGA, Women's Sports Foundation and NCAA. For men, current sponsorship include MLB's All-Star Game and World Series, IndyCar and the NCAA.

Establishing distinct sponsorship objectives and sales planning priorities: Sponsorship is separated into three major categories:

Multibrand – national in scope and designed to leverage portfolio of male and female brands in grooming, personal care and Oral-B business units;

Brand specific – designed to work with advertising and PR to bolster a particular brand's household impression level and create more interest around the brand; and

Account-specific – designed to achieve specific business objectives with a particular retailer.

In each of the above, sponsorship focuses on achieving specific business management and brand development goals. Each is assigned its own set of key quantifiable output measures to determine what will constitute success or failure.

Unified marketing theme for all sponsorships: Gillette promotes all sponsorships under a unified platform – the 'Gillette Challenge' that gives consumers a chance to win large sums of money by performing an everyday feat such as making a three-point basket in basketball. The 'Gillette Challenge'

serves as a thematic umbrella for all major sponsorships. The result is a fully integrated campaign featuring a consistent theme, prize structure, graphics and copy format.

Lamie says: “Our primary objective for the Challenge.’ ‘is to break through the clutter and create maximum merchandising thrust at retail, achieved by directly involving the customer and rolling publicity up from regional activity to our national events. The equity we build with this campaign is consistently leveraged across our other major sponsorships.”

***Quantifying Value***

This is measured against all four major product categories and across three indices:

- consumer sales;
- trade support;
- financial efficiency.

***Consumer sales***

In each case, a category’s performance is benchmarked against its performance in the last financial year, calculating the difference between the non-promoted baseline share levels for each product category and the actual share levels during a discreet promotional period.

The non-promoted base line is simply a trend analysis of a brand’s projected share levels assuming no sponsorship or promotional activity was to take place.

***Calculation***: Promotional share levels less non-promotional share levels (base line) equals incremental units moved during the promotional period in each product category.

Summing up the difference between the baseline and promotional share for all four categories enables Gillette to determine the total incremental units moved during the sponsorship and promotional period.

Taken in isolation, these numbers would be quite meaningless. They do, however, become a yardstick when placed within the context of incremental unit activity for all major product categories during the quarter of the sponsorship.

Lamie expands: “Once you’ve calculated the incremental units moved for all promotions in a quarter, you can calculate the percentage of incremental units moved that are directly attributable to your sponsorship.”

With this information, it is then possible to benchmark the percentage of incremental units moved by the sponsorship against the relative contributions of other promotions in the same quarter for a percentage contribution basis.

Lamie continues: “A clear picture then emerges of how important the sponsorship was to the total quarterly incremental units moved and its relative strength against other programmes. And by comparing this number with last year’s data, we can quickly determine if the performance in trend is north or south.”

***Trade support***

Trade support data is examined in two main areas:

- share of off-shelf display;
- retailer advertising support.

Increases in these two areas invariably translate into higher consumer sales and Gillette usually generates double-digit growth in each of these areas.

Gillette measures financial efficiencies and shipment activity.

***Financial efficiency***

Financial efficiency is basically the comparison of incremental unit sales against the total cost of a sponsorship.

Gillette determines efficiency ratings by dividing the fully-loaded expense of a sponsorship by the total number of incremental units of each major product category moved during the designated sponsorship and promotional period.

This calculation enables Gillette to determine the promotional cost per incremental; unit sold during a multibrand event.

A further investigation of the figures provides more information about the value of sponsorship activity:

Determine what percentage of quarterly spending was dedicated to the sponsorship.
Compare this figure with a percentage of quarterly incremental units moved by the sponsorship.

If the percentage of quarterly incremental units sold is *greater* than the percentage of quarterly promotional dollars consumed, then financial efficiency of the sponsorship is *superior* to the average performance of all other quarterly programmes.

The efficiency ratio is the percentage of quarterly units moved divided by the percentage of quarterly promotional dollars spent.

If the ratio is greater than or equal to one, the sponsorship event is moving incremental units at a faster pace than the consumption of promotional spend, therefore providing excellent sponsorship value.

***Shipment activity***

Gillette compares current open stock and display shipment performance against the proceeding year's levels in order to verify that the trend is up. As in financial efficiency (above) Gillette compares and calculates the sponsorship event's percentage contribution to the quarterly shipment totals.

***Conclusion***

Gillette's approach is restricted in the sense that it applies to FMCG companies whose consumers have high levels of propensity to consume that can be mapped on a quarter and by-gender basis. It is encouraging that Gillette has produced a model which can demonstrate the value that sponsorship delivers to the bottom line.

For example, Gillette can now show that its sponsorship activities moved 41% of incremental units during the first quarter and yet only accounted for 22% of first quarter promotional spending – which helps to put the argument for sponsorship directly into the boardroom.

Lamie concluded: "By quantifying all these categories – consumer sales, trade support and financial efficiency – we have succeeded in moving sponsorship evaluation out of the sphere of subjectivity and into the realm of objective hard analysis based on mutually-agreed key output measures." *(Source: IEG, Inc)*

**Analysing the Effect of a Sponsorship on Product Sales**

Companies are increasingly looking for cost-effective alternatives to advertising as the medium has become expensive and in some cases has failed to deliver an adequate ROI.

Many companies, particularly in the US and Europe, have used sponsorship as one of the main marketing and communication activities to generate sales volume as well as achieve other business objectives, such as raising brand awareness and improving the company's image with all stakeholder groups, (see case studies on Colgate Palmolive and Gillette, above).

This short section looks at an example from Sweden.

## Case Study: Intrum Justitia and the Whitbread Challenge (now known as the Volvo Ocean Race)

***Background***

In the early 1990s, Swedish payment collection group Intrum Justitia had just 15% of the payments collection market and consisted of a diverse range of 'independent' subsidiaries scattered over Europe. The board of directors recognised that the company was not as well known as some of its competitors and looked at a number of options to raise its international profile.

At the same time, former Whitbread skipper Roger Nilson was looking for sponsors for the Whitbread Challenge (1993-94) and contacted the company's chairman and owner, Bo Göransson. After a short period of negotiation, the company decided that it would not only sponsor the entry of a boat but would set up a business around it.

As a result, the sponsorship package was designed as a European project, with members of the crew coming from most of the countries where Intrum Justitia was represented. The sponsorship was turned into a separate subsidiary of the Intrum Justitia group – Fair Pay Round the World BV, located in Amsterdam, Holland.

***Objectives of the sponsorship***

1. To create a strong corporate image for the whole group and to raise its profile internationally.

2. To create a strong team spirit among all the group's European employees under the theme! A European Crew'.

3. To change the image of payment collecting by launching the slogan 'Fair Pay … please!'

4. To increase product sales and open new markets for the group with corporate customers.

***Main target audiences***

- employees;
- customers (present and future);
- press and media;
- all other stakeholder groups.

***Integration of the sponsorship***

The sponsorship of the race became the cornerstone for the group's communication activities.

Full page advertisements in the business press and smaller advertising carried messages such as 'We work for higher business ethics'; 'With full sails for Intrum Justitia Credit Insurance'; 'Fair Pay … please!', as well as coverage in Scandinavia's leading business daily, *Dagens Industri.*

In addition, a direct mail campaign targeting customers brought the sponsorship and messages to their attention.

***Public Relations***

There was extensive PR surrounding the race itself and at the start and finish of each Whitbread leg. A new co-sponsor, Sony, supplied the press and media with extensive footage of the building of the vessel, preparations by the crew and on race days itself.

A special newsletter was produced and the group's marketing and PR department, assisted by Clark Marketing AB, expanded its target group of journalists, from sports to business writers, after two-thirds of the Whitbread race was completed.

The race was also used as the theme for the group's annual reports for 1992 and 1993.

Even after the race was over, the boat was used for corporate hospitality along the Swedish coast during the second quarter of 1994 and was made a prominent attraction in a dry dock in Stockholm.

***Sales Promotion Activities***

For current Swedish customers, a Whitbread Club was formed and by the winter of 1994, it had attracted 2,000 members who received regular newsletters as well as direct mail offers.

Customers were also invited to seminars and meetings with the Whitbread Race as the theme and these meetings included films, presentations and opportunities to meet some of the crew. Over 100 such seminars were held, attracting a total business audience of 30,000 including 100 brokers from the Stockholm Stock Exchange.

Local Chambers of Commerce and local yacht clubs who were after new members were offered the opportunity to invite their guests to such seminars and events and this in turn generated over SEK2m in extra revenue for the company.

Employees were also invited to join Whitbread Clubs for staff, with a £10 membership fee. 95% of all staff decided to join and once a month a Fair Pay bar was opened with food and drink at reduced prices.

***Costs of Sponsorship***

Gross costs for the entire sponsorship project was £3m. However, the company was able to recoup over £1m through co-sponsors and other miscellaneous activities.

***Results***

Research carried out by students from the Institute for Higher Marketing Education in Stockholm found:

- 72% of the staff felt that the project had succeeded in creating a strong team culture;
- 66% felt that the activity was a success;
- 83% felt proud to work for the company;
- 70-75% of customers and prospects were interested in sailing;
- 85% knew about the Whitbread Race;
- 75% (higher among customers) could spontaneously recall the name of the boat and the main sponsor;
- 81% of customers and 36% of prospects thought that the sponsorship was justified;
- 55% of customers and prospects were very positive or positive to the sponsorship.

Swedish media analysis company Imedia analysed press coverage in Sweden, Denmark, Norway, Finland, UK, Germany, Holland, Switzerland and France and found:

- 10,548 editorial pieces about the Whitbread Race;
- Intrum Justitia was mentioned in 5-14% of articles, of which most were positive;
- total radio coverage was 18 hours;
- total TV coverage was 90 hours.

With increasing awareness of the group and its activities during the course of the Whitbread Race, the value of the company at the London Stock Exchange increased by £55m and the share price increased from around 70p at the beginning of the sponsorship and closed around 113p at the time of the finish of the race in Southampton, England *(Source: Clark Marketing AB, Sweden).*

## Summary of Main Points in Chapter 3:

1. The higher the regard for the brand, the more likely it is to be purchased and therefore the higher the ROI.

2. Do not measure only what is easy (visibility) but rather what is critical (impact).

3. How well does the property perform?

4. Does the property or event increase shareholder value?

5. How much should a company pay for the property alone?

Measurement methodologies have been devised which can help a sponsor measure perceived quality (Total Research), ROI (Coca-Cola, Sprint), Incremental Profits (Colgate Palmolive) and maximising and quantifying sponsorship value (Gillette).

# CHAPTER 4: EVENT SPONSORSHIP

## Introduction

Steven Bowey in his editorial note in *European Research's* special issue on sponsorship (1988), expressed 'that it is notoriously difficult to evaluate the success of sponsorship.'

Nevertheless, many researchers, as well as research agencies, have attempted to study the effects of sponsorship on many different aspects such as awareness (Otkar & Hayes 1987; Wright, 1988), corporate/product image (Ryssel and Stamminger, 1988) and influencing a selected target market (Wolton, 1988).

Many of these studies measured only short-term impact, using research methods to measure the impact, virtually immediately after the sponsorship event. There are also research designs using continuous tracking of sponsorship effects.

However, these studies frequently find difficulty in isolating the effects of sponsorship from other forms of communication, for example, advertising, sales promotion and PR, which are often concurrent with the sponsored event.

It is important to measure the long-term effects of sponsorship not simply for academic interest, but also to know whether there are adequate returns on investment.

According to Jimmy Clark, managing director of Clark Marketing: "Evaluation must be in proportion to the skill of the sponsorship. A small project should be at least evaluated in a meeting between the parties, where findings are written down and saved. Why reinvent the wheel?"

"Larger projects could probably justify internal or external research, the cost could very well be anywhere from 3-8% of the total project budget. The objective is to obtain knowledge for future use. Knowledge will pay off in terms of more (cost) efficient sponsorships in the future."

Niels Vinding of Denmark had a theory that many companies did not do any back-end research for fear of what they would learn. The seasoned ex-ad agency veteran, who for many years cooperated with Gallup in Denmark, used to claim that nearly every sponsor who invested in a serious follow-up would be positively surprised.

This section examines event sponsorship activities and draws on the lessons of how these events were evaluated and measured, including a discussion of the techniques used in the UK, Europe and US.

## Why Evaluate and Measure?

According to Clark, reasonable objectives should be quantified and measurable. For example, it is important to measure objectives that are about knowledge and attitudes (level and direction of change) in the target group.

Clark says: "It is of course, possible to document effects without measurable objectives. You may measure reach but there is a distinction between being visible and being seen. Therefore, observation can be a more interesting area to measure."

Much of the research and evaluation on event sponsorship is proprietary information and jealously guarded by brand owners. However, one measure commonly used is to convert sponsorship coverage in the press and media into the advertising equivalent.

Professor Stig Hadenius, of Stockholm University's department of media and journalism questions the wisdom of such a conversion and asks:

- do you aggregate the total editorial piece or just a space where company's name is featured?
- are the pieces where your name is featured in a negative context added or detracted from the aggregate?
- is press, TV or other media space obtained from sponsorship as valuable as advertising space, where you are in total control of the message?
- how do you assess the value of building a good reputation?

## Case Study: Ipsos-UK and Social Research

In 1995, RSL Marketing (now Ipsos-UK) prepared a paper at the Market Research Society Conference which examined the findings of more than 300,000 quantitative interviews and 250 focus groups regarding how UK organisations and consumers viewed sponsorship and it's effectiveness compared with other forms of communications media, including television advertising.

***The key findings:***

- Survey research is used more readily to monitor effectiveness than has been the case in the past. If a sponsorship does not perform to expectation, the contract is re-negotiated.
- This has resulted in some certain sponsorships changing hand frequently. In the 1980s a major event being sponsored had almost negotiated a partner for life. This situation has changed in the 1990s. The event sponsors now change rapidly and this has a major impact on consumers' reactions.
- A gap has been created between sponsorships. The highest profile, most prestigious events have become highly sought after by potential sponsors and their prices increased accordingly.
- At the next level, there has been an increasing realisation that the benefit to be gained by sponsors is relatively low. Therefore a ‘superleague’ of sponsorship opportunities has been created, with lesser sponsorships being relegated a long way behind in terms of their desirability and market value.
- Research has become more focused. When the target fir sponsorship was invariably broad sections of the total population, syndicated research could be readily used to evaluate performance. Tighter targets for event sponsorship has resulted in research being adapted to answer each client's specific needs.
- If sponsorship is to be successful in the 21st century (specifically the noughties – next ten years) and beyond, it must be integrated with other communications media. As such, this makes event sponsorship a complicated medium to use to its maximum efficacy.

## Case Study: ISL

Stephen Baird, CEO of Ignition Management in London, believes: “The market has and continues to evolve from this 1995 study. Whilst a ‘superleague’ of sponsorship still remains the proliferation of marketing channels, brands are increasingly using sponsorship to target important niche segments and this is breathing new life into the small and medium sized sponsorship opportunities. At the extreme end of the ‘superleague’ (of opportunities) the properties have not been able to deliver the commercial returns expected by rights holders. This has been illustrated by the demise of the rights holding group ISL.”

## Case Study: Mars - The London Marathon

Mars was one of the earliest pioneers of integration when it sponsored The London Marathon. The heavyweight advertising campaign to promote the sponsorship resulted in Mars achieving 45% average spontaneous sponsorship awareness in its highest quarter of 1988 (in response to "who sponsors marathon running?"). The corresponding figure relating to the highest quarter of 1993, was 36% - seven years after the sponsorship contract had expired. In many respects, the London Marathon assisted Mars in changing its image as a purely hedonistic confectionery bar to a high-energy sports oriented snack food.

## The Impact of Television on Event Sponsorship Evaluation

## Case Study: Formula One

One of the big surprises in motorsport Formula One (F1) in 1996 was the parting of Marlboro and McLaren after 23 years. Research carried out by Bruce Grant-Braham at Bournemouth University provides an insight in to the intense pressure on sponsors and their partners in F1.

Grant-Braham, one of the few academics researching motorsport’s sponsorship says: “Television figures have now firmly become the main means of attracting financial sponsorship to motorsport and as a main measurement by which not only the teams’ but also the sport’s survival is gauged.”

Grant – Braham continues: “The problem for F1 is that those cars which drive regularly in the middle or the back of the grid get only minimal TV exposure and even those that are fourth or fifth hardly appear on the screen, despite the tens of millions of pounds spent on taking part.”

He cites analysis of viewing time, revealing that in the first five places of the 1995 F1 season, the Williams, Benetton and Ferrari teams monopolised total TV air time and took up around one and a half hours each with McLaren managing only 15 minutes.

In 1995 the ‘Big 3’ took 83% of the TV coverage between them as the cameras focused on the battles between Damon Hill’s Williams and Michael Schumacher's Benetton, while, win or lose, the Ferraris always captured the attention of the TV cameramen around the world. Williams cars were unscreened for almost 30% of the air time, with Benetton and Ferrari on screen for 25% of the time between them.

Moreover McLaren, with its multi million pound backing, was only on screen for 4.5% of the time during races in 1995, a dismal effort compared with tobacco rivals Rothmans (Williams) and Mild Seven (Benetton) whose total combined 57% of air time.

## Case Study: The Olympics and Coca-Cola

The Olympic games is the largest televised event in the world and attracts multi million pounds sponsorship from global brands such as Coca-Cola, which was a major sponsor of the 1996 Olympics in Atlanta.

Coca-Cola's aim is to drive volume by moving beyond two-dimensional advertising to what it calls '360 degree marketing' - from sight and sound, to touch and feel, and from watching to experiencing. For this reason, while Coca-Cola plastered the 1992 Barcelona Olympics with over 1,100 posters, in Atlanta only 73 were used. According to Stuart Cross, director of worldwide sports, the company's money was better invested making Coca-Cola 'a part of the activities.'

This was done through spectaculars like the Coca-Cola Olympic City - where consumers saw dance and music events, collected Olympic memorabilia and tested their sporting skills.

In addition, Coca-Cola organised folk art exhibitions and strategically positioned 'fan refreshers' - mega vending machines which acted like magnets for wilting passengers by showering them with a mist of fine water spray.

Coca-Cola can eschew traditional Olympic advertising, because it carries out these sponsorship activities leading up to and beyond the event.

Its biggest promotion was the Olympic torch relay. Coca-Cola went beyond advertising by organising the whole event on behalf of the International Olympic Committee (IOC). The company recruited 12,000 torch bearers – the 'heroes' chosen by local communities and bussed an estimated 40 million citizens to the relay along the 5,000 mile route to Atlanta - home of the company.

When the Coca-Cola marketers researched each town after the event, they did not simply ask attendees who had organised it, but also whom the attendees had stood next to, as well as what the torch-bearer looked like. Cross explains why Coca-Cola undertook this research: "When they can remember things like that, you know that you have burned a memory into their brain."

Coca-Cola used the Games strategically in its marketing and this helped to lower marketing costs per sale. The reason for this is that most of its Olympic marketing is integrated and funded out of existing budgets. Additionally, because of its economic strength, Coca-Cola can negotiate a good price for the sponsorship deal with the IOC, which has begun to use Coca-Cola to market the Games - a position that perhaps would have been unthinkable 50 years ago.

**Editors note**: It is important to state that not everyone appreciated Coca-Cola's involvement in the Atlanta Games. Around the world, Coca-Cola faced some criticism and in fact the Games was derogatorily known as the Coca-Cola Olympics.

## IEG Sponsorship Report

IEG Sponsorship Report (August 1993) stated 'only final events are well integrated because they have a chance to do what they should do; shake up the market place for the trade and consumers. That is why companies are responding to a complete package - one that has consumer entertainment, sales incentives, media partners and retail extensions built in.'

According to IEG, in such an environment, brands must shift emphasis from selling to marketing. 'They not only must promote themselves, but understand the needs of potential sponsors and how to shape

themselves to meet those needs. Similarly, sponsors must understand the ways in which they can integrate their sponsorships."

For example, sponsors like NationsBank can use product sales to self finance their sponsorships. The Bank had the opportunity to liquidate its $40 million deal for the Atlanta Games through interest earned on ACOP's $30 million line of credit.

## New Evaluations Techniques

## Denmark Research

During five rounds of interviews with1500 respondents in Denmark during 1988-89, Neils Vinding and Gallup studied preferences and attitudes for a number of companies and brands in relation to their sponsorship activities.

Vinding and Gallup used a piece of front-end research originally developed in 1986 by N. Hanreider in Germany which gave them the combination of different sports with several attributes (profile and level), such as:

- dynamic;
- modern;
- prestigious;
- traditional.

This concept has been developed further and launched onto the Swedish market. The data derived enables the sponsor to correlate the image profile of the sport with the desired image and profile of the company or brand and to see if a match is good enough. It also provides indications whether the sport is moving up or down in popularity.

Vinding's theory was that a company which sponsored football, for example, would obtain higher levels of positive attitude and preference amongst football fans. This was confirmed by the study to an even higher degree than expected.

## Biggest spenders on sponsorship in the US

**Table 4.1: 1996 sponsorship spend by company (in excess of $10m)**

| **Companies** | **Amount spent on sponsorship fees** ($) |
|---|---|
| Phillip Morris | 120-125m |
| Anheuser-Busch | 115-120m |
| Coca-Cola | 90-95m |
| General Motors | 70-75m |
| Pepsico | 60-65m |
| AT&T | 50-55m |
| Eastman Kodak Co, RJR Nabisco | 45-50m |
| Chrysler Corp, IBM | 40-45m |
| McDonald’s, Visa International, Nike | 35-40m |
| Sprint, Mastercard, Quaker Oats, Sara Lee | 30-35m |
| Du Pont | 25-30m |

| | |
|---|---|
| Bausch & Lomb, American Airlines, Delta Airlines, Ford Motor Co, John Hancock Financial Services, Proctor & Gamble | 20-25m |
| Motorola, Reebok, Texaco, MCI Telecoms, Pennzoil, United Airlines, Shell Oil, Nestlé, Coors Brewing, Bell South Corp, UST | 15-20m |
| Gillette, Amex, Nissan USA, Xerox, Home Depot, Time Warner, Mars, Sears Roebuck, MBNA, UPS America, Chase Manhattan Bank, National Bank, General Mills, Microsoft, Hooters of America, Thomson General Elecronics, York International | 10-15m |

*Source: IEG, Inc*

***Research Findings:***

**Bank A** sponsored a successful Dutch yachtsman between 1987-1989. About 22% of people indifferent to sailing knew of this sponsorship and only 5% of this group preferred Bank A, as many as 50% of those interested in sailing knew of this sponsorship and 15% of this group preferred Bank A.

**Bank B** sponsored cycling between 1985-1989. Those indifferent to cycling showed 29% awareness of this sponsorship and 10% preference. While the group interested in cycling, the awareness was 40% and the preference was 18%.

The research also showed the states of awareness to other advertising (without connection to sponsorship) carried out by the sponsors. Several rounds of interviews consistently showed that a reasonably large sponsor could inspire greater awareness in the company's advertising among those interested in the sponsored sport.

For example, the advertising without reference to the sponsorship of Bank B was seen by only 9% of those indifferent to cycling, while 22% of those interested in cycling saw the advertising.

According to Jimmy Clark, managing director of Clark Marketing, this illustrates the value of an effective, targeted sponsored event: “But for sponsorship, what else could be the reason behind this? And if sponsorship doubles the degree of efficiency of your advertising in pertinent target groups, this may provide the ultimate economic argument for sponsorship.”

## Case Study: SRi

***Background***

SRi is the world's leading sports marketing and sponsorship research consultancy.
Originally established as a research division of ISL Marketing in 1984, SRi became an independent division of ISL group in 1993. It currently conducts the official research programmes for many of the world's largest sporting events, including the Olympic Games (IOC), World Championships in Athletics (IAAF) and Indycar.

SRi employs a wide range of techniques, for desk research and media research, to International qualitative surveys. This agency offers research consultancy on property selection, sponsorship campaign evaluation and a variety of media/survey-based measurements into the impact of the effects of sponsorship. For property or brand owners, the service extends from initial pricing and rights package assessments, through to generation of support marketing and sales data, syndicated sponsor-servicing studies and ongoing research consultancy.

***SRi Sponsortest***

This is the only weekly tracking study in the US solely dedicated to sponsorship and sports marketing. Conducted weekly amongst the nationally representative sample of 250 adults (12,000 interviews per year), Sponsortest offers a cost effective way of measuring the impact sponsorship awareness has on brand preference and brand image.

Sponsors are offered the ability to track their own sponsorships and also that of other top US sponsors, other sponsors within the same sport or event and even competitive brand sponsorships.

Awareness is tracked among the general population as well as within fans of the respective sports and subscribers target markets, allowing patterns of build, peak and retention of sponsorship awareness to emerge. Awareness of athletics and endorsers is also covered.

**Table 4.2: SRi top 10 US sponsorships (based on awareness among the Total population)**

| Rank | Company | Sport | Percentage % |
|---|---|---|---|
| 1 | Nike | Basketball | 30 |
| 2 | Anheuser-Busch | Football | 27 |
| 3 | Nike | Track & Field | 19 |
| 4 | Anheuser-Busch | Baseball | 17 |
| 5 | Nike | Marathon Running | 17 |
| 6 | Anheuser-Busch | Boxing | 15 |
| 7 | Pennzoil | Auto Racing | 13 |
| 8 | Coca-Cola | Olympic Games | 13 |
| 9 | Nike | Football | 13 |
| 10 | Anheuser-Busch | Auto Racing | 11 |

*Source: SRi Sponsortest*

***Brand Preference***: Sponsortest can highlight differences in brand preference between those who are aware and those who are not aware of the company's sponsorship and can also provide a measure of how brand preference improves as sponsorship awareness grows.

***Brand prompted recall***: Sponsortest can identify which sponsorship associations are most often linked to a company's brand in the minds of the public, as well as more specific groups, fans and other target markets.

***UK Research***

Since 1988 SRi has been running Sponsortest to monitor the performance of sponsors in the UK. The survey comprises of around 6,250 interviews per year. These have been weighted to be representative of UK adults.

Brands covered in the survey have changed over time, but 10 brands have been selected from those monitored continuously:

- Mars;
- Coca-Cola;
- Phillips;
- Pepsi;
- Natwest;
- Heineken;
- Stella Artois;
- Whitbread;
- Lombard;
- Stones Bitter.

Although these 10 brands skewed towards the alcoholic drink sector, this reflects the current reality of sponsorship in the UK. The size of event varies greatly across this list but the conclusions reached in the survey are indicative of the gradual change in perceptions that have been monitored over the period.

The following questionnaires were included in the research:

- spontaneous awareness of sponsorships (prompted by activity type, e.g. who sponsors athletics?);
- brand-prompted sponsorship awareness;
- event-prompted sponsorship awareness;
- brand-promoted advertising awareness;
- favourability to brands according to a five point bi-polar scale (very favourable, fairly favourable, neither, fairly unfavourable, very unfavourable).

The favourability responses were analysed in the following way:

- those aware of the sponsorship and recent advertising for the brand;

- those aware of the sponsorship for the brand, but not recent advertising for it;
- those aware of recent advertising for the brand but not sponsorship in it;
- those aware of the brand, but not aware of either sponsorship or recent advertising for it.

**Table 4.3: Average "very favourable" to the 10 brands**

| Year | Aware of ads and sponsorship (%) | Aware of sponsorship, not ads (%) | Aware of ads, not sponsorship (%) | Aware of brands, not ads or sponsorship (%) |
|---|---|---|---|---|
| 1988 | 28 | 21 | 16 | 14 |
| 1989 | 27 | 20 | 15 | 12 |
| 1990 | 25 | 20 | 15 | 12 |
| 1991 | 29 | 24 | 17 | 11 |
| 1992 | 31 | 20 | 21 | 11 |
| 1993 | 28 | 18 | 19 | 11 |

*Source: MRS 1995 Conference Paper, SRi*

The absolutes according to the above criteria have changed over the time due to economic factors and other events. For example, whereas average number of those aware of the brands including favourable towards them (very fairly) was 40% in 1988, this had risen to 46% by 1993. However, this in itself does not provide any insight into the relative effects of sponsorships and advertising on brands of the time.

Irrespective of whether a combination of those saying very or fairly favourable is used for the calculation, of whether the analysis is restricted to those saying very favourable only, the same directional results are in evidence. As the very favourable only responses are more discriminating, SRi used these results.

Table 5.3 shows absolute percentages from the ten brands across six years covered by the analysis. For example, 28% on average felt very favourable if they were aware of both sponsorship and advertising for the plant in question. This compared with 21% who felt that way if they were aware of the sponsorship for the brand, but not advertising for it.

## SRi Sports Monitor

Sports accounts for 80% of all sponsorship deals and sports monitor provides an International survey into the popularity and image of a wide range of sports. Sports Monitor focuses on 37 core sports, with an additional national sports included where appropriate. Popularity is measured on:

1. Participation;
2. Spectatorship;
3. Claims TV viewing (keen and casual).

An overall level of interest is generated from net responses to the three measurements above.

**Table 4.4: Sri sports interest rankings top 10 sports by TV viewers in Brazil**

| Rank | Sports | Percentage (%) |
|---|---|---|
| 1 | Soccer | 86 |
| 2 | Volleyball | 84 |
| 3 | F1 motor racing | 77 |
| 4 | Swimming | 77 |
| 5 | Basketball | 76 |
| 6 | Gymnastics | 72 |
| 7 | Athletics | 71 |
| 8 | Marathon Running | 57 |
| 9 | IndyCar/NASCAR | 56 |
| 10 | Motorcycling | 55 |

*Source: Sri Sports Monitor*

The image of each sport is rated on ten different image criteria:

1.Exciting;

2.International;

3.Young;

4.Healthy;

5.Modern;

6.Bad Publicity;

7.Dynamic;

8.Prestigious;

9.Competitive;

10.Skillful.

Full demographic profiles are provided so that the appeal of any sport to a particular target audience can easily be determined. Currently SRi Sports Monitor covers UK, Germany, US, Japan, Brazil and Russia.

## SRi Sponsorship Monitor

This is a compilation of reported sponsorship deals. SRi sponsorship Monitor tracks sponsorships valued at $75,000 and above across 12 major markets worldwide and research experimented by

country, product sector and sport. The research includes overall estimates for worldwide sponsorship expenditure, market size and market trend, segmented by country, continent and globally.

## SRi Sponsorship Selection Research

Selecting a suitable sponsorship property is extremely important. SRi has the facility to access a number of studies from around the world to review the profile of most sponsorship properties in order to determine which provides best fit for the potential sponsor in terms of:

1. Budget/Cost;

2. Target markets and reach;

3. Timing/Seasonality;

4. Communication needs;

5. Competitor activity;

6. Event/Project management;

7. Product Relevance;

8. Positioning/ Image.

Having established potential shortlist of properties, SRi designs and commissions a programme of qualitative research amongst the company's target audience.

This can include issues such as:

- interest in leisure pursuits;
- attitudes to sponsorships and perceptual differences between sponsorship types;
- image of short listed sponsorship properties;
- brand Personality;
- perceived sponsorship synergy.

## SRi Media Evaluation Research

***Television:*** This sponsorship includes television exposure of an event, research is available which can provide a detailed audit of broadcast coverage in relevant markets and can include:

1. Hours of transmission;

2. Audience sizes;

3. TV ratings;

4. Audience profiles.

This data can then be compared with other event within a global context.

**Table 4.5: World TV coverage and audiences single transmission events**

| Events | Year | Number of Countries | Number of Viewers (ms) |
|---|---|---|---|
| World Cup (Soccer) Final | 1994 | 188 | 1,200 |
| World Cup (Soccers) Final | 1990 | 167 | 1,063 |
| Olympic Games opening ceremony (Summer) | 1992 | 193 | 720 |

*Source: SRi Media Evaluation Research*

Actual exposure of the sponsor's name and logo can be monitored either in isolation or, depending on the event along with any co-sponsors. For example, researchers use VCR - linked computers and trained operators to play through coverage of the event until the sponsor's name appears in view. Exposure is logged by a computer on a frame-by-frame basis, the legibility, time and presence time, which is then converted into an extremely accurate measure of exposure.

This information can be taken one stage further and a value placed on the exposure generated by the sponsored event based on the equivalent cost of buying advertising time. Within this analysis could be a qualitative assessment of the sponsor exposure, together with any recommendations for improvement.

***Press:*** Press exposure relating to a sponsored event can be monitored across major markets to produce information on the number of sponsor mentions and their location, the number of "missed opportunities", (where the event is mentioned without reference to the sponsor, size of article and quality of editorial coverage. The coverage can then be evaluated on an advertising equivalent basis and competitive data can be fitted and analyse the co-sponsor or competitor sponsorship in order to obtain benchmarks.)

**IEG's 12th Annual Event Marketing Conference**

IEG's 12th Annual Event Marketing Conference in 1995 focused on measuring the value of sponsorship, entitled *Sponsorship value: getting, measuring and increasing yours*. During the conference a number of partnerships were showcased to demonstrate sponsorship's ability to deliver value:

## Case Study: Sears' Merchandise Group

John Costello, Senior Executive, Vice-President and General Manager of Marketing in 1995: "The company's tie to Dennis Connors, America's Cup Entry in 1994, has led to more than $50 million in team-themed merchandising sales with 'no national advertising...strictly off the power of tying into events'."

## Case Study: Visa International

Since the start of its Olympic Sponsorship in the 1980s, the company has seen 150% increase in customers naming it best charge card for international use. Brad Hennig, manager of Event Marketing,

said: “Research by our advertising agency BBDO says that those aware of Olympic sponsorship are two third more likely to use the card.”

### Case Study: Los Angeles Cellular Telephone Company

The company claimed $7 in incremental revenue to each dollar spent on sponsorship in 1994, claims David Maischoss, Marketing Manager. The Orange County Fair alone was responsible for $500,000.

### Case Study: Cellular One

Dick Abels, manager of public affairs, Cellular One, commented: “The company gained about $4 in media equivalencies for each dollar spent sponsoring the Denver Music Festival.”

### Case Study: Borden Inc

The company sponsored the New York City Marathon which helped to double sales for Creamette Pasta and produced a 52% volume increase for the company's Aunt Millie's sauces when measured against the previous four-week period, according to Scott Lange, senior vice president of marketing and sales for event owner, New York Road Runner's Club, Inc.

### Case Study: Intel Corp

Mike Couzens, director, corporate of marketing Europe, stated: “Sponsorship of cricket in the UK increased awareness of the company in 1994 as a top of mind micro processor supplier from 24% to 38% among the company's audience who watched cricket. Intel attributed the jump exclusively to sponsorship because it did not advertise during the five-month measurement period,

However, for the segment which did not watch cricket, awareness dropped from 24% to 12% during the period. Working in a relatively virgin market, Couzens described this as a ‘pure measure’.

### Case Study: A&P

The supermarket chain paid $100, 000 for a tie to the New Jersey Performing Arts Centre and liquidated its investment by receiving $530,000 from selling 60 vendor co-sponsorships. In addition, it received 23 million cumulative impressions, according to NJPAC's Peter Hanson, Director of corporate development and sponsorship marketing.

The rule of thumb is that for every dollar you spend on rights, you are going to spend two to exploit it and one more on network TV. Rick Jones, vice president at Advantage International, a sponsorship agency, explains: "It doesn't mean, however, it's all incremental. Most corporations generate leveraging dollars by offering divisions or departments co-op funds to participate in the sponsorship theme and instituting a levy.

Jones sums up: “For example, for Sara Lee's ACOP deal, all divisions are charged. If one says, ‘I would not want to use the Olympics’, it’s told, ‘I don't care. I’m taking your money’. That wakes them up.”

### Case Study: Nissan Motor Corporation, US

Jerry Florence, vice president of marketing at Nissan MotorsCorp, states: “In 1994 Infinity World's Forum - a lecture and discussion series held at dealerships on topics of interest to professional women,

influenced an unprecedented 10% of attendees to purchase vehicles." In 1995, the company broadened the idea to include topics of interests to both men and women.

### Case Study: Times Mirror Magazines

Steven Burzon, Director, Corporate Sales explains: "By packaging our $750,000 sponsorship of Smithsonian Institute's *Ocean Planet* exhibit with media sales and reselling it to advertisers, the company has already brought in a mid-seven-figure sum and anticipates reaching $15 million."

### Pre-Event Quantitative Analysis

Sponsors are increasingly applying pre-event quantitative analysis to determine what a sponsorship should deliver. For example, LA Cellular grades event sponsorship potential on a one to five rating, applying criteria covering the event's age, demographic fit, and projected attendance as well as the anticipated cost per on-site sale and the promoter's reliability.

### Case Study: Columbia Sportswear Co

The outerwear manufacturer considers:
1. The number of recent sponsorships the company has in a given event category.
2. The window of opportunity.
3. Additional sales opportunities.
4. Leveraging expenses.
5. What else can the property introduce from their Sportswear.
6. How much product is needed.

Thomas Miller, promotions manager believes beneath these considerations lies a foundation: "I know what my competition sponsors, so I know what negotiating leverage I have in the sponsorship marketplace."

### Post-Event Qualitative Analysis

### Case Study: The Chicago Mayor's Office of Special events (MOSE)

The Chicago Mayor's Office of Special events wanted to raise sponsorship of around $1m in cash in order to put on a summer jazz festival in 1990. MOSE wanted to conduct independent market research prior to raising sponsorship money, and hired pollster Michael McKeon to collect data after the trial at his flagship *Taste of Chicago Festival* in 1990.

A survey was carried out on-site in 1990 of 400 attendees at five MOSE music festivals. To track shifts in opinion and durability of unaided sponsor vehicles, McKeon collected telephone numbers from 600 other attendees and then called them seven weeks after the late-June event. At associated music events, the Pollster surveyed 300 attendees on-site and 200 others five to seven weeks later.

Richard Johnson, director of corporate sponsorship and marketing, MOSE: "We needed someone who could ensure that the survey reached the 95% level of certainty expected of a modern opinion research... we knew an independent poll would have the kind of credibility which is lacking in one conducted by the event producer."

Johnson explains: "We have a three-point agenda. Firstly, as the event producers, we need information on how people pursued our events and whether they'll come back. Secondly, since we are funded in

part by tourism dollars through the city's hotel-motel tax, we have to measure where people come from. Thirdly, we require data to sell sponsorship and measure awareness levels of existing ties."

## Quantitative Analysis

Research was conducted with all attendees of each MOSE event:

- attendee age and marital status;
- number of children;
- income and education level;
- sex;
- race;
- postcode;
- preferred leisure activities;
- whether attendees visited the event on a weekday or weekend;
- visited before or after 3pm;
- whether they have planned to make multiple visits to the event;
- how much time they spent or planned to spend at the event;
- how many years they have attended;
- whether they planned to return the following year;
- how attendees heard about the event - local or national media, radio, TV, word of mouth;
- means of transportation to the event;
- attendees' reason for coming - performers, food, atmosphere, friends and family;
- Which attractions they had come to see;
- which performance they would like to see in the future;
- composition of attendee groups;
- size of groups and they included families and/or friends;
- how much money attendees plan to spend;
- how many souvenirs they intended to buy;

- attitudes towards onsite vending and amenities;
- cleanliness and food prices (rated on a 1 to 7 scale);
- size of food portions (too small, just right, too large);
- whether site had enough rest rooms;
- attitude towards the event's family orientation - more, less or the same level;
- feelings towards event sponsorship - more or less inclined to positive attitudes towards sponsors because of association;
- whether ties make consumers more or less likely to buy sponsors brands;
- unprompted recall of sponsors that come to mind.

**Qualitative Research**

After collecting data, McKeon cross-tabulates responses against age, marital status, number of children, income, educational level, sex, race, time of event attendance, the visitors plans to attend next year's event. This allows MOSE to establish a correlation between attendees and their attitudes.

For example, MOSE can compare various income groups' feelings towards sponsor's products or determine whether any correlation exists between plans to attend next year's events and views on site cleanliness.

Responses are also cross-tabulated against eight sponsors with top unaided recall.

Johnson expands: "This allows us, for example, to show the proportion of attendees who cited Quaker as a sponsor and heard about the event by newspaper or the proportion of attendees aware of Burger King's sponsorship who felt that the *Taste of Chicago Festival* was increasing its family orientation."

McKeon prepares a survey summary without sponsor awareness data or cross-tabulation for use in sales pitches, condensing the 130-page report into a dozen pages.

***Use of research in selling sponsorship***

MOSE's sales task used the research to illustrate the menu of audiences available through the events. Once again Johnson explains: "We ask potential sponsors for their target demographics, then find the event whose demographics are the best match."

MOSE also uses quantitative data to persuade potential sponsors to increase their commitments. For example, data from the preliminary survey sold Chicago based Kemper Financial Services Inc on a jazz festival sponsorship. The company's target audience was corporates as well as employees. Ira Nathenson, senior vice president of Kemper Financial Services, said: "We were surprised by the report's indication that many of our potential customers were at the event."

MOSE also targets new prospects with the surveys demographic data. Johnson says: "For example, the numbers show the jazz festival's attendees have high incomes, are well-educated and partial to music as a free time activity. That sparked the idea to pitch a high end consumer electronic sponsor."

The survey also provided an explanation for the unusually high levels of unaided recall of Quaker's Gospel Festival, following their sponsorship involvement.

70% of attendees on-site mentioned Quaker's tie without prompting, and six weeks later the proportion who recalled the tie had only decreased by two percent. This encouraged Quaker to renew its sponsorship for 1992.

Johnson was not surprised: “The Gospel Festival attracts attendees from a network in community. The survey showed nearly 42% of attendees had heard about the event through word of mouth. That’s not unusual, since more than one third of attendees at the jazz, blues and *Taste of Chicago Festival* also indicated that word of mouth is important. But gospel attendees said their churches and choral groups were especially influential.” (Source of data: IEG, Inc.)

## Case Study: Post Event Research by BMRB

### *Background*

BMRB International conducted a piece of post event research shortly after the Euro ‘96 ended, to measure spontaneous and prompted awareness of the official sponsors - and also those companies which establish close links with the event without actually sponsoring it.

The research was undertaken on ACCESS, BMRB Internationals face-to-face omnibus survey and asked sample of more than 2000 adults which companies they thought were the official sponsors of Euro '96, either of the matches or broadcasting. Coca Cola was a clear leader in terms of awareness.

**Table 4.6: Awareness of sponsorship activity in Euro 96**

| Company | Spontaneous awareness (%) | Prompted awareness (%) |
|---|---|---|
| Coca-Cola | 29 | 56 |
| McDonald’s | 14 | 44 |
| Snickers ** | 11 | 35 |
| Vauxhall Vectra | 10 | 33 |
| Umbro | 5 | 28 |
| Carlsberg | 5 | 26 |
| Nike * | 3 | 23 |
| Mars * | 4 | 21 |
| Mastercard | 3 | 21 |
| JVC | 3 | 16 |
| Fujifilm | 2 | 21 |
| Canon | 1 | 11 |
| Philips | 2 | 10 |

*Not official sponsor of Euro 96
**A Mars brand

*Source: BMRB International ACCESS, July 1996*

## Case Study: Euro 96

Sponsorship of the event was a multi-million pound business. However only 11 of the 13 companies listed above officially sponsored the event. Each official sponsor paid £3.5m for the exclusive rights to sell their products inside the stadia and to advertise on the perimeter boards around the pitch, which were seen by a cumulative audience of 6.9 billion people around the world. It is estimated that collectively, sponsors spend an additional £100m on further advertising and marketing efforts.

Most sponsors invested in posters and TV, and to a lesser extent the national press. According to BMRB 'this was probably because the press packages on offer were less attractive and innovative and also because of the belief among sponsors that those who follow sport in their newspaper are more downmarket.' However, analysis of Target Group Index (TGI) data shows that their profile actually mirrors that of the population.

**Table 4.7: Profile of sports page readers**

| Social grade | Total (%) | Like to read about Football in newspapers | Index |
|---|---|---|---|
| AB | 22 | 24 | 108 |
| C1 | 27 | 28 | 105 |
| C2 | 22 | 24 | 106 |
| D | 17 | 17 | 104 |
| E | 12 | 7 | 58 |

*Source: TGI 1996*

Vauxhall Vectra, ITV's broadcast sponsor, was less successful than Coca Cola as a sponsor of Euro 96. A third of all adults recalled its presence on screen. Of those who recognized Vauxhall as an official sponsor, 23% spontaneously remembered the Vectra model, 20% remembered the Vauxhall advertisement shown during commercial breaks and 15% recalled the advertising used links between football techniques and the car's attributes, eg: good at taking corners.

One of the main reasons why awareness of the Vauxhall's broadcast sponsorship was relatively low may be because TV audience figures showed that the BBC was more successful than ITV in attracting viewers.

According to BMRB International, 6 out of 10 (59%) of Euro '96 viewers felt that the BBC gave the best overall coverage. Only 17% preferred ITV. And when viewers were asked about the England- Germany semi-final and why they chose the BBC, two in five said they did so to avoid commercial breaks and a quarter said they preferred the BBC panel of presenters.

### *Ambush Marketing*

This strategy belonged to companies which capitalised on Euro '96 football fever and were not officially linked with the event. For example, Nike spent £2m on a poster and TV advertising campaign that grabbed the public's attention and attracted extensive news coverage. The companies use of teams knocked out early and the inclusion of international players, like Eric Cantona, who weren't picked to play for their country, generated a great deal of PR and made it look as though Nike was closely associated with Euro '96 as a major sponsor.

Nike also ambushed the Olympics games in Atlanta 1996 with similar tactics and results, much to the chagrin of its competitors.

BMRB's results highlighted the success of Nike's 'spoiler', since nearly a quarter of adults believe that Nike was an official sponsor of Euro '96 - which means it achieved higher levels of awareness than five of the official sponsors, without spending the £3.5m entry fee.

## Case Study: BMRB International's Re*Sponsor*

A sponsorship research package is now available to companies, to help and select an appropriate event for sponsorship. The first stage involves using the TGI index to develop a profile of target marketers and specify which brands they are more most likely to be interested in, for example, football fans and beer.

The second stage investigates possibilities in depth (using techniques discussed above).

At the third stage, the impact of the sponsorship is measured quantitatively (as in Euro 96).

The TGI survey provides information on a wide range of specific sports, including Association Football and asks respondents whether they play, have paid to watch, like to watch the sport on TV or like to read about it in the newspaper.

In analysing football players, spectators and other enthusiasts, TGI reveals that football players have a very distinct preference for certain brands and these preferences are mirrored by spectators and other enthusiasts but to a lesser degree.

Usually, a promoter will want to select a sponsor with whom the target audience will readily identify, for example, beer brands drunk by football fans.

Carlsberg took advantage of the already well-established association by sponsoring Euro 96 and watched sales increase by up to two-thirds in the pubs it controlled during the second week of the tournament. However, according to the BMRB research, some links pose intriguing questions about appropriateness.

For example, looking at MasterCard's sponsorship of Euro '96: The TGI data on brands of credit cards do not reveal a proliferation of footballers carrying credit cards, especially not a Master Card. However, the use of credit card for paying for tickets at Euro '96 did provide a possible functional link, although the research showed that Visa appeared to be more popular with spectators compared with all adult credit card holders.

## Steps to prevent ambush marketing at Sydney 2000

Reports in the wake of the Sydney Olympic Games, have shown that Team Millennium Olympic Partners, the official Olympic 2000 partners, found that their messages and communications were not diluted greatly by ambush marketing.

This was particularly pleasing following research findings after the Euro 2000 football tournament. Adidas questioned the fact that Nike was associated with the event and even the England Team, when the brand had no official link to the tournament at all.

The International Olympic Committee (IOC) acknowledged that sponsorship and media rights had to be protected. A number of steps were carried out to minimize ambush marketing.
Initial consultation with the Australian Government led to three crucial pieces of legislation. The Olympic Arrangements Act 2000 (OAA) primarily provided Australian Government's aviation authority (Air Services Australia) to regulate air space over any Olympic venue or facility from September 2 to October 4 2000. An Olympic venue or facility included anything from stadiums to media centres and from competitor's accommodation to modes of transport. Any aircraft attempting to operate within the restricted area would be liable for a penalty of up AUS$250,000 (£90,000).

Secondly, the OAA included regulations to prohibit the display of advertisements within sight of an Olympic venue or facility without the approval of the Olympic Coordination Authority (OCA).

Thirdly, the provisions prevent a person, owning or occupying a building in certain areas, and allowing advertising on the building, unless authorized by OCA.

Another approach, relevant to these times, was to hire three UK based companies, who between them would monitor the content on the worldwide web. They would also advise the IOC on legal rights, possible remedies, and track Internet hackers.

Some examples of action against ambush marketing during the Games include cans of Pepsi been confiscated at all Olympic venues, because Coca Cola was the official sponsor. An Australian delicacy called a damper was removed from the menu of Olympic Park café, because its content (egg and bacon), was deemed a copy of sponsor McDonald's Egg McMuffin. In another area, Samsung television sets in the media centre had to have their logos covered, for while Samsung is an official sponsor in the wireless technology category, Panasonic owned the television rights.

This may seem harsh, or perhaps going a little too far, in particular in reference to the Pepsi case. However, organisers of Sydney 2000 addressed the problem with the same passion as that of drug taking by athletes.

Having said that, Qantas Airlines carried out Australian's biggest ever advertising campaign, ignoring such restrictions. Qantas was not an official sponsor, and was able to pay for the campaign with money saved (approx US $50 million) by not paying its subscription. Ansett, Australia's other airline and the official Olympic sponsor took Qantas to court although the dispute was eventually settled without legal proceedings.

Ambush marketing activities are looked down upon in the sponsorship industry, because it cannot condone the hijacking of a sponsor's investment. However, one brand's unfortunate luck is another's stroke of creative genius. Interestingly a British study identified that one third of the asked sample associated Adidas and Reebok (non official Olympians) with the Sydney Games, whilst Nike, for once the official partner came in third.

## Separating Benefits Accruing to Sponsorship from Advertising

## CaseStudy: MRF Ltd

A case study on MRF Ltd, one of the largest companies in India manufacturing automotive tyres, provides an interesting example of how the effects and measurement of sponsorship can be separated from advertising.

***Background to MRF Ltd***

The company's tyres are marketed under the brand name MRF and, until 1983, MRF was using product campaigns for promotion of the company's products. In 1983, the company took a major decision to discontinue product - specific campaigns and to focus on sports sponsorship in order to allow the brand to be built.

Examples of sponsored events included:

- National Games, 1987;
- SAF (SAARC Athletic Federation) Games, 1987;
- World Cup Cricket, 1988;
- Sixth World Cup Boxing Championships, 1990 Pre-Olympic Football, 1991.

Many of the activities involved press, TV advertisements and banners announcing MRF as the sponsor, on-site signage, TV coverage of the sponsored event and post event activities. The only product advertising supported MRF was for its two-wheeler tyres under the 'MRF-Nylogrip' brand in the early 1980s when the company ran press and TV advertisements.

***Competition***

During 1984-87 Dunlop and Ceat, competing tyres companies, concentrated on producing advertising rather than sponsorship in their marketing activities.

MRF's decision to discontinue product-specific campaigns and to use mainly sponsorship, provided a unique opportunity to design a series of studies to test the long-term effects of sponsorship on corporate and product image.

The research focused on car and two-wheeler owners.

**Table 4.8: Study design: car owners**

| | Round 1 | Round 2 | Round 3 | Round 4 |
|---|---|---|---|---|
| Timing | 1984 | 1985 | 1986 | 1987 |
| Number of centres | 39 | 39 | 39 | 39 |
| Sample size | 3450 | 3450 | 3450 | 3450 |

*Source: J Rajaretnam, Indian Market Research Bureau*

**Table 4.9: Two-wheeler owners**

| | Round 1 | Round 2 |
|---|---|---|
| Timing | 1984 | 1985 |
| No of centres | 3 | 3 |
| Sample size | 450 | 450 |

*Source: J Rajaretnam, Indian Market Research Bureau*

The samples were independent in the four rounds but they were matched in terms of demographics and the brand of the vehicle owned. Personal interviews were conducted amongst target respondents using a structured questionnaire. The study covered:

1. Awareness of MRF

2. Interest in sponsored events by target segments

3. Association with sports sponsorship

4. Attitudes towards sports sponsorship

5. Recall of advertisements

6. Corporate image

7. Product image

8. Brand preference

9. Brand bought last time

***Results of MRF Study***

***Association of MRF with Sport Sponsorship***

**Table 4.10: Association of MRF with sport sponsorship**

| Period | Association score (max 4.0) |
|---|---|
| 1984 | 1.23 |
| 1987 | 2.57 |
| % change | 108.9 |

*Source: J Rajaretnam, Indian Market Research Bureau*

The respondents were asked to specify the name of the tyre company, which sponsors most sports events in India. They were also asked to name the company, which ranked second and third, and 'an association score' was then computed.

This shows a substantial increase in association of MRF with sports sponsorship by the target segment between 1984-87.

***Relative effect with respect to other companies***

The other companies (Dunlop and Ceat) spent relatively small amounts on sports sponsorship during 1984-87 and, as a consequence, their association scores with sports sponsorship declined.

**Table 4.11: Association of Dunlop and Ceat with sports sponsorship**

| | Dunlop (max 4.0) | Ceat (max 4.0) |
|---|---|---|
| Association score 1984 | 2.87 | 0.8 |
| Association score 1987 | 2.0 | 0.92 |

*Source: J Rajaretnam, Indian Market Research Bureau*

***Effect on awareness: car owners***

The results show a positive long-term effect of sponsorship on awareness.

**Table 4.12: Effect on awareness: car owners**

| | Car owners 1984 (%) | Car owners 1987 (%) | % Change |
|---|---|---|---|
| Top of mind awareness | 4 | 99 | 425 |
| Spontaneous awarenss | 38 | 68 | 78 |

*Source:J Rajaretnam, Indian Market Research Bureau*

***Growth and awareness: car owners***

The growth is steep for the first year (1984-85) and it tapers off subsequently, demonstrating that sponsorship is one of the fastest ways to increase awareness.

**Table 4.13: Growth in awareness: MRF car owners**

| | 1984 (%) | 1985 (%) | 1986 (%) | 1987 (%) |
|---|---|---|---|---|
| Top of mind awareness | 4 | 17 | 20 | 22 |
| Spontaneous awarenss | 39 | 72 | 70 | 76 |
| Prompted awareness | 92 | 95 | 97 | 98 |

*Source: J Rajaretnam, Indian Market Research Bureau*

***Relative Movements of other Brands***

**Table 4.14: Growth in awareness of other brands: top of mind awareness**

| | 1984 (%) | 1985 (%) | 1986 (%) | 1987 (%) |
|---|---|---|---|---|
| MRF | 4 | 17 | 20 | 22 |
| Ceat | 20 | 23 | 29 | 27 |
| Dunlop | 47 | 40 | 30 | 33 |

*Source: J Rajaretnam, Indian Market Research Bureau*

**Table 4.15: Growth in awareness of other brands: Spontaneous awareness**

| | 1984 (%) | 1985 (%) | 1986 (%) | 1987 (%) |
|---|---|---|---|---|
| MRF | 39 | 72 | 70 | 76 |
| Ceat | 69 | 80 | 71 | 74 |
| Dunlop | 96 | 90 | 80 | 84 |

*Source: J Rajaretnam, Indian Market Research Bureau*

Ceat and Dunlop used product advertising and very little sponsorship during 1984-87. As a result, awareness of these two brands declined or remained static whereas MRF, using sponsorship, increased awareness considerably, although it continued to lag behind both competitive brands in top of mind awareness.

No figures are available on the relative spend on advertising and sponsorship by all three companies. However, sponsorship appears to have a greater impact than product advertising on awareness. Brand preference was also studied amongst car owners who showed that sponsorship also has a considerable effect on brand preference.

**Table 4.16: Effect of sponsorship on brand preference**

| Brand | 1984 | 1987 | % Change |
|---|---|---|---|
| MRF | 4 | 22 | 450 |
| Ceat | 24 | 22 | (8) |
| Dunlop | 28 | 33 | 18 |

*Source: J Rajaretnam, Indian Market Research Bureau*

**Table 4.17: Rate of growth in brand preference**

| Brand | 1984 | 1985 | 1986 | 1987 |
|---|---|---|---|---|
| MRF | 4 | 9 | 21 | 22 |
| Ceat | 24 | 24 | 22 | 22 |
| Dunlop | 29 | 28 | 33 | 33 |

*Source: J Rajaretan, Indian Market Research Bureau*

The effect of sponsorships seems to take a longer time which is more dramatic in MRF's case. However, it increased substantially higher in the second year and differs from the effect of sponsorship on awareness where most of the effect was seen in the first year.

Ceat and Dunlop registered small gains and losses in brand preference. It would therefore appear that sponsorship has greater long-term effect than product advertising on brand preference. This depends

on the amount of expenditure by these companies on sponsorship/product advertising and thus no final conclusion may be drawn on the effect of sponsorship vis-a-vis that of product advertising.

***Effect on corporate image***

MRF and its competitors were measured on several image dimensions and respondents were asked to rate MRF and its competitors on a 10-point scale.

**Table 4.18: Effect on corporate image**

| Image dimension | 1984 (mean score) max 10 | 1987 (mean score) max 10 | % Change |
|---|---|---|---|
| Professional management | 6.6 | 7.7 | 16.7 |
| Size of company | 6.6 | 7.9 | 19.7 |
| Financial health of the company | 6.5 | 8.1 | 24.6 |
| Latest technology | 6.7 | 7.8 | 16.4 |
| Popularity | 6.8 | 8.2 | 20.6 |
| Quality testing of products | 6.8 | 7.6 | 11.8 |
| Innovation | 5.4 | 7.5 | 38.9 |

*Source: J Rajaretnam, Indian Market Research Bureau*

Although sponsorship improves corporate image on the whole, the effect is not of the same magnitude for all image dimensions. The greatest effect was on the company's image as an ‘innovator’, followed closely by financial ‘muscle’ and its ‘popularity’ with the respondent groups.

MRF, when compared with Ceat and Dunlop, scored higher ratings for these image dimensions, indicating that both competitors product advertising had achieved lower impact or even slipped on some image dimensions.

***MRF's Nylogrip campaign***

The press and TV campaign was measured in 1987 and benchmarked against the product image of two-wheeler tyres among two-wheeler owners and of car tyres among car owners. To measure product image, respondents were asked to indicate the best brand from a choice of four brands on various product dimension (see Table 4.19).

**Table 4.19: Effect on product image - % choosing MRF as best brand**

| Product dimensions | Car owners | Two-wheeler owners |
|---|---|---|
| Long Life | 17 | 25 |
| High mileage | 20 | 27 |
| Trouble-free performance | 19 | 32 |
| Better material | 27 | 39 |
| Easy to retread and reuse | 19 | 28 |
| Riding comfort | 19 | 38 |

*Source: J Rajaretnam, Indian Market Research Bureau*

A higher proportion of the two-wheeler owners chose MRF Nylogrip as the best brand as compared with car owners against every product dimension. This was attributable to the product advertising that was run for the two-wheeler tyres and to the lack of it for car tyres.

### *Relative Impact on Product Image with Competing Brands*

**Table 4.20: Product image: car owners % choosing as best brand**

| Product dimensions | MRF | Ceat | Dunlop |
|---|---|---|---|
| Long life | 17 | 33 | 38 |
| High mileage | 20 | 28 | 37 |
| Trouble-free performance | 19 | 31 | 36 |
| Better material | 27 | 23 | 38 |
| Easy to retread and reuse | 19 | 27 | 39 |
| Riding comfort | 19 | 24 | 41 |

*Source: J Rajaretnam, Indian Market Research Bureau*

For car tyres, on every count, the Ceat and Dunlop scored over MRF. The other brand that used product advertising to promote their car tyre brands whereas MRF relied on sponsorship.

**Table 4.21: Product image: two-wheel tyres - % choosing as best brand**

| Product dimensions | MRF | Ceat | Dunlop |
|---|---|---|---|
| Long life | 25 | 28 | 44 |
| High mileage | 27 | 26 | 44 |
| Trouble-free performance | 32 | 25 | 39 |
| Better material | 39 | 22 | 38 |
| Easy to retread and reuse | 28 | 25 | 44 |
| Riding comfort | 38 | 22 | 37 |

*Source: J Rajaretnam, Indian Market Research Bureau*

For two-wheeler tyres, MRF has been preferred to Ceat but rated behind Dunlop. In this case, the product advertising for Nylogrip improved the product image for MRF's two-wheeler tyres.

***MRF's Study Research Conclusions***

Association with sponsorship:

- improved association of the company with sports sponsorship was undoubtedly achieved.

Awareness:

- sponsorship helps in increasing corporate awareness;
- the increase in awareness levels is considerable;
- the effect of awareness is almost immediate;
- sponsorship appears to have a greater image than product advertising on awareness.

Brand preference:

- sponsorship helps in increasing brand preference;
- it takes a longer time for sponsorship to make its impact on brand preference;
- most effect is in the second year;
- sponsorships seems to have greater impact on product advertising on brand preference.

Corporate image:

- sponsorship does have a positive long-term effect on corporate image;
- sponsorship improves corporate image, on the whole;
- effect is not the same magnitude for all dimensions;
- sponsorship does not have control on all image dimensions;
- corporate image may drift and take any position unless otherwise directed by specific advertising;
- sponsorship seems to have greater impact than advertising on corporate image.

Product Image

- the research clearly shows that product advertising has a greater impact than sponsorship on product image.

## Product Demonstration at Events

Polaroid Corporation has been turning their attention to sponsorship, in the belief that it best reflects the image of its brand. Polaroid is a worldwide leader in instant imaging, and has used various pop acts to promote its I-Zone Instant Pocket Camera. When first produced Polaroid sponsored the 1999 Backstreet Boys band's tour, to launch the camera and to gain entry into various retail outlets. The camera, which develops photos that double as stickers, combines two of teen's favourite things – music and picture taking – in a raw and instant way.

Following the success of the promotion campaign, Polaroid then co-sponsored Britney Spear's tour in 2000. The event generated more than 210 million media and web-site photographs. The Spears tour exposed the I-Zone to 1.3 million viewers, which included the brand's 15-year-old primary target segment, and the broader 8-to-18 year-old market. Spears incorporated the camera into her act, with dancers and fellow performers taking pictures of the audience and themselves. Mary Courville, senior marketing communications manager enthused: "It drove the kids crazy."

In summer 2001, Polaroid again took I-Zone to the Backstreet Boys, with the sponsorship of their North American tour. The camera was again used on stage (as with the Spear's tour), and in local marketing events.

Furthermore, a limited edition black and blue camera kit, which included a free Backstreet Boys camera strap, and stickers of the tour logo and band members were produced. Another innovative marketing step was "larger than life" billboard, named after the first single to be released from the Black & Blue album. Fans had the chance to test the I-Zone and stick their photos along with the messages on the billboard that will be delivered to the band backstage.

To support the campaign, there were consumer promotions such as the "Back to School with the Backstreet Boys" instant-win sweepstakes, where the prizes include trips to meet the band and attend their concerts.

## Summary of Main Points in Chapter 4:

1. Evaluation must be in proportion with the scope of the sponsored event.

2. Cost of evaluation can be between 3-8% of the total project budget.

3. Evaluation must be quantifiable and measurable.

4. Sponsored events must be successfully integrated with other communication activities.

5. Well-organised sponsored events can be self-financing through co-sponsored leverage.

6. Sponsored events, using methods such as product display, can deliver increased levels of awareness not achievable simply through advertising.

7. Event sponsorship appears to have a greater impact on corporate awareness than product advertising.

8. Event sponsorship does have positive long-term effect on corporate image.

9. Leading companies are using event sponsorship to deliver consumer entertainment, sales incentives, media and built-in retail extensions.

10. There are research designs using continuous tracking of sponsorship effects now commercially available.

11. There are many more new evaluation techniques, and measuring events sponsorship has become more scientific. However, sponsorship is no longer an easy means of communicating, i.e it must go beyond the simple tagging of the brand name onto an activity or event to result in success for the brand owner.

# CHAPTER 5 – CAUSE RELATED MARKETING

## Introduction

Cause Related Marketing (CRM) is proving increasingly popular with consumers and companies and is therefore becoming a key component in marketing strategy. CRM may include sponsorship activities on a national level, (compared with community sponsorship on a local level discussed in Chapter 6) and this chapter will discuss CRM as a concept alongside the use of sponsorship as a marketing tool.

CRM is the process whereby a company or organisation with a product or service establishes a commercial partnership with a charity or worthy cause for mutual benefit, creating a 'feel good' factor with those taking part – business, charity or social cause and the consumer. The benefits to companies participating in this form of marketing include: building brands, increasing sales, enhancing a company's image and reputation, improving employee satisfaction and enhancing shareholder value.

## Stakeholder Society

Company ethics are under scrutiny as never before. The notion of a 'stakeholder society' is now widely accepted and deeply entrenched – the idea that being a consumer gives you the right to say how companies should behave has gained wide acceptance.

Thomas Dunfee, professor of social responsibility at the Wharton School, University of Pennsylvania, argues that in spite of its apparent success, CRM leaves many questions unresolved.

He asks: "How should corporate performance be judged? What constitutes 'ethical' practices? What are the limits? Is any cause that sells in the market place legitimate? Does CRM "politicise" business? And is it consistent with the basic role of business?"

Companies such as The Body Shop and Ben & Jerry's, who were pioneers in this field, receive substantial free media publicity and PR as a result of their identification with popular social causes.

Experience shows that consumers respond to the opportunity to purchase products or services consistent with their social preferences, even paying a premium over competing products. Identifying with popular causes is also good for employee morale and recruitment. Employees who develop a positive association and 'feel good' factor towards their employers publicised values are more likely to be loyal, motivated and ultimately, more productive.

## Case Study – CRM

### *The Body Shop and CRM*

Since 1976, the company manufactures and sells natural ingredient-based cosmetics. The ingredients are largely plant-based, and often originate from developing countries. The Body Shop has consistently aligned itself with 'green' and 'animal rights movements' and most recently 'human rights'. All products are formulated without the use of animal testing.

Strategies include directly sponsoring the activities of organisations such as Greenpeace and Friends of the Earth, prominently displaying sympathetic literature at point of sale. Additionally, the company helps developing countries through charity, contributes to rain forest preservation, and is active with regards AIDS issues and sets an example for recycling.

The Body Shop enjoys considerable commercial success in taking such an approach. Companies taking this approach can be subject to criticism. Taking this stance is with risk and can often backfire. Like many businesses striving to be socially responsible yet successful, the Body Shop faces on-going scrutiny and suspicion.

For Example, in 1996, the media attacked The Body Shop for not living up to its own standards, challenging claims that its products are genuinely natural and alleging it had practised double standards on the issue of animal rights. It has also been a victim of its own success, with younger and fresher competitors entering the cosmetics market, none of which have to bear the expensive social costs.

## Case Study: Ben & Jerry's and Waste Food

Ben & Jerry's ran into similar criticism in the media for allegedly causing arteriosclerosis in farm pigs fed with waste ice cream products and for not providing adequate benefits to indigenous peoples through their programme for sourcing in rain forest regions.

In the mid 1990's, due to strong competition in the superpremium ice cream market, the company had suffered a series of losses. With the arrival in 1997 of current CEO, Perry Odak, came a change in approach. The company now regularly meets to identify social needs and objectives. This has proven successful; since Odak took over, performance reviews show how employees identify and meet their social objectives, and this saw instant success with a 12% increase in growth in 1998. At present, 7.5% of the company's pre tax profits are donated to social and environmental causes.

Some supporters of corporate social responsibility argue that higher standards are expected from companies that engage in CRM. Others argue that there is a tendency, particularly in the media, to single out organisations that are trying to be more socially aware and it is unrealistic to have different sets of standards since this may discourage companies from taking the first steps towards becoming more socially responsible.

Professor Dunfee says that independent verification of claims or schemes is important and the media has a role to play in such an exercise.

Although CRM is commonly associated with businesses that identify with liberal social causes, the phenomenon works in all directions. For example, in the US, some organisations identify themselves with social causes, in some cases political groups, such as sponsoring conservative talk shows, supporting the gun lobby or pro-life movement.

Professor Dunfee explains: "This allows for the establishment of a collective community of norms of preferred behaviour through purchasing behaviour. On the other hand, there should be clear limits as to the range of community norms that can be actualised through such a process."

In effect this means that limits may be found in what is known as 'hyper norms' – universal norms reflected in a global convergence of social, political, religious and philosophical thought. This would exclude, for example, sponsoring anti-Semitic activities as a basis for CRM, which would also have no place in a business context.

### *Research by Business in the Community*

In the UK, CRM is being championed by Business in the Community, chaired by the former supremo of Cadbury Schweppes, Dominic Cadbury, and comprising representatives from BT, Cadbury, Lever Brothers, Tesco, NatWest, Countrywide, Peter Novelli, Research International and The Marketing Society.

The study was undertaken by Research International on behalf of Business in the Community (BITC) and published at the end of 1996.

BITC looked at the attitudes to CRM – initially among 450 companies, and then among consumers and illustrates the need to educate companies to the benefits of CRM and its effect on enhancing corporate reputation.

In the largest-ever UK survey on CRM – among 1053 consumers – 86% of those interviewed said that where price and quality are equal, they would buy products or services linked with a cause rather than one that was not.

Some 61% would consider changing to a retailer associated with a cause and 86% viewed a company far more favourably if it was seen to be doing something positive in the community. Finally 64% felt that CRM should become standard business practice.

In initial research studies of 450 big companies, only 56% of CEO's felt that CRM was fairly or very important to their corporate objectives and although 93% spent money on CRM, only one in four marketing directors placed successful CRM campaigns in their top 10 activities.

In a poll, 70% of marketing directors, 67% of community affairs directors and 59% of all chief executives believe that CRM will increase in importance over the next two - three years.

Jane Simms, former editor of the Chartered Institute of Marketing magazine *Marketing Business*, comments: "The research highlights a disturbing discrepancy between companies aims and consumers' priorities."

For example, consumers counted medical and health causes as most deserving, followed by education, environment and special needs.

Companies, on the other hand, while placing education at the top of their list, ranked arts in second place and health a long way down the list.

Simms continues: "The research suggests that some companies running CRM programmes are unclear about exactly who their target audience is as well as those peoples needs and motivations. What more, consumers were hard put to name companies which were acting in a socially responsible way. This indicates that whatever worthy initiatives companies have in place, they're failing to communicate them.'

There are a number of reasons for this, according to BITC. All too often, companies do not view involvement with good causes as part of their marketing. And those that do get involved are often wary about promoting it for fear of accusations that they are cynically exploiting a cause for sales gain.

According to Peter Hayes, former chairman of Research International and a member of BITC, this hesitancy is now beginning to change: "In recent years we have seen a new trend – the brand is as important as the company, and today we have both 'company and brand up-front'."

CRM can therefore help to position the brand in the hearts and minds of consumers. Sue Adkins, marketing director of BITC, believes that consumers feel comfortable with business motives as long as they are presented honestly: "Every indication suggests consumers are happy with the tie-up as long as there are identifiable benefits to the cause and the communication is handled with integrity. Its crucial that a company is honest with itself as to the legitimacy of the area it is entering. And you have to look

at long-term commitment. If you're hopping in and out of bed with different causes it begs the question of how sincere you are."

## Case Study: 'Computers in Schools' campaign by Tesco *(see also Education Chapter 8)*

Tesco has never claimed that its "Computers for Schools" campaign was anything other than an attempt to boost customer loyalty. The programme was set up to provide schools with all the latest, up to date computer equipment. Since 1992, Tesco has been committed to support and improve education, and the project is part of Tesco's corporate social responsibility programme.

Tesco has also benefited from the positive response to the voucher scheme, and by late 1997 the company had placed a total of 31,000 computers (worth £29m) in UK schools, which equates to one machine for every school in England, Scotland and Wales.

The success of this initiative is ongoing. In January 2002,Tesco celebrated 10 years of the longest running schools promotion. In a decade of support to schools, a total of 42,000 computers have been donated, along with 328,000 additional items of computer-related equipment, worth £62.5 million.

According to *PR Week*, consumers are looking for a point of differentiation where products get closer to each other in terms of function, quality and cost and CRM can help to deliver this.

Stephen Farish, editor, *PR Week*, says: "Although association with a good cause is one way of achieving this differentiation in the minds of consumers, the over-riding aim for companies must be to overlay strong corporate governance, employment, investment practice and its environmental record, as well as more tangible qualities like style, excitement or fun."

For example, research by NOP and PR Week showed that consumers were more likely to buy one of Virgin's increasingly large range of products simply because they approved of the corporate brand values.

Dominic Cadbury, former chairman of Cadbury Schweppes and president of the Chartered Institute of Marketing, argues for enlightened self-interest when it comes to getting involved with community issues: "If it's doing good and charities and companies are gaining by it, then let's promote it and make it a larger part of the marketing activity."

## Case Study: Cadbury Schweppes and 'Strollerthon'

Cadbury's 'Strollerthon' is a good example of CRM. It is an annual sponsored walk through London, which celebrated its tenth anniversary in 2001. 'Strollerthon' has raised more than £2.5 million for the charity Save the Children. Thousands of strollers gather at Regent's Park every year and take a walk through central London to raise money for children in 70 countries around the world. The 'Strollerthon' route passes many of London's favourite sights, with each checkpoint representing a different continent where Save the Children operates. Free drinks and Cadbury's chocolate are provided for the strollers.

By sponsoring the event, Cadbury has benefited from publicity and goodwill as well as assembling names of participants on its database and using the event to give out sample products.

## Emergence of the Vigilante Consumer

Research published by CGT Advertising found that two thirds of the UK population are more likely to take some form of action against a company than they were five years ago. Nearly 70% are prepared to complain by phone or letter.

Over half claimed they would stop doing business altogether with a company that they thought had behaved badly. And nearly a quarter would use the media to press their case.

According to Ros Elwes, former CGT board strategic planner: "We are witnessing the mass emergence of a vigilante consumer to flex their consumer muscle and take very decisive action to make their views felt about a company's ethics or service."

This consumer revolution is partly due to what has been called 'the death of the age of deference', and partly to increased understanding of the process of marketing and the media.

Elwes explains: "Consumers are far less trusting or respectful of institutions than they used to be, but perhaps more importantly they are more knowledgeable about both the activities of those institutions and the channels they can use to make their disapproval felt."

It is becoming almost impossible to separate business ethics from marketing. According to Jan Walsh, manager of BT's customer and environmental programmes: "If your customers feel that the company is in tune with them, then they'll do business with you. Customers expect excellence, but they also want you to behave in a way that they approve of."

This clearly presents new challenges for marketers and companies need to re-examine their employment practices, sourcing, environmental and social policies in light of this move towards a higher ethical consciousness.

Marketing campaigns can be won or lost on the ability to gain just a fractional percentage gain in market share. So no marketing department can ignore the contribution of CRM and a growing number of charities, like Oxfam, have expanded their own sales using their responsible brand image. With businesses now viewed as the most important group after government, for tackling social ills, companies who wish to manage their reputations are turning to CRM.

Other key findings of the BITC report on CRM are as follows:

- the benefits include enhancing corporate reputation, achieving press coverage and PR, raising brand awareness, increasing customer loyalty and building and increasing sales;

- one quarter of marketing directors placed the most successful CRM activity in their top 10 marketing activities. Three quarters of community affairs directors placed the most successful CRM activity in their top 10 community affairs activities;

- substantial resources are already allocated by companies to CRM;

- the average amount invested by companies in CRM in 1995 was £275,000;

- According to BITC, marketing directors spend 1% of the marketing budget on CRM and community affairs directors spent an average of 5% of their budget on CRM;

- CRM budgets are not systematically monitored. It would seem this is because CRM is a tool used by a number of departments to achieve a variety of objectives;

- companies are spending, on average, a total of 263 executive hours a year managing CRM programmes;

- over 50% of marketing directors believe that this number of hours will increase in the next year;

- measuring techniques for CRM are relatively unsophisticated – there will need to be more work in this area in the future;

- of those who monitor the effectiveness of CRM: 58% use media coverage as a measure, 38% are press output, 30% use image tracking studies, 28% use customer satisfaction surveys and 16 % use sales output.

## Case Study: New Covent Garden Soup Company

There is a strong link between the New Covent Garden Soup Company and the homeless ever since it began trading in 1988. New Covent Garden sought out charities able to take its surplus products, which went to feed the homeless at 'soup kitchens'.

Crisis, a charity in the UK set up to provide temporary accommodation, as well as mental assistance and aid for long term development of single homeless people, fitted the bill. Over the years the company has continued to work with the charity to help it provide the homeless with a more nutritious and interesting diet through its 'Fareshare scheme'. Under the scheme the surplus fresh soup is distributed from retailers to hostels and day care centres.

In November 1996, the company launched a special soup to help promote Crisis. Most of the packaging was dedicated to promoting the charity and there was an on-pack donations hot-line telephone number. Additionally money from sales of pea and ham flavoured soup was donated to the charity for the installation and refurbishment of kitchens in Crisis Open Houses, a nationwide network of year-round emergency shelters.

Due to the success of the 1996 campaign, New Covent Garden created other soups dedicated to Crisis. In December 2000, sales of the Soup of the Month generated over £11,000 to help the homeless through the winter period.

Last year, New Covent Garden Soup Company joined forces with Comic Relief for Red Nose Day 2001. It created a Squashed Tomato and Basil soup, which was available in the Spring 2001. Thirty-three pence per pack (20% of all sales) went straight to Comic Relief, and was used to tackle poverty and promote social justice in both the UK and Africa.

## Case Study: HP Food's Daddies Sauce

CRM can be used as an alternative to price cutting in order to increase market share. This approach was used by Daddies Sauce, which in September 1995, began on on-pack promotion with the NSPCC, whereby 1p from every bottle sold went to the charity.

At the time, the packaging was changed to include the NSPCC 'Happy Kids' logo and a minimum donation for the first year was set at £80,000. The idea to tie up with a children's charity came partly from the brand name and partly from the fact that as 40% of Ketchup is consumed by children, the link

with the NSPCC was an appropriate one. A number of charities were researched but the NSPCC emerged as the most trusted and understood of all the charities investigated.

By running additional activities such as offering a Daddies / NSPCC Happy Kids mug for Fathers Day in an on-pack offer, and by including a donation of 2p, 3p and 5p on Daddies Sauce packs during a two-month period in 1996, HP raised over £110,000 in the first year.

## Case Study: Kellogg's and National 'Woggle' Day

Kellogg's needed to find a means of sampling Coco Pops to youngsters in a way that would gain parental endorsement. Sponsorship of 1996 Scouts National Woggle Day Roadshow fund-raising event provided the company with media exposure, a competition for local scout groups to build giant woggles in the shape of Coco Pops animal characters out of cereal packs and the opportunity to send product samples to 600,000 scouts and cubs via their scout leaders across the UK.

## Case Study: 'Persil Funfit Scheme' by Lever Brothers

The scheme, which commenced in 1993, focuses on fitness for 3-11 year olds. Jerry Wright, Lever's marketing director for homecare and personal wash products says it is an example of enlightened self interest, a combination of a worthwhile cause and an opportunity to target heavy users- such as the parents of young children.

## Case Study: Levis Strauss (LS) and HIV/AIDS

In 1993, to mark 10 years of HIV and AIDS Europe, The Terrence Higgins Trust needed significant financial support and understanding from a willing and sympathetic sponsor to help develop a major photo-documentary *Positive Lives – Responses to HIV* that would challenge the prejudice and discrimination suffered by those with HIV and AIDS.

Given the subject nature, and the fact that the film did not pull any punches in portraying hostility, sex, pain and many other responses to HIV and AIDS, the Trust had to be particularly selective in its choice of sponsor as the project could not be compromised on its aims or content.

LS fitted the criteria because of its long history of support and commitment to HIV and AIDS education and services, as well as having a clear corporate philosophy on 'diversity and prejudice'.

During the development of the *Positive Lives* project, the relationship between the Trust and LS evolved into a strong partnership. LS succeeded in securing matching funds from ABSA as well as *pro bono* work from its roster of advertising, design and PR agencies to assist in the campaign.

As a result, the scope of the project broadened and far reaching education programmes became a permanent addition after the launch event.

LS sponsors AIDS education and prevention programmes in the UK and in Mexico, trying to publicise and increase awareness of the disease. In Mexico, it helped set up and run an organisation helping low-income sex industry workers, their partners and their clients. There is also a CRM programme for the sale and distribution of their own branded condoms. In the UK the attention is focused on the misuse of drugs and HIV infection.

Another area of CRM on which LS focuses is economic empowerment, where programmes seek to improve economic opportunities for those discriminated against, such as women, ethnic groups, the unemployed and any disadvantaged populations.

Another key area for LS is youth empowerment. It attempts to involve and challenge today's young people in decision making and problem solving on key issues. The support programme aims to give young people a voice in the community, to provide opportunities in everyday life and represent the under privileged.

Examples include Canadian multi-cultural youths having their stories published in a number of newspapers. Only 2.6% of professional journalists in Canada are from racial minorities. This gives the ethnic youth the chance to be trained as writers and reporters. In Scotland, the new Parliament has created the opportunity for youths to improve their community. The Levi scheme trains young people in skills relevant to politics and business and then sends them back to their communities to promote youth involvement in the government.

Social Justice is another area where work is being done to break down barriers preventing people from realising their basic human rights. The programme tries to eliminate obstacles that prevent full participation of all people in their communities. The programme focuses mainly on racial and cultural prejudice. In the United States for instance, there is an attempt to improve race relations, by providing funding to expand the capacity of non-profit groups to carry out anti-racism work. In 1998, the LS granted $3.6 million in its continuing commitment to Project Change, a community anti-racism initiative, for a period of 5 years.

In 2000, $9 million was allocated to US communities where Levi has a business presence. Additionally $13 million will be dedicated to specific communities in the United States, Canada and Brazil, to ease economic and social impact of LS plant closures between 1997 and 1999.

## Case Study: The Beneficial Bank

The Beneficial Bank pioneered the concept of affinity Visa cards in the UK over 15 years ago – a branded credit card issued in association with a variety of card partners including charities, universities, professional associations, sports clubs, leisure groups and private businesses. Current partnerships include English Heritage, Cambridge University, the Institute of Directors, UNICEF, Scottish Power and the Law Society.

Members of partners (opinion formers, investors/potential investors) who take out the card benefit from low rates of interest and can demonstrate their affinity with their professional body through the use of the credit card. The organisation is paid a small fixed fee for each account opened and benefits from a percentage of spend on the card.

An important feature of the arrangement is the loyalty of the member to using the affinity card. Julia Hanif, former head of sales and marketing for Beneficial Bank UK, explains: "Key to this relationship is promoting the core brand values and drawing on the loyalty and understanding which members and customers have towards the partner brand."

It was this quality that brought the bank into sponsorship and CRM. Hanif continues: "Our focus is very much on sponsorships that have a value to each individual card relationship." For example, the bank sponsors a Chair in brand marketing at the Open University as well as annual open days.

However, the launch of the Tennis UK affinity card was groundbreaking because it used sponsorship and CRM to launch the credit card to the target market.

Hanif expands: "Getting people to sign up for the card was not our first priority – instead, we focused on the brand issues. Tennis UK was effectively a new brand, backed by the Scottish Lawn Tennis

Association and sponsored by Beneficial. It was effectively the brand of sponsorship and as such we needed to establish it."

Significantly, the launch represented a point of departure for the company in that it was the first time the beneficial brand was positioned as prominently as the Tennis UK brand.

The sponsorship objectives were clear. Beneficial wanted to develop brand awareness with an audience which it had identified as suitable for the Visa card product and build loyalty through sponsorship and CRM.

It also wanted to build a database in association with Tennis UK, thereby developing an ongoing programme of direct marketing to encourage further take up of the card.

The sponsorship programme covered Women's World Doubles Tennis Cup and Beneficial National Indoor Tennis League and Beneficial Dunlop Tennis roadshows. All activities were financed with funds that would normally have been paid to the partner as commission.

The world Doubles Tennis Cup attracted national press and media coverage and generated substantial PR for Beneficial – helping to establish its brand in the UK and build up contacts with tennis enthusiasts.

The roadshow visited tennis clubs all over the UK. Hanif commented: "An important point here is that sponsorship of this event was entirely in keeping with the values of Beneficial as an organisation. It involved encouraging young people to compete in an exciting environment and for the good of British sport. This is a genuinely positive initiative and we would not have committed to it, had it not been consistent with our company values."

## Case Study: Working Assets and CRM

Working Assets is a telecommunications company, operating in the long-distance sector, which ranks AT&T amongst its competitors. As well as the usual competing methods: low rates, clear transmission, efficient operators, it offers an added appeal.

All advertising and sponsorship is aimed at people who see themselves as supporters of progressive causes. On its monthly bills the company provides information regarding two current organisations or groups along with contact names and telephone numbers, which can be used at no charge. The customers can have a letter sent on their behalf to these people, however, for a fee. Furthermore, the customers are invited to vote for a charity that will receive 1% of their monthly charges.

Appealing to the niche's interest in preserving the environment, Working Assets use recycled paper, and soy-based ink, and it also plants 17 trees for every ton of paper it uses.

Further benefits include monthly coupons for free ice cream from Ben & Jerry's, another corporate supporter of CRM.

Working Assets' corporate ethics have had a favourable impact. For five successive years *IEG Inc*., has placed the company in the fastest growing company's list. Additionally its radical approach has been featured in publications including the *New York Times*, the *Washington Post* and *Newsweek*.

## Case Study: BT's new focus on CRM

BT is one of the latest blue-chip companies to embrace CRM as part of its marketing strategy. BT's view, as expressed by its former chairman, Sir Iain Vallance is not to give shareholders' money away but invest in the community in which it operates. The company believes that a properly managed community programme can benefit customers, shareholders and the community.

With an annual budget of £16 million a year, the BT Social Policy Programme is the largest of its kind in the UK. BT sponsors projects that deliver real benefits to society and have to link to the company's role in society. This marks a change for the company, from a reactive to a proactive position, with the formulation of a new strategy. Central to this strategy is the belief that there is a corporate duty to stakeholders of all kinds; not exclusively to customers and shareholders, but also to employees, government, the wider community and to society.

BT's Position is as follows:

1. The contribution it makes to the community needs to be a strategic one. It must be consistent with the other parts of the company's strategy.

2. The contribution has to be fitting. BT is a communications business and that fact dominates its community involvement. The decision whether or not to be involved in a specific project is based on its compliance with the overall twin themes of access and communication.

3. Involvement has to be a partnership. It is emphatically not about one-way dispensing of largesse. BT has to use its involvement to promote awareness of the value that its products and services can add to people's lives.

BT applies a 'tick list' to test the community projects in which it might become involved and only supports those projects which pass the test.

These projects must:

- be of positive relevance to BT;

- bring demonstration benefit to the community;

- offer clearly understood and recorded mutual benefits;

- provide opportunities for BT people to be involved;

- in some way enhance BT's reputation and bolster the brand.

### *BT's Community Partnership Programme*

***Skills for competitiveness:*** Emphasis is on education and training. The 'information superhighway' currently heads the education agenda.

BT has used its experience and expertise to develop a wide range of schemes using innovative products such as Campus World and Campus Vision. BT also produces a wide range of educational publications and in 1996 collaborated with teachers in producing *Teaching and Learning with the Internet,* a booklet designed to meet a demand expressed at an educational workshop run by the

company. In 2000, the BT Social Policy Programme focused on lifelong learning and support for schools.

In 2001, BT supported the Teaching Awards, "The Platos", held to celebrate the vital role that teachers play in community life. The awards, now in their second year, highlight excellence and commitment and encourage good practice by honouring outstanding teachers.

BT Schools Friends and BT School Governors are schemes, set up to offer BT employees the opportunity to spend one hour each week in their local primary school, helping the children to improve their literacy skills. This has been expanded to retired BT people, and now covers 300 individuals, working in more than 150 schools around the UK.

To complement its investment in education, BT also provides focused support for initiatives that stimulate employment, particularly for young people and for individuals who are disadvantaged, such as the long-term unemployed, the homeless and those from ethnic groups.

One example is Editrain, a business and education partnership in Northern Ireland, training people in electronic trading skills, which has led to a further scheme in Strabane, for many years an unemployment black spot in Northern Ireland.

Other regeneration schemes supported by BT include the South London Vauxhall Regeneration Project and the Liverpool Chavasse Project, a multi-million pound regeneration scheme to build a national discovery park.

Projects such as these help to create new jobs and already just 10 of the 54 economic regeneration projects run by BT have led to the creation of 2,400 jobs or training places.

***Enabling and Communicating*:** This aspect focuses on the way that communications technology can help overcome problems and disabilities. BT has focused on the 'access and communications' theme. An example of this is that it has committed £1m to assist the Samaritans implement their new national number, making the service much more accessible to those suffering from depression.

Another £500,000 has been set aside to launch a new communications initiative. The aim is to develop, in partnership with organisations within the voluntary sector, a range of projects that help people to improve their interpersonal communication abilities and skills.

This complements the work of the BT Forum, which has been producing authoritative work on the cost of communication breakdown and the role communication plays in people's lives.

In 2000, BT Community Communications, a scheme attempting to connect local community projects to the Internet, was launched. BT is awarding over £1million of new technology each year to over 1700 groups. The award will illustrate how gaining access to e-mail and the World Wide Web can benefit a community. The award will consist of a personal computer with supporting software, and payment for one year's subscription to BT Internet facilities. A training CD-ROM will also be provided, and in addition, government ICT Learning Centres across the UK will offer help and support.

Another key activity is BT's increasing emphasis in staff involvement. BT's personal communications division has taken a leading role in staff involvement schemes, including mentoring schemes, within a programme called '…for a better life'. Furthermore, the Give As You Earn initiative enables staff to donate money to their chosen charity. In 1999/2000, some 13,000 employees gave more than £1.5 million to charities through their payroll. The payroll donation was supplemented by a further £1 million from BT in 2000.

This builds on the foundations of another educational programme targeting schools – 'Roots & Wings' – laying down roots for youngsters by giving them support, guidance and the wider experience and confidence they need to become more useful and responsible adults. 'They spread their wings and take off.'

BT sponsors three national mentoring schemes: The Prince's Youth Business Trust, the Leadership Consortium, the Enterprise Long Team Support (Belts).

An evaluation questionnaire completed by the mentors showed that as well as having the satisfaction of seeing young people develop, mentors enhanced their own interpersonal skills and the BT line managers also often noticed growth in skills.

Following the success of the first 90 Roots & Wings mentors, BT is expanding its school's mentoring to eight additional schools in Bristol, Glasgow, Leeds, Liverpool, London, Manchester, Stoke-on-Trent and Watford.

***Sponsorship of arts and events:*** One of BT's best-known sponsored events is the 'BT swimathon' which has raised £8m for charities. BT has been involved with this event since 1990 (it comes to an end December 2001) and around a quarter of a million swimmers around the UK, of all ages, have taken part. The event is now bigger than the London Marathon. In 1996, it raised £1.5m for charity and has been BT's most successful sponsorship.

A collaboration with the BBC in 1996 resulted in the 'BT/Blue Peter Swimathon' which encouraged young people to enjoy safely the sport of swimming and to raise money for those less fortunate than themselves. In its first year, no fewer than 100,000 young people have participated in the event.

The main beneficiary of the 'BT Swimathon' events in 1996 was ChildLine, a charity set up with BT support 10 years ago which has received more than £4.5m of BT support since its creation. ChildLine provides a confidential telephone counselling service for children and young people and answers more than one million calls a year.

***BT's Advertising Campaign 1997***

In its TV advertising campaign for the first quarter 1997, through Abbott Mead Vickers BBDO, BT aimed to convince consumers that it is a responsible corporate citizen. The advertisements give snap shots of BT's social cause related activities, including donations to charities, and empowering the disabled through technology.

But enormous care and preparation is required. Making a clear commercial link with a cause invites the scrutiny of other business practices – and potential charge of hypocrisy.

BT's criteria for selecting a community partnership programme are as follows:

- productive partnership relationships between BT and community organisations;
- projects which feature good management and good communication results;
- financial effectiveness – particularly if BT support helps unlock other resources;
- projects where BT people can be actively involved, adding people skills to its support for the community.

***BT's Community Team***

If BT's community partnership programme was registered as a separate charity, it would be one of the top 30 charities in the UK according to size. According to Stephen Serpell, head of BT's community partnership programme, community involvement will become an increasingly important issue over the next few years: 'We can expect social issues to be moving to the fore. They were emerging as a feature prior to the UK parliamentary elections (2000) and they are a huge feature of European thinking.'

Serpell continues: 'It's clear that neither UK or European governments have the resources to tackle all the social issues that confront them. They will have to find help and they'll certainly look towards business, since half of the world's 100 largest economies are not nation states, but corporates. This means that corporate community programmes are going to be at the heart of it.'

Serpell sums up: 'Getting this right will be of strategic importance for BT. It will also be of strategic importance for the community. Our job is to make sure that BT's community involvement makes a real difference to our society – and at the same time delivers such obvious value back to BT that all our stakeholders can see it. By getting this right, we will not just help BT and we will not just help the community; we can influence the willingness of other companies to support society at large.'

***BT Fundraising***

BT has many ways of fundraising: BT Swimathon, BT Children's Swimathon, The BT Tower, The Telephone Appeal volunteers, Disasters Emergency Committee (DEC), Comic Relief, Children in Need, GMTV's Get up and Give and ICFM National Fundraising Convention.

## European Experience of CRM

German companies take much pride in their involvement in the local community. This is partly a reflection of the provincial roots of much of the Mittelstand, the raft of small and medium-sized companies which form the backbone of the German economy.

It is also linked to the German idea - shared in many countries throughout Europe - of a social market in which companies are morally and in some cases legally bound to take interest in events beyond the balance sheet.

At a basic level, some companies will provide sporting, social and leisure facilities- for example, the provision of a football pitch or art gallery. Then there are trusts and charitable foundations that provide grants and funds to academia and support a wide range of round-table discussion groups, conferences and seminars.

German companies enjoy tax relief on this expenditure and in some cases foundations are given shares so that they can ensure that control of a company does not pass to outsiders or hostile predators. This is of particular interest to the Mittelstand, where family ownership is widespread and where generation change can be threatening prospect.

## Case Study: Bertelsmann Foundation

Established in 1977, the foundation, part of Europe's largest media company, Bertelsmann, has been effective in channelling financial and intellectual muscle back into the community.

The foundation or *Stiftung* now owns nearly 70% of the capital stock in Bertelsmann, giving it an income of around £22m a year. This money is spent on projects involving education, media, culture and even politics.

The *Stiftung* sees itself as a vehicle for meeting particular socio-political problems and providing actionable solutions. It also awards prizes and there is an annual award of £120,000 presented to people who provide a credible proposal for the solutions to a particular problem, such as creating more efficiency in the welfare system.

Once a particular problem or issue is identified, a project manager is appointed who then brings together the necessary expertise, either from inside the organisation or externally, for example, from the relevant local authority.

Roland Kaehlbrandt, spokesman for the *Stiftung,* explains: 'It's very down-to-earth and focuses on its applicability. We don't just think things over but make sure we put them into practice.'

An example of this is the public library which *Stiftung* helped to build in Bertelsmann's hometown of Guttersloh in Westphalia. The starting point was to find a way of introducing better management and raise usage of the library.

Kaehlbrandt says: 'We wanted to get away from the idea of an ivory tower of learning and create something that was very much part of everyday life - almost like a department store. We wanted to market learning better.'

To achieve this, a great deal of thought and energy was invested in coming up with a more accessible design for the library and training staff to be able to relate to the public in a more consumer-friendly way. The result was a new library which is now used by 40% of the local population.

## US Experience of CRM

CRM began in the US. The first well-documented example was in 1983 when American Express raised $1.06m to restore the Statue of Liberty through donating a percentage of money each time one of its credits cards was used. This had commercial benefits for American Express, as it saw usage jump a staggering 27% after the launch of the appeal.

## Case Study: Lee Apparel sponsorship of Susan G Komen Breast Cancer Foundation:

Following a commissioned survey on CRM impact on women's purchasing decisions in October 1995, Lee Apparel decided to take a minimum $500,000 tie-in with the Susan G Komen Breast Cancer Foundation as the centrepiece of the launch of Lee Riveted casual clothing.

The tie-in was part of Lee Blueprint, the denim marketer's umbrella campaign to support women's casual dress in the workplace. A survey by Yankelovich Partners showed that out of three hundred 20 to 30 year-old women most would choose jeans that supported a social cause.

Ellen Rohde, vice president of strategic planning and advertising Lee Apparel, stated: 'If they're trying on two pairs of jeans and both fit, women today would choose based on cause marketing programmes.'

Rohde continues: 'We looked at other companies' marketing, including Avon, which has done a lot of work with Komen. When we started talking about breast cancer, nearly all of us had had a brush of some kind with the problem and we realised a lot of people would care about getting this problem solved. After interviewing several nonprofits concentrating on breast cancer, we chose Komen because local awareness of the organisation is phenomenal.'

The programme raised over $1 million for the cause, mostly from employees at participating US corporations who donated $5 to the foundation to dress casually on 25 October- National Denim Day.

To encourage corporate participation Lee targeted CEOs through social cause-related advertising in *Fortune, Forbes and USA Today* – publications which it had not traditionally advertised in. It also launched a direct marketing campaign aimed at CEOs in 25,000 corporations.

Companies which registered for an information pack received posters, sign-up sheets, pink ribbon pins signifying the breast cancer cause and casual dressing, all carrying Lee and Komen Foundation logos. In addition, Lee spent $300,000 on a 30-minute TV special on breast cancer on USA Network and the Discovery Channel.

Following the launch in 1996 Yankelovich conducted another survey. It found that 84% of women wear casual clothes to work once a week and 48% dress casually every day.

Unprompted awareness of clothing brands revealed that 21% of the target market chose Lee in preference to any other brand, followed by Liz Claiborne (16%), Levi's (13%) and The Gap (9%). Lee pulled out of sports sponsorship and instead focused all CRM efforts towards breast cancer.

## Case Study: United Airlines and the Names Project Foundation

In 1996, United Airlines became the first sponsor of the October AIDS Memorial Quilt display in Washington DC's Mall. It's a big step along the road of showing the gay community we understand them as a consumer group', says Richard Martin, United Airlines spokesman. 'The Sponsorship is an extension of our support and recognition of the gay community as important travel customers.' Research for United Airlines, by Simmons Market Research Bureau, found that gays and lesbians are 1.7 times more likely than the average consumer to have travelled for business, 3 times more likely to have taken a vacation flight and 5.2 times more likely to be enrolled in a frequent flier programme.

The airline will measure incremental travel resulting from the tie-in by tracking reservations made through the Name Project's travel desk, whose phone number appears with United Airlines' logos in all printed materials for the event. The Traveldesk directs callers to the airline's flights when available and offers a 5% discount to those flying to see the display in Washington.

## Case Study: TGI Friday's and Children's Miracle Network:

The restaurant chain wanted a national tie-in with a cause after requests from individual restaurants that had conducted local CRM campaigns but now wanted to unify social cause efforts with other outlets. In 1996, the restaurant launched its first two-year sponsorship of the Children's Miracle Network, worth $250,000.

Amy Heiny, TGI's PR manager in 1996, says: 'Supporting one national cause provides a common thread between all the restaurants and is a great way to increase brand awareness and involve our employees. The charity, with its commitment to children and families, was a natural fit with our own restaurants.'

According to Patrick Paterson, marketing director for Children's Miracle Network: 'The tie is part of a corporate initiative to key in on the family. The singles scene historically had been the company's primary target, but Friday's expanded beyond that, realising that its customers have boomed into the 1990s and now have kids of their own.'

The company and local Children's Miracle Network affiliated hospitals are developing grassroots fund-raising programmes involving customers and employees. These include in-store placement of Children's Miracle Network themed table tents and corporate awards to restaurants that raised the most money.

According to Michael Pengue of Dannon, companies should focus on their business rather than the CRM activity in order to attract customers: 'Sell your product, not the cause. Not how much you've raised or what charity you're giving money to, but simply how your product or service is better than the next guy's. Charitable ties are support for your product, but they're not your product. And attach something tangible to the monies you donate so consumers can talk about the results of their efforts.'

## Summary of Main Points in this Section:

1. CRM is already established in a number of companies in the UK but is set to become even more significant as a marketing tool, according to research by Business in the Community.

2. This likely growth will have significant implications on how those involved in the communication industry manage their portfolios of communication tools.

3. Traditionally, CRM is a more important part of US and European marketing strategy than in the UK, but this is changing rapidly.

4. This change in the UK is due to political influence and a move towards companies taking their social responsibilities more seriously, as they do in Europe.

5. The social cause chosen must be relevant to the business, its target market and employees.

6. The sharing of best practice should improve quality, quantity and effectiveness of CRM programmes in the future and more work will be needed to develop effective measurement techniques of CRM programmes.

## CHARITY SPONSORSHIP

### Introduction

With changes in the Welfare State and the increasing dependence on partnerships between the voluntary and public sectors, charities have found themselves at the centre of the debate on how best to provide help and support to those groups in society who need it most.

The scale of the charitable world is considerable, with the voluntary sector worth around £18bn per annum and employing around 4% of the workforce in the UK.

There are about 210,000 registered charities in the UK and a new charity is registered every 15 minutes of each working day. In response to this growth and the launch of the National Lottery, the National Lotteries Charities Board (NLCB) was set up in 1995 to provide capital funding for a variety of charitable projects nationally. For example, in its first year, the NLCB distributed nearly £125m to over 200,000 first year applicants.

Charities now find themselves in competition for ever-decreasing funds against a background of increasing costs. They must now provide detailed business plans and employ professionals in marketing, finance and personnel in order to attract future funding.

In addition, legislative changes and market forces have had a huge impact on the way charities promote themselves and the days of the 'well intentioned amateur' leading the fundraising effort are long over.

In March 1995, the Charities Act came into force and imposed stricter controls on charity activities, including legal safeguards, more administration and a more precise approach to charity partnerships. For example, any partnerships between a company and a charity must be legally defined and philanthropic donations require a contract detailing the nature of the agreement.

There have been other pressures too. Since 1996, the average monthly donation has dropped to below £2.50 and volunteering levels are down, due to increasing demands, changing demographics and the change in people's leisure time. The National Lottery has become an 'alternative' for public donation with none of the benefits of additional community involvement, where the donor makes a personal pledge of support.

To add to this, corporate giving is down amongst the top 100 corporate donors and this is likely to drop further as companies move away from making a straight charitable donation to CRM that helps to achieve a wider range of objectives for both the cause of the charity and the corporation.

As central figures in forging partnerships with charities and funding projects, companies feel the need to make their money work harder and they are re-routing some of their funds to marketing budgets where their investments are measurable and commercially justifiable. Sponsorship of good causes and the alignment of goals and objectives are now much more commonplace and charities have to become more sophisticated in how they approach the whole issue of raising funds.

Indeed Tony Ellischer, head of fundraising for the Imperial Cancer Research Fund until 1998, once asked: "Will the final years of the twentieth century see the emergence of the much vaunted caring 1990s?"

Research by the Centre for Tomorrow's Company indicates that this will be the case and the launch in March 1997 of an MSc in Responsibility and Business Practice, offered by the school of management at the University of Bath is further evidence of this trend.

Jane Simms, former editor of *Marketing Business*, explains: 'Companies are struggling towards a new modus operandi that combines bottom-line profit with social, ethical and environmental accountability. Growing numbers of businesses are producing environmental reports alongside their main report and accounts; many are at pains to balance the profit imperative with the interests of customers, employees the community, suppliers and the environment…'

## Corporate philanthropy and social responsibility

This section will examine how companies have sponsored charities and good causes and how some are looking to develop partnerships as an extension of traditional sponsorship activities.

Business in the Community stated in its annual report: 'What were once simple donations to charity have evolved into a wide range of inter-linked programmes built around the concept of corporate social responsibility: the idea that companies have social obligations independent of, and in addition to, their responsibilities to shareholders.'

According to Craig Smith, former editor of the US – based *Corporate Philanthropy Report*, industries are increasingly seeking ways to let their giving add leverage to other factors important to the company: 'In the past, companies imitated each other's giving pattern, regardless of what industry they are in. Now that companies are tying their giving more closely to the business process, patterns of corporate giving are diverging radically across industry-specific lines.'

## Case Study - NSPCC and Cussons Morning Fresh

The charity operates over 120 child protection teams and projects in England, Wales and Northern Ireland and works with Children First in Scotland. Central to the service is a free 24-hour child Protection Help Line that is open to anyone who is concerned about a child at risk – parents, relatives, local authorities and children themselves. The NSPCC also offers training to other professionals and campaigns to change attitudes about children and their care.

In1997, the charity needed to raise £45m to pay for its service and relies on 85% of its income from public donations. Mike Haszko, special events manager, NSPCC states: 'This, however, is not raised simply by holding out a bucket and asking the public to be generous. The aims of a charity and that of business might seem mutually exclusive but in fact, there are many ways in which it makes good business sense to work closely with the charitable sector, and charities are increasingly conscious of the need to work hand-in-hand with business to achieve their objectives.'

One vital strand of the NSPCC's fund-raising activities is the involvement of the corporate sector into those activities, particularly in the area of corporate sponsorship in order to:

- raise much-needed funds;
- raise awareness for the NSPCC and its work.

Robin Ford, managing director of Dean Street Marketing: 'We believe that it is absolutely essential to the success of any sponsorship that the sponsor's corporate objectives are integrated into fund-raising activity and, as such, we frequently tailor our activities to match the requirement.'

Ford continues: 'There will always be a place for charitable giving activity in any commercial concern but this needs to be separated from sponsorship of good causes, which provides a genuine return for the sponsor.'

The NSPCC set out to create a fundraising structure, which was sympathetic to the needs of the business community and, in 1984, using an external agency, Dean Street Marketing, recruited Cussons Morning Fresh washing-up liquid to sponsor National Washing-Up Month in aid of the charity.

Effectively, Morning Fresh sponsored its consumers' children to do the washing-up by contributing 3p for every meal, which they washed up for their parents or some other group – using Morning Fresh liquid.

The company wanted to:

- generate sales;
- improve staff motivation;
- enhance customer perceptions of the company;
- create networking opportunities with other organisations;
- promote the product;
- generate high profile; and positive PR coverage.

As a result, of the sponsorship, Morning Fresh's market share jumped from 9 to 11% over the promotion period and raised around £40,000 for the NSPCC.

The NSPCC has since worked with other brands, for example, Vauxhall, Boots, Unigate Dairies, Tesco stores and Daddies Sauce. The charity has also developed specialist corporate fundraising teams, frequently recruited from agencies and business.

These teams are highly experienced in devising, organising, and ensuring the legality of and managing sponsorships for corporate supporters - in effect becoming an extension of the supporter's marketing department.

Robin Ford, managing director of Dean Street Marketing, adds: 'We believe that it is absolutely essential to the success of any sponsorship that the sponsor's corporate objectives are integrated into fund-raising activity and, as such, we frequently tailor our activities to match the requirement. There will always be a place for charitable giving activity in any commercial concern but this needs to be separated from sponsorship of good causes, which provides a genuine return for the sponsor.'

## Case Study: NatWest and Community Action Awards

NatWest encourages its staff to get involved with charities by making cash donations to their voluntary organisations. For example, staffs who take up managerial positions, such as trustees or governors, receive £200 while other roles, such as fundraiser, gain £100 a year. Natwest says it backs more than 3,800 staff with such awards.

Ged Quinn, Natwest community relations department says: 'It is important that we do not force staff to toe the party line. Our main job is to create an awareness of the benefits of getting involved. Our research shows not-for-profit work provides a wide range of experience for the staff.'

For example, for one Natwest employee, Melinda Libby, the scheme has led her appointment as chairman of the board of governors of Colville primary school in West London. The corporate affairs manager has found herself working closely with the head teacher to raise standards after a report by Ofsted inspectors.

Libby commented: 'Things can change for the better much more quickly in something as small as a primary school, compared to an organisation of 70,000 staff like Nat West. There I feel like a teeny cog in a giant wheel, whereas in something small you can more obviously help to change things.'

For Libby, the cash donation is an important gesture of support. She continues: 'I think it is a very positive way for your employer to show support for what you are doing and you don't have to slope off work and pretend you're doing something else.'

## Case Study: Royal Mail and The National Trust

A company can provide community support through the use of its own employees, particularly as they near retirement, and so individual employees are 'sponsored' by their employer to carry out work on behalf of a good cause or charity.

Giles Holman, head of community action at the Royal Mail, claims: 'We're seeking to increase our employees' trust and to contribute to a warm and dynamic relationship. Community Action offers the Royal Mail enhanced employees loyalty and establishes cohesive and flexible teams. The better interface between managers and staff should create a disinclination to take industrial action at all.'

In practice, the Royal Mail is involved in a wide range of community work. While some activities are management driven, often staff independently of their managers leads others.

For example, Jim Nelson was a senior manager with Royal Mail, managing 900 postmen in the Ipswich area when he found he could no longer cope with new management changes. Instead of choosing early retirement, the 56-year old was offered a two-year secondment to a community project with the National Trust in East Anglia.

Nelson spent a year organising voluntary activities – including training for the unemployed – which the National Trust admits would not otherwise take place in the region. He received substantial support for his work as the Royal Mail paid his wages, provided a company car and reimbursed his travelling expenses.

Some companies, like British Gas, have attempted to go one stage further in their charity sponsorship activities by becoming a 'partner' with a good cause, in order to sustain long-term positive corporate reputation.

## Case Study: The British Gas Charities Partnership

***Community Information line****:* The community Information Line was based around a freephone number, 0800 100 000, and was conceived as a means by which British Gas Trading, in conjunction with partners from the statutory/voluntary sector, would deliver an added value community services to both existing and potential customers of British Gas. Previous research had indicated a pressing need for a means by which voluntary organisations could reach vulnerable people in the community with

information on specific issues. The first campaign began in mid-April 1996 and ran for approximately four months. Partner charities were the Carers National Association, Scope (formerly the Spastics Society) and the Family Welfare Association.

The project consisted of both qualitative and quantitative research in two waves – to evaluate attitudes towards the British Gas Charities Partnership 'Caring for Carers' Campaign.

The principle objectives of the research study included:

- to investigate attitudes towards the provision of local community information and services among both the general public and carers;

- to investigate attitudes towards corporate involvement in the provision of local community information;

- to explore corporate images – with particular reference to companies perceived as being caring and non-caring;

- to investigate reactions to the general concept of working together in partnership;

- to probe specific reactions to the British Gas Charities Partnership and to explore any image shifts that may have occurred as a result of the Caring for Carers campaign;

- to investigate how the general public became aware of the 'Caring for Carers' Helpline – and how this contact shaped their views of British Gas and British Gas in the community.

***Results of the campaign****:* Over 7,000 calls (average duration 2mins 50 seconds) were received. Approximately 32% of callers received further information and help in the form of referrals or leaflets. Post-campaign analysis indicated a high shift in public attitude towards British Gas as 'a caring company interested in the community it serves.' A second campaign was scheduled to take place for a similar length of time, commencing in December 1996.

Qualitative methodology was conducted in two ways to enable an in-depth probing of attitudes. This consisted of both discussion groups and in-depth telephone interviews. The respondent quota included carers and carers' families plus British Gas customers called 'loyalists' and 'comfortable choosers' who were defined by agreed criteria according to the likelihood of them changing gas supplier in a competitive market.

In the first wave of qualitative research, three one-and-a-half hour discussions were conducted in a viewing facility in East Birmingham. These groups were structured as follows:

***Group one – carers and carers families***: A mix of male and female respondents who were either carers or close family members of carers. Ages ranged from 35 to 65 years and there was a mix of ABC1 social class.

***Group two – influenced by the 'loyalists'***: This group of men and women was defined as being British Gas customers, with a current bank account with the same bank for over eight years and at least two of the following – a life insurance policy, a mortgage, a PEP or unit trust savings account and a National Savings Account. Ages ranged from 34 to 55 years and the social class was C1C2.

***Group three – influenced by the 'comfortable choosers'***: This group of men and women were British Gas customers who had changed their current bank account within the last two to five years.

Additionally, all of them owned stocks and shares of at least two different companies. The social class was AB and ages ranged from 25 to 44 years.

The second wave took the form of group discussions and in-depth telephone interviews. Two one-and-a-half hour group discussions were conducted in West Croydon. The groups were structured as follows:

***Groups one and two***: Combination groups comprising those defined as influenced by the 'loyalists' and 'comfortable choosers' – all were aware of the 'caring for carers' campaign.

***'Loyalists'***: This group of men and women was defined as being British Gas customers, with a current bank account with the same bank for over eight years and at least two of the following – a life insurance policy, a mortgage, a PEP or unit trust savings account an a National Savings Account. Ages ranged from 34 to 55 years and the social class was C1C2.

***'Comfortable choosers'***: This group of men and women were British Gas customers who had changed their current bank account within the last two to five years. They all owned stocks and shares of at least two different companies. The social class was AB and ages ranged from 25 to 44 years.

In addition, a series of six in-depth interviews was conducted among carers who had telephoned the 'caring for carers' helpline.

To complement the qualitative methodology, quantitative research evaluated the extent to which attitudes were held – with any image shifts measured in wave two. A sample of 150 was used in two waves with face-to-face street interviews lasting 10 minutes. Again, the respondents were defined according to the likelihood of them changing their gas supplier in a competitive market.

The three groups recorded were called 'defectors', 'loyalists' and 'unsures'.

The main findings of the research drew the following conclusions:

- there was a belief that some companies should be more involved in the community;
- large companies, utilities and more traditional banks had the poorest image profile, while young companies such as Virgin, Tesco and First Direct had the most positive;
- positive attitudes to British Gas as a 'company caring and interested in the community it serves' did show a marked improvement comparing the two waves as a result of the 'caring for carers' campaign;
- the quantitative survey attitudes to British Gas as 'the most caring company' showed a similar trend except for 'defectors' – the reason for this shift in attitudes was overwhelmingly given as the 'caring for carers' scheme;
- the quantitative survey also demonstrated that overall a lower percentage of respondents thought that British Gas were the 'least caring company' comparing the two waves, although the defectors again held the opposite view.

Respondents were given the following explanation of a charity/company partnership:

'The concept is one of a corporate company and a charity working together in partnership to help provide local community information. It is different from a company merely sponsoring a one-off charity activity or event. This is an on-going partnership between a company and a charity.'

In both waves of the research, respondents viewed this relationship as a totally new concept and did not have other company/charity examples to compare this with.

The general considered response was that it was an acceptable partnership only if the community received tangible benefits and there were no overt financial rewards for the company. It should not be a mere PR campaign. Equally, there was no harm if the spin-off was an improved image shift and most respondents recognised that the company had a legitimate interest in achieving this result.

The non-carers were more inclined to ask why a company did not just 'throw money' at charities instead of seeking the close involvement of a partnership.

Perceived strengths of such a partnership were similar in both waves of the research. Most respondents felt that it was a good idea, as long as it was a fair partnership, where the company did not have too much influence and was not too domineering.

Other positive factors included:

- the charity has more of a feeling of where the money/support should go;
- a company operating on its own in the charity field would be viewed with suspicion – for example, it would be perceived as having an ulterior motive of making money, rather than helping the community;
- where charities have a perception of being poorly managed and not business-like a large company could impart business skills and keep the charity 'afloat';
- companies are good at making money and so can help charities to make money as well.

The perceived weakness of such a partnership was only expressed by non-carers who felt it would be wrong for British Gas to be in partnership with any charity which could directly increase its business, for example, if British Gas chose a charity that was directly linked to heating homes.

***Initial reactions to British Gas 'caring for carers'***: There were different views between those who were aware of the Helpline but had not used it and those who had called the Helpline.

For all those who had not used the Helpline, there were mixed feelings. Their main concerns were:

- limited use (recycled information) and not a 'genuine' service;
- three-month campaign was too short-term commitment;

Positive conclusions were:

- British Gas was impartial unlike the Social Services who would find out what benefits were being claimed;
- partnership benefited the charities who needed business acumen.

For those who had contacted the Helpline, there was overwhelming support for the partnership and the 'caring for carers' campaign:

- it was genuine help;
- it resulted in some respondents receiving additional benefit;
- it was an excellent service and raised the profile of the problems faced by carers.

***Provision of local information***: In both waves of research, it was clear that most carers had little idea of where to get help and the majority assumed that Social Services would give practical help and advice, although this could be very slow in coming. The research also identified that there were no strong or clear channels of information for carers. In comparison, non-carers were unaware of any local information deficit.

There was a high degree of consistency between waves one and two. All agreed that it was the responsibility of local government to provide information to the local community, yet most carers were dissatisfied with their experiences of getting the information they needed.

In wave one, respondents were generally sceptical towards corporate involvement in the provision of local information. For example, there was a perceived profit motive behind it.

However, there was also a desire for a more neutral and independent source of information and advice and the preferred method of receiving information was through direct mail and leaflets – notably information enclosed with the utilities bill.

In comparing attitudes in wave two, when probed more deeply about corporate involvement, respondents were generally less cynical than in wave one and there was some feeling that companies should put something back into the community.

For example, Croydon respondents spoke positively about Tesco's 'computers in schools' campaign and also mentioned Philips, a large local employer, that had provided electrical equipment to schools in the area.

The conclusions of the British Gas research are as follows:

Respondents reacted favourably to the concept of companies 'putting something tangible back into the community'. The Tesco 'computers in schools' activity was repeatedly mentioned as a good example of community involvement by a company.

Carers hoped to see the British Gas Charity Partnership continue because it delivered positive benefits. There was a tendency to link British Gas with more family and home-orientated charities.

Non-carers were not as enthusiastic as carers about future partnerships, largely because they failed to understand the degree of involvement shown by British Gas. Non-carers would need to be convinced that British Gas could offer real and tangible benefits to help the community before they would endorse future company/charity partnerships (*Source: British Gas/The Sponsorship Research Company*).

## European Business Network for Social Cohesion

Formed in March 1995, this body is dedicated to encouraging business to get more involved in its communities, this can be achieved, by providing training for the unemployed and assistance for communities in areas of inner city deprivation by offering grants.

The network is just one example of the steady international spread of the notion that businesses do have social responsibilities in addition to their financial ones. What has traditionally been an idea promoted by businesses in the US and UK is now becoming a global concept.

In part, the process has been stimulated by multi-nationals which are keen to get involved in communities where they have set up subsidiaries in order to boost their local image.

Activities such as charity sponsorship can enhance both a company's image and its message, according to Cornelia Higginson, vice-president in charge of philanthropic programmes at American Express: 'When good global corporate citizenship is more than an empty slogan hanging on the wall, it can pay real benefits.'

## Summary of Main Points in this Section:

1. What were once simple donations to charity have evolved into a wide range of inter-linked programmes built around the concept of corporate social responsibility.

2. In March 1995, the Charities Act came into force and imposed stricter controls on charity activities, including legal safeguards, more administration and a more precise approach to charity partnerships.

3. Community involvement can also materialise as a sponsorship of a company's own staff.

4. Some companies, like British Gas, have attempted to go one stage further in their charity sponsorship activities by becoming a 'partner' with a good cause, in order to sustain long-term positive corporate reputation.

5. Companies must select charities and causes where there is synergy and where the company can make a genuine contribution to the community.

6. Charity sponsorship can help to establish the brand, but companies must be sensitive to a lingering perception that the support is not 'genuine' and motivated by some profit incentive.

7. Companies such as Lloyds TSB can avoid criticism of this nature by setting up separate Charitable Trusts independent of the parent company, which are not swayed or influenced by the parent company. They set clear guidelines and award grants to organisations meeting their criteria without influence.

## Conclusion – Cause related marketing

- Companies that are involved in CRM build social and ethical consideration into their marketing practices.

- Often conflicting areas such as company profit, consumer wants and public interest take into consideration 'humanistic', and ecological issues.

- However taking the high road can lead to problems with company image. Companies engaged in CRM are open to scrutiny and criticism from their customers/clients and the media. Please refer to previous case studies on Ben & Jerry and The Body Shop mentioned earlier in this chapter.

- Pringle and Thompson define CRM as 'activity by which a company with an image, product, or service to market builds a relationship or partnership with a cause.'

- This principle of acting as a 'good corporate citizen' enhances and impacts on company image, corporate reputation, increases brand awareness, customer loyalty and impacts on sales and PR.

- The downside to this marketing technique can impact on the patterns for giving by consumers. Critics say consumers fulfil philanthropic needs by buying products/services which can be linked to companies with principles/actions embedded into corporate responsibility and sometimes do not see the need to further support charities, which can then impact on donations to good causes.

- CRM has become an important part of the overall marketing strategy of major companies.

# CHAPTER 6: COMMUNITY SPONSORSHIP

## Introduction

Between 1993 and 1995, The Royal Society for the encouragement of Arts (RSA), Manufactures & Commerce undertook a two-year inquiry into 'Tomorrow's Company'. This was sponsored by companies such as Blue Circle, British Gas, Cable & Wireless, Cadbury Schweppes, Natwest, Thorn EMI, Unipart and Whitbread and concluded that to sustain competitive success in a global marketplace, companies need to focus less exclusively on shareholders and financial measures of success. It recommended that instead to include *all their stakeholder relationships* and a broader range of measurements, in the way they think and talk about their purpose and performance.

Central to the argument is the widely held view that a long-term sustainable competitive advantage comes to companies that successfully win the support of employees, suppliers, customers, and local communities - whose attitudes affect its well-being.

The inquiry's findings were greeted with understandable scepticism from the *Financial Times*, which wondered whether any real action would follow. However, companies are now following the *inclusive approach* as proposed by the RSA and the centre for 'Tomorrow's Company'.

This section will discuss the objectives of community sponsorship, how it is used to reach stakeholder groups and the measurable benefits obtainable through improving a company's reputation in the eyes of the communities it serves.

## Centre for Tomorrow's Company

According to Allan Willet, chairman of the Centre for Tomorrow's Company (CTC), to be successful in today's world of global business, a company has to recognise four essential factors:

- its world market is expanding, but remains very competitive;
- to be competitive, a company constantly has to be fighting fit in world class terms;
- to survive it must capture and defend its market share;
- to stay competitive, a team of 'included' parties must be created as a 'battle fleet'.

The founder members of CTC – Anglian Water plc, Advanced Management Programmes International Trust, Birmingham Midshires Building Society, The Co-operative Bank plc, John Lewis Partnership, NatWest Group, Porsche Cars Great Britain Ltd, Scottish Homes, Unipart Group of Companies, United Utilities plc, Willett International Ltd, WPP Group plc and Whitbread – 'are all on a voyage of discovery together, unchartered territory, no instant packaged answers, no road maps – only the road ahead'

Willet also states: 'However, it is the intention of CTC to ensure that every company will raise its own standards and become more competitive; that they would gather more like-minded companies to their ranks and raise competitive standards across the whole of British business.'

There are four main activities of CTC:

- the Forum of Business Success, which will set the agenda, define the framework for the inclusive approach, generate ideas and share best practice;

- the CTC programme which will provide practical assistance to companies implementing the inclusive approach;

- the CTC Audit, which will measure progress and degree of fit with the inclusive approach;

- the promotion of the inclusive approach by developing partnerships with a variety of organisations to stimulate new ideas and evolve the concept.

## Definition of community sponsorship

There are many definitions, rather than a single one. However, in the business context, community sponsorship can be seen as the local provision of financial or material support by a company for some independent activity not directly linked to its business but which has a direct or indirect business benefit for the company, its stakeholders, the cause and the wider community.

Benefits for the company can include a more favourable attitude to the company, its products and services, from its customers, potential customers, partners, suppliers, potential employees, its own staff and the communities it services.

Benefits for the cause include financial support, extra manpower, a high profile and a more effective way of reaching supporters, opinion leaders, other leaders, other fund raisers and communities it serves.

The relationship between the company and the sponsored activity or cause is firmly based on mutual understanding and respect, promoting the benefits of the relationship which could not ordinarily be achieved without community sponsorship.

## Sponsorship is not Patronage

It is important to distinguish an act of sponsorship from patronage in order to appreciate the nature of the activity. During the 18th and 19th centuries it was common for the wealthy to provide support for struggling artists and composers. However, this was not sponsorship, but patronage, since a sponsor expects a tangible return for the money and effort expended on the activity or an event, while the patron is less concerned about a return and may be perfectly sanguine over the prospects of success.

## Sponsorship is not Charity

Sponsorship must also be distinguished from charitable giving or a donation, since in this case there's no strategic or tactical commercial advantage to the donor (except fiscal).

## Sponsorship is not Advertising

Although some forms of sponsorship may share similar goals with advertising, such as increasing brand awareness, and involve financial outlay to achieve favourable publicity, there are fundamental differences between advertising and sponsorship in the marketing mix.

Advertising's main function, according to the Incorporated Society of British Advertisers, is the direct promotion of a company or its products in space or air time bought for that specific purpose.

In sponsorship, a community's name could be incidental to the main activity, playing a supportive role to the cause, event or individual being sponsored. A company may decide to give greater prominence to

the activity or cause that is the subject of community sponsorship. Hence a community sponsor will often benefit by 'borrowing values' from the cause.

While the above is not a perfect definition, the key point is that the sponsorship and advertising remain separate disciplines.

## Community Activity and Corporate Marketing

Community involvement on a local level is very much part of the 'inclusive approach' favoured by CTC and others and signals a shift away from simply responding relative to requests for support, to a more pro-active approach.

For example, Dominic Cadbury former chairman of Cadbury Schweppes and President of the Chartered Institute of Marketing argues for enlightened self-interest when it comes to getting involved with community issues.

Cadbury argues: "If it's doing good and charities and companies are gaining by it, then let's promote it and make it a larger part of the marketing activity."

Some commentators have blamed this move for blurring the distinction between marketing and charitable giving. Cadbury sees no conflict whatsoever and views activities such as community sponsorship as a hard-edged business tool with specific brand-building powers.

Cadbury continues: "I have a very strong and natural interest in preserving the corporate reputation. This has many advantages, not least its effects on the way comsumers think of products. They are increasingly interested in the behaviour of the companies that produce products or services."

This view is supported by research carried out in the US. Organisations such as Business for Social Responsibility and the Social Venture Network in the US provide a forum for managers and owners who believe that acting ethically and being identified with certain social issues will yield long-term business success. In the UK, Anita Roddick, founder of the Body Shop, has opened a New Academy of Business that teaches human rights, spirituality in business life and socially responsible investment, and finance to today's young managers.

Roddick is keen to point out: "Business education must contain the language and notion of social justice, human rights, community economics and the development of the human spirit." Students at the Academy study the way that forward-looking companies are re-defining the relationship between business and society.

In part, this new way of looking at the corporation has been driven by challenging consumer attitudes and the emergence of the 'vigilante consumer' (as discussed in chapter 6). British consumers are no longer prepared to accept without question everything companies do.

The reason for this shift can be traced to three different trends:

### *1. Modern Welfare State*

As modern welfare states are forced to cut back on expensive programmes, businesses have been called on to fill the gap. Poor education systems and run-down communities do not produce good workers or happy consumers.

***2. Changing Public Expectations***

Public expectations about the proper role of a company have been changing. In the US, for example, a poll by *Business Week* found that 90% of Americans believe companies have responsibilities to their employees and communities which go beyond making profits.

Similarly in the UK, a survey by MORI in September 1996, of a nationally representative sample of 1,948 people aged over 15, found that 66% of the general public felt industry and commerce 'did not pay enough attention to their social responsibilities'.

Conversely, companies such as IBM, BT and British Airways include targets for staff to become involved in community activities as part of their personnel appraisals.

***3. Effect on the Bottom Line and Recruitment***

Arguably the most persuasive reason why companies should get involved in the community is that it is good for business.

Community sponsorship programmes make the public, as well as employees, feel more favourably disposed towards the company and helps to create goodwill and good public relations.

Being seen as a good corporate citizen who supports the community projects a positive image to future employees and is also useful in the current recruitment of staff. In the MORI poll, 86% of the public believes a company that supports the community is 'a good company to work for.'

Adding to this momentum is growing political encouragement to the idea that companies should get more closely involved in their communities. In the UK, for example, Tony Blair, has expressed strong support for more direct involvement in the community.

## The Good Neighbour Principle

From a crisis management perspective, the accidental leak of chemicals into a local river, the decision to build a road through a swathe of land or the decision to reduce staffing are all legitimate issues for community concern.

Without the support of the local community in which a company operates, the ability to effectively manage the business will not only be interrupted, it will be severely curtailed and possibly prevented completely, for example, through demonstrations, consumer boycott or industrial action.

Carol Friend, managing director of Pielle Public Relations, explains: 'Being a good neighbour and a valued member of the community are commercial imperatives for small and large organisations alike, for service as well as for manufacturing operations. It is however, at the larger chemical or manufacturing sites that the risks of failure in community relations are seen in greatest relief.'

Even if the company has a strong safety record, complies with all regulatory and legislative conditions, exercises sound management practices and provides training to all its staff, the community itself will continue to live and work in fear of the company's ability to protect individuals, their families and friends, the environment and quality of life, unless this is communicated more widely.

By engaging the local community through well-targeted community sponsorship programmes, companies can manage the process of communication more effectively rather than leave it to chance

and risk damaging their reputation through activities of various interest groups seeking public sympathy at the expense of business.

Friend continues: 'Being a good neighbour and being seen to be so, as an integral part of the community, is the only effective policy.'

## Case Study: ASDA's School Holiday Programme

ASDA reviewed its positioning to reflect two core brand values:

- ASDA cares about the community;
- ASDA has a clear individual identity and personality

Its key objectives were to increase store traffic and encourage longer store visits and increased expenditure per visit.

The target market comprised:

- females with children, specifically C1 and C2, aged 20 to 44;
- senior local government officials;
- media;
- other opinion formers;
- future consumers, including children;
- ASDA employees.

ASDA's communication strategy aimed to:

- develop a nationally co-ordinated, strategic, consistent programme of local events within store catchment areas;
- involve and reward relevant target sectors of the community;
- provide long-term assurance of the company's commitment to the local community;
- become highly visible within the community;
- create activity which cannot be imitated by competitors;
- provide activity that is cost effective, flexible and controllable;
- provide a basis for continual evaluation.

ASDA researched consumer shopping behaviour and found that there were a number of factors that influenced customers to shop at particular supermarkets. These included store location and product pricing – factors which ASDA could not easily change or influence. A factor it could influence, however,

was that consumers believed that supermarkets had an obligation to their local community. In order to encourage customers to its stores and focusing on women in particular, ASDA therefore embarked on a school holiday programme throughout its 205 stores across the UK in conjunction with local councils.

ASDA sponsored a full range of children's activities held throughout the school summer holiday. This was supported by leaflet distribution throughout town centres, on-site branding, give-aways such as t-shirts and hats, in-store activities as well as a complete press, publicity and promotional package. This resulted in wide media coverage for ASDA and a higher profile in the local communities it serves, reaching over three million participants per annum in the school holiday programme.

## Successful community sponsorship programmes

The approach to running a successful community sponsorship programme is no different from using any other marketing tool.

It relies on:

- clear objectives;
- sound market analysis;
- a clear definition of target audiences;
- examination of lifestyle data and demographic profiles;
- a competitive review;
- strategic development;
- budget allocation;
- concept review (and testing in some cases);
- programme selection;
- the development of marketing support activities;
- execution;
- post-event evaluation and research.

## Determining Target Audiences

The target audience for a community sponsorship programme is likely to include a combination of the following groups:

- chairmen;
- managing directors;

- CEO's;
- finance directors;
- technical directors;
- customer/potential customers;
- national press/media;
- local press/media;
- local opinion formers (councillors, trade unions);
- site neighbours;
- local schools, community groups;
- employees and immediate families;
- potential employees;
- analyst and city brokers;
- shareholders and future shareholders;
- pressure groups;
- local and central government.

## Setting Objectives for a Community Sponsorship Programme

Marketing and communication objectives could include:

- increased (prompted and unprompted) awareness with all stakeholders;
- the promotion and protection of corporate reputation at a local level;
- short-term tactical purposes such as sampling, trial, volume and market share;
- improved local and regional public relations;
- qualitative and quantitative improvements with local and regional recruitment and applications to the company;
- improved employee motivation and team building;
- an atmosphere and improve networking opportunities where it is easier to influence local government;
- a reduction in local hostility and ignorance of the company in the local community;

- opportunities for local corporate hospitality.

## Case Study: Nationwide Building Society and Cancer Relief Macmillan Fund

### Introduction

A long-term objective of the Nationwide Building Society is to support communities in which it operates. Therefore in 1994, Nationwide decided to sponsor a charity that reflected its core values: fairness, honesty, staff importance and corporate responsibility.

In addition, it wanted to:

- demonstrate commitment to staff;
- build brand awareness through publicity and acknowledgements;
- build staff teams and cross group co-operations;
- build better relationships with its customers.

Nationwide chose its partner on the following criteria:

- good organisational fit;
- local funds raised would have to go to local causes;
- the cause/charity had to be financially sound;
- cause/charity had to be attractive and motivate staff to get involved;
- strong public appeal;
- commercial in outlook and prepared to support Nationwide's objectives;
- strong existing or potential events to use as 'milestones' for encouraging participation.

Since 1994, it has sponsored Macmillan Cancer Relief, supporting a number of fundraising and communications activities, including leaflets on breast cancer, a help line and the '*Macmillan Mile'* fundraising event. In this time Nationwide's employees and members have raised over £2.7 million for the charity.

### Developing a shared vision

Nationwide feels that Macmillan is a cause with which its employees can identify. In addition, Macmillan has a good 'fit' with Nationwide in terms of core values such as integrity, valuing people and resources.

While both Macmillan and Nationwide benefit from a national profile, it is local communities that are at the heart of both organisations. With this in mind, Macmillan worked with Nationwide to develop a campaign whereby money raised locally, is spent on local Macmillan services. This means that employees and members alike are able to see the direct results of their support in their local community, for example by funding a new Macmillan nurse. This 'grass roots' vision is very much the essence of the campaign, helping to motivate employees and generate local publicity for Nationwide branches.

In line with Nationwide's key objective of generating opportunities for employee involvement, an important focus of the Nationwide Macmillan campaign is employee fundraising. Since 1999, Nationwide has kicked started the annual campaign with a Corporate Donation to Macmillan of £150,000. The donation is used as a challenge to staff, who are encouraged to match it through their own fundraising efforts.

Whilst employees are constantly involved in their own initiatives to raise funds for Macmillan, some key activities are promoted on a national basis. For example, Macmillan's *World's Biggest Coffee Morning* offers the individual branches an opportunity to invite members along to the branch, as well as raising awareness of Macmillan's key national fundraising event. In addition to raising significant sums year on year, Nationwide's staff fundraising activities generate local PR opportunities for Nationwide's branches.

In addition an exclusive pin badge campaign provides a steady source of funds for the charity throughout the year, while the jointly branded boxes helped raise awareness of Nationwide's commitment to the community among its members and the general public.

**The key elements of the campaign**

Nationwide has engaged in sponsorship arrangements for some of Macmillan's key events and properties. Past sponsorships include '*Macmillan miles'*, '*Carols by Candlelight'*, and '*The Celebrity Cricket Match'*. In addition, Nationwide has helped to establish new events by sponsoring them for the first year, such as the Hold Your Tongue Challenge in 1998. Nationwide supports Macmillan's key publication, the 'Cancer Guide' and will again be sponsoring the print and distribution of the guide during 2002/3.

These sponsorship arrangements have enabled Macmillan to keep its non-charitable expenditure to a minimum, while Nationwide have benefited from branding opportunities, and the association with Macmillan's brand.

**Exploring new ways of working together**

As the partnership has evolved, new and innovative ways of working together have been explored. In particular, Nationwide's involvement in football sponsorship has led to two joint initiatives. Nationwide has donated hospitality tickets to England International matches, which has given Macmillan a unique opportunity to entertain and thank some of it's most influential supporters at no cost.

Macmillan has also benefited from Nationwide's sponsorship of the Football League divisions one, two and three. Nationwide agreed that for three Saturdays during the season, a joint Macmillan/Nationwide advert would appear in place of the usual Nationwide advert. This presented Macmillan with an opportunity to raise awareness of its work among a young, mainly male audience while the advert helped to publicise Nationwide's community involvement.

In September 2001, Nationwide decided to embark on a direct mail initiative with Macmillan. 110,000 Nationwide members received a jointly branded Nationwide/Macmillan 'insert' with their account statement. The communication informed them of the relationship between the company and the charity, the achievements so far and invited members to sign up to make a committed gift to Macmillan. The project has opened up new opportunities in the area of direct marketing. Ideas for further initiatives, particularly in the area of e-marketing, are currently being explored.

**Results**

The Nationwide/Macmillan campaign demonstrates the best of corporate community involvement. It is a long-term relationship built on the strong foundation of a shared vision coupled with a commitment to achieving maximum benefit for both parties as well as to constantly look for new ways of working together.

The sponsorship has also helped to build much stronger corporate feeling, something deemed especially important following a period when the company, like all building societies, had gone through a series of internal cultural changes and market upheavals.

The partnership between Nationwide and Macmillan has been and continues to be extremely successful. Proof of this success is that the partnership is well on the way to raising £3 million by 2004, and then will continue to develop an ongoing and mutually beneficial relationship.

## Case Study: BP Amoco's 12-Step Plan

Oil company, BP Amoco has developed the following plan to identify and implement appropriate programmes:

1. Identify business goals: What is the purpose of the programme? What do you want to accomplish?
2. Identify problem areas or areas of opportunity.
3. Identify key audiences - consumers, regulators or employees?
4. Assess the internal/external environment. What are the issues in the community or company? What are the barriers?
5. Evaluate the costs and benefits associated with the issue or proposal.
6. Define visions. What do you want 'to be' in the future?
7. Identify and brainstorm programmes and activities to help reach this vision.
8. After you have brainstormed ideas, evaluate what resources you will need in terms of people, money and technology. What do you have and what do you need? Is the project feasible?
9. Identify the costs and benefits of the proposals.
10. Implement the activity or programme.
11. Market the activity/programme to key audiences.
12. Evaluate the projects against cost/benefits.

## Determining Catchment Areas

Local catchment areas are determinable, for example, by charting the domiciles (and schools) of current site employees while taking into account new housing developments, road systems et cetera, which may alter current patterns within the next few years.

While priority should be given to major sites as defined by numbers of employees, other relevant factors should also be taken into account. These include actual or possible environmental impact of industrial processes on local communities or possible future plans to expand or reduce production on site.

## Using the Community Sponsorship Programmes to Manage Image Problems

Certain companies have specific image problems, for example, energy companies, water companies, fast - food chains, drug companies and financial institutions. Community sponsorship programmes can go some way in changing negative perceptions of the company, but activities will always be judged in the light of other acts taken by the company.

## Case Study: Thames Water

At a time when water companies were under attack for paying directors large salaries, Thames Water wanted to position itself as being different from other water companies in the industry. It wanted to achieve this by aligning itself with health and fitness at major sporting events and decided to act as the 'Official Water Supplier' of the London Marathon in 1994.

This allowed the company:

- a platform for face to face communication and employee involvement;
- product sampling opportunities;
- endorsement of company messages by the event or title sponsor;
- promotional opportunities before the event and on the day;
- close targeting of a specific group of people;
- a charity/community group link;
- a clear product link;
- minimal or no actual sponsorship fee paid to the race organisers because product and people were provided in kind;
- a distinctive function or association which stands out from other sponsors - 'Official Water Supplier'.

This community sponsorship was used as a communications tool in the following way:

- in local areas where there had been negative publicity;
- to reach AB's and high level opinion formers;

- health and fitness and food shows/exhibitions;
- producing water-related promotional items, for example, water bottles;
- using a promotional character for the children;
- employee teams to take part in the events;
- company directors present the prizes.

Evaluation was achieved through:

- quantitative telephone research from entry forms;
- competition entry forms – using data to mail questionnaires;
- employee feedback forms for their views and perceptions of customers' views;
- word-of-mouth;
- cost per customer-quantity verses quality;
- measurement against objectives set.

T-shirts, plastic cups, water containers and a giant tap device all contributed to the branding of the event with Thames Water – registering a 22% increase in perception of the company and 91% awareness on the day of those polled from competition entry forms.

In addition 78% of those polled thought that it was right for Thames Water to be involved with the London Marathon. The company has now extended its community sponsorship programme to other fun activities linked to water at other events, produced promotional kits for use by employees at smaller local events and increased employee involvement in the community through Helping Hands volunteers scheme. Other companies, such as Northern Electric, have used Community Sponsorship to achieve similar results.

## Case Study: Northern Electric and Community Sponsorship

The company was one of the 12-privatised electricity companies in England and Wales. It supplies and distributes electricity under licence to two million customers in the North East and North Yorkshire as well as outside its franchise area.

Because it is a regional-focused business, it is already very close to its customers, many of whom are also shareholders in the company.

Electricity is by its nature an essential service and is part of the local infrastructure, so sponsorship and community investment programmes need to do more than simply establish name awareness.

Northern Electric wanted to be seen as a leader and a champion of major projects throughout its territory and promote region-wide projects in a cost effective way, so as to avoid 'fat cats' accusations in the media, while at the same time building better links within the local communities it serves.

The key issue for the company was not about how to build a profile, but how to achieve the right kind of profile, by supporting arts projects which are clearly perceived as adding value and benefit to the local community. The company viewed arts as a 'quality of life' issue that enhanced the attractiveness of the region for its employees and its customers.

At the same time, Northern Electric wanted to widen audiences for the arts as part of its positioning as a leader in the local community and this would help influence opinion formers in its favour. The company decided to evaluate community sponsorship opportunities on the basis of size, balance, client group and geography, favouring events as opposed to individual organisations. In addition, it decided to sponsor only those activities where its cash would lever more funds from others and would help the difference, for example, by raising charity funds from sponsoring an arts event.

Staff involvement is critical and the company encourages employees to volunteer to help raise funds through initiatives such as Conservation Volunteers and Business in the Arts, as well as a local charities committee. The company supports these projects but is careful not to use its staff for simply corporate promotional ends.

Its strategy delivered early benefits. In 1993 Northern Electric received the 'Business in the Community' category of the televised Northern Business Awards, which provided peer group recognition and widespread publicity for its community sponsorship activities.

## Establishing Benchmarks and a Research and Evaluation Programme

A research programme to establish benchmarks, in relation to the marketing objectives, should be undertaken prior to the implementation of any community sponsorship programme.

While general awareness and the presence of specific image attributes will be low overall in most cases, certain sub-sections of the target audience, for example existing and potential customers, would significantly weight the research programme unless analysed separately. In such a case, benchmarking should be undertaken in advance in specific areas and should be statistically relevant where possible.

Following the benchmarking process, a rolling programme of research should be established, not only to examine increases in awareness levels but also to monitor changes in desired image and reputation values.

With this in place, the community sponsorship programme can then be re-evaluated and adjusted accordingly with greater or less emphasis given to promoting the various desired image and reputation attributes.

A company's employees are part of the community in which the business operates, mixing with neighbours, purchasing local goods and services and, in the vast majority of cases, living in the vicinity of the company.

Employees are the single most important influence on a company's reputation and how others perceive the company - a fact often overlooked by those responsible for marketing in the company.

The employees' knowledge of their organisation and how it operates, their attitudes, the things they say and how they talk about the business and about their colleagues will have an impact on the perceptions of others and will all contribute to the success of a community sponsorship programme.

## Case Study: British Aerospace (Military Aircraft Division) and Benchmark Research

In the past, BAe's Military Aircraft Division (MAD) has tended to be responsive rather than proactive, taking an ad hoc approach to sponsoring isolated local events and organisations rather than a coherent programme of development within the community. Activity tended to be concentrated around the first and second quarters, rather than providing year-round PR opportunities.

Having made a large number of redundancies, the company identified various business factors that could be affected by the community's poorly perceived image of MAD. These included employee motivation, local authority co-operation, recruitment of new personnel and supplier relations.

BDS Sponsorship, based in London, UK, recommended that BAe undertake an extensive research programme among BAe MAD employees, through Chronicle Research, providing a detailed insight into employee attitudes and local opinion. This was designed to ascertain the effectiveness of MAD's past and current community activities as well as gain a clear insight into the issues of real local importance.

The corporate objectives were as follows:

1. To establish meaningful community relationships with selected parties that support MAD's communications objectives.

2. To be seen as an organisation operating a successful community investment policy which:

- meets defined objectives and selection criteria;
- has clear plans and schedules;
- identifies and prioritises the areas in which it wishes to be involved;
- makes its intentions clear, both internally to its workforce and externally;
- establishes clear and effective dialogue with its employees and the local community;
- where possible involves employees in decisions affecting the local community;
- explains to the community the values and principles behind its activities and demonstrates them in action;
- enables employees to serve as ambassadors to the community;
- establishes clear feedback and measurement mechanisms;
- can demonstrate clear benefit to the Division from its chosen relationship areas.

In addition, specific objectives which MAD's sponsorship programme had to address were also defined:

1. Increasing awareness of BAe community activity among employees and the local community.

2. Demonstrating commitment to community issues by addressing priority areas as identified by employees.

3. Demonstrating commitment to employees by offering increased opportunities for involvement.

4. Developing awareness amongst and improving links with local media and opinion formers.

5. Providing year-round activity.

Given the stated objectives, the programme's effectiveness was assessed by a rolling research programme to measure improvement in the following areas:

- improved employee morale;
- increased employee participation;
- overall image enhancement among all target markets;
- enhanced employee retention rates;
- improved quality employee job applications;
- positive media coverage;
- positive environmental image;
- cost effective hospitality opportunities.

Measurement results were in the form of on-going research set against the defined objectives, using the initial research as a benchmark to measure improvement.

25% of all respondents to the initial survey supplied contact details, constituting a solid foundation on which to build a sample for continuing research.

In the future these respondents will be analysed to ascertain the viability of using this group as a representative sample. If necessary, this sample will be built up using a representative sub-sample of employees not involved in the original survey. Six qualitative discussion group sessions with the original participants will be organised, to clarify and validate the benchmark results and probe the deeper implications. Thereafter, based on this validated data, quarterly telephone or questionnaire interviews will be conducted with the entire sample to evaluate awareness and approval of MAD community activity.

***Analysis of Benchmark Research***

The findings of the initial survey served as the basis for the development of a community investment strategy. While the research was limited to a sample of employees, it was felt that, as local residents, their opinion also constituted a reasonably accurate reflection of community attitudes.

There was an overwhelming view within the employee group that not only does MAD have a duty towards the local community, but that it benefits significantly from its involvement. Almost all of those surveyed felt that they did not know enough about MAD's community programme. Information about community involvement came via Fastrack - BAe internal publication - and the local media.

Employees tended to be consistent in priorities and preferences for community issues and leisure activities and results varied only marginally across all employee groups. Only one in five employees had any direct involvement in community activity and only one in four of these had received any kind of support from MAD. While local knowledge of MAD's community activities was seen as very poor, both employees and local community would respond favourably to increased activity by MAD and the opportunity for increased participation.

***Identification of Local Issues***

The survey differentiated between local concerns and leisure interests.

In order to maximise reach; any community sponsorship programme had to target both these areas. BAe has to be seen to involve itself in lifestyle interests of the community as well as main social issues, in order to demonstrate that it has participated fully in all aspects of community life.
By analysing the data, trends emerged across all BAe employees regardless of sex and position in the company.

The following were identified as priority areas in order of perceived importance:

*Leisure*

1. Sport .
2. Youth activity.
3. Heritage.

*Community issues*

1. Education.
2. Environment.
3. Crime.
4. Unemployment.

***Conclusions on MAD's Community Involvement***

There was an overwhelming view among all staff that MAD has a duty to support the local community and these four issues were significantly and consistently highlighted as the most important.

Where MAD was already involved in these areas, it was felt that it was doing a good job, but overall staff felt the company should do more and attract large-scale participation and awareness amongst the community.

BDS Sponsorship made the following recommendations:

- MAD's community sponsorship programme should reflect the broad interests of the community;

- the programme must reflect BAe's commitment to all aspects of community life, both leisure and social concerns;

- MAD's sponsorship programme must seek to 'touch' either directly or indirectly the largest possible proportion of the local population ;

- the programme must attract year-round media attention and constantly provide stories and news angles;

- to achieve the widest possible reach, BAe's sponsorship funds must be made to work as hard as possible and so the programme should emphasise enabling and pound-for-pound schemes;

- the programme must incorporate a clear communications strategy, with funds set aside for the production of a regular newsletter for distribution internally as well as to opinion formers and the local community (*Source: British Aerospace/BDS Sponsorship Ltd).*

## Summary of Main Points in Chapter 6:

1. Growing/establishing political and business encouragement for the idea that companies should get more closely involved in the communities they serve.

2. The public believes a company that supports the community is 'a good company to work for'.

3. Community sponsorship is neither charity, advertising or patronage but a hard edge marketing tool that's becoming increasingly important in developing brand values.

4. Community sponsorship programmes can be used to manage *stakeholder relationships*.

5. Clear strategy, setting out objectives, target audience and a pre-sponsorship benchmark exercise will allow the success of any community sponsorship programme to be accurately assessed and measured.

6. How the success of the sponsorship is to be measured should be determined from the start.

7. Must match corporate objectives to the proposed community sponsorship.

8. Must communicate effectively with key target groups (including employees where relevant) and make sure that community involvement is publicised internally and externally.

9. Community sponsorship should be a real commitment to a cause/charity and avoid jumping from one 'good cause' to another simply because of changes in fashion.

# CHAPTER 7: ARTS SPONSORSHIP

## Introduction

Whilst business has become increasingly keen to be associated with the arts, the expectations of some sponsors and arts organisations have not always been met, leading to some less than harmonious partnerships. It is vital that businesses and art organisations provide clear evidence of the advantages of sponsorship, not only to develop their own partnerships, but also to attract new businesses into the market.

## Sponsorship in the UK

The level of business investment in the arts in the UK has risen from an estimated £600,000 in 1976 to over £150 million today. Despite this remarkable growth, sponsorship in the UK, especially in the arts, is still a relatively immature and under exploited part of the marketing mix. Furthermore, the level of sophistication employed to exploit and evaluate sponsorship is lower than that in the United States.

In Britain, and still to some extent in the USA, a sponsorship often tends to be judged somewhat superficially simply by the amount of branding given and the quantity of media exposure created. Whilst the number of column inches generated may be one aspect of the evaluation it is certainly not the only benefit that can and should be measured.

Even though an event might contain a reasonable quantity of internal and external signage, it is vital that art organisations understand the difference between signage and sponsorship to justify their fees. Signage alone is a relatively low cost tool that seeks to develop awareness. There does not have to be an integrated or emotional link with the event. Sponsorship, on the other hand, is a multi-dimensional marketing tool that, when conducted properly, emotionally connects products and / or services with customers.

To achieve the desired marketing objectives of a sponsor, an arts organisation must provide mechanisms that will allow their sponsors to gain the maximum appropriate and relevant benefits from their sponsorship. As a successful sponsorship is a mutually beneficial partnership, each party must receive what it considers to be worthy, valuable and good quality benefits, meeting their own long-term objectives.

Therefore an arts organisation not only needs to ask what the sponsor can do for them, but also ask the question 'what's in it for the sponsor?' Evidence should be provided at all stages that a sponsor is receiving value for money from a sponsorship. This evidence is provided by evaluation.

## Defining the Issues

In an increasingly competitive market place, sponsorship needs to provide sponsors with value for money. Evaluation of a sponsorship is something that needs to be an ongoing process for both business sponsors and arts organisations allowing them both to *prove* that there is a positive return on investment. Furthermore, to tailor a sponsorship package to the aims and objectives of a sponsor, research needs to be provided before, during and after a partnership. There are some benefits that can be valued quite simply, however, there are others whose value is perhaps less obvious.

In an interview, the Consumer Marketing Manager at American Airlines said: “In order to have an effective arts programme, it is necessary to spend time spelling out what your exact needs are. The Airline receives numerous offers to sponsor events which are completely inappropriate.”

This is unfortunately a far too common occurrence; the need to research and evaluate a sponsorship is vital. Moreover, it is often possible to create specific extra benefits for sponsors and thus justify a higher sponsorship fee.

## Additional Support

The Department of National Heritage with the ABSA "Pairing Scheme" is further encouraging the importance of sponsorship as a source of revenue for arts. Devised to encourage businesses to sponsor the arts. Under this scheme, companies that are new to arts sponsorship can apply for awards to increase the value of their investment. For first-time sponsors, the award can be as much as 100% - matching the sponsorship pound-for-pound. The money awarded must be spent to increase the value of the sponsorship for all involved. This can clearly be seen in the sponsorship conducted by Toshiba of London's Institute of Contemporary Art (ICA).

## Case Study: Toshiba and ICA

Initially the sponsorship was £150,000 and the pairing scheme awarded £75,000. Toshiba's interest was to be in the forefront of technological development and such an association with innovative work was very appropriate. In addition, their target age group (25 to 35) is addressed by this sponsorship.

The benefits to Toshiba were credits on all publicity throughout the year, plus at the ICA venue. There was also an element allowing Toshiba employees membership at the Gallery. The Pairing Scheme Award was split between extra PR of art and innovation, further new commissions/installations and an advertising campaign for the exhibition's programme.

## Case Study: American Airlines and the British Film Festival - Winner of the 1996/97 FT/Arts & Business Sponsorship in Kind Award

American Airlines has sponsored the BFI's London Film Festival for the past ten years in a partnership that is worth £40,000 per annum in complimentary transatlantic flights for each festival.

With major titles premiering at the Festival, there is an expectation that the biggest stars and directors of these films should be present. Therefore, the support of a major transatlantic airline is crucial.

This sponsorship is now an integral part of the American Airlines marketing strategy. As a main sponsor of the event it has prominent exposure especially at all the major screenings. This has brought the sponsor's name to the 107,000 people who visit the Festival each year, 20% of whom are from the film industry.

As with many art sponsorships of this kind, American Airlines also are able to take advantage of corporate hospitality opportunities including The Gala Opening and the Closing Night films and dinners. A further sponsorship benefit to American Airline is an allocation of complimentary tickets for other staff and clients.

One of the major reasons for success of this partnership is due to the extra leveraging conducted by American Airlines. This year the company worked with the Festival's Principal Sponsor, Visa International, and offered guests the opportunity of a complimentary upgrade when booking their flights with a Visa Card.

The sponsorship is evaluated each year with careful appraisal of accreditation, hospitality arrangements and other benefits with both partners working together to ensure that the sponsorship develops and grows stronger each year.

Mike Smith, managing director European Sales, American Airlines, highlights the importance and value of the sponsorship in his eyes: "As a major carrier to the centres of the film industry in the United Sates, American Airlines is proud to be a major sponsor of the London Film Festival. It is a truly international event which showcases the latest and very best from the world's film industry."

## Why Sponsor the Arts?

Business can work with the arts in a variety of ways, including corporate art collections, arts-based training, arts clubs, employee volunteering and, of course, sponsorship. The reasons why a business will undertake these activities will probably fall under one of the following broad headings:

- Marketing and PR
- Employee development
- Corporate Social Responsibility

A business will sponsor the arts for one, or a combination of, these reasons. For example, corporate social responsibility (CSR) is of increasing importance on the business agenda and many sponsors work with the arts on community-based projects with just this in mind. Other businesses may sponsor the arts purely from a marketing perspective.

## Case Study: BAA and the Public Art Development Trust (PADT)

The partnership of BAA and the Public Art Development Trust (PADT) demonstrates the benefits of research before and after their sponsorship activity. BAA wanted to enhance the environment and customer relations in its airports while PADT aims to challenge the confines of museums and galleries through commissioning new works of art which engage people in today's aesthetic, environmental and social issues through the work of living artists. This partnership has developed over the last 11 years and BAA has allocated £1 million over the last three years to this project. Recognised as one of the most innovative Art in Transportation projects, this sponsorship has generated an enormous amount of publicity through the press. It has also created a number of intangible benefits. For example, in a before and after survey, passenger complaints dropped by 50%. The artworks caught the attention of an incredible 86% of passengers. Support for placing the art in airports proved to be extremely high.

## Sponsorship Aims and Objectives

Put simply, there are three essentials to creating a successful partnership:

- find the right fit between a sponsor and arts organisation / arts project;
- set and agree clear objectives;
- prove a return on the investment.

Attending to these three simple points will help secure an ongoing and positive relationship.

It is also worth mentioning here that sponsorship activities must be fully integrated with other areas of marketing communications in order to capitalise on their potential value. Printed materials, radio and television are two-dimensional as they only evoke two of our senses, sight and sound. Sponsorship of an event or a venue allows a sponsor to connect with its target audience and consumers. This interaction is three-dimensional as it enables a sponsor to connect emotionally with its target audience. It is crucial that both the sponsor and the arts organisation are fully aware of the business nature of their partnership. Traditionally the arts sector has relied on public funding and/or benevolent patrons. With a commercial sponsorship it is vital to understand the benefits that are required to make the partnership viable.

It is important to identify reasons why commercial organisations will be interested in supporting the arts. For example, the chairman of Credit Suisse First Boston (CSFB), one of the world's leading investment banks explains why CSFB turned to arts rather than sports as a venue for corporate hospitality: "We believe in the arts and we believe they are a better vehicle than sport for reaching our target audiences, which are not only clients and prospective clients, but also our staff, their families, local schools, and the wider community. As this is a first for us, we will need to measure the success of our sponsorship. It will be important to gauge both the client and staff reaction to the exhibition, which will influence the type of events we would consider supporting in the future."

When creating a successful sponsorship, which can be evaluated, it is fundamentally important to first clearly identify and agree the aims and objectives.

## Case Study: BP

As sponsorship of the arts grows in importance, so does the need for effective research to justify investment. One of the best examples of a company's research into an arts sponsorship was conducted in 1992. The British Petroleum Group decided to research the value of all its art sponsorships. With annual sales of more than $55bn, BP is one of Britain's largest companies, as well as one of its largest arts sponsors. Deals include new displays at the Tate Gallery, the BP Portrait Award at the National Portrait Gallery and the BBC's Cardiff Singer of the World competition.

Two factors prompted a revaluation of ties. The first was BP embarking on a process to shift responsibility for local community relations out of the head office to the operating sites. The second was the drive to achieve across-the-board savings in operating costs.

The group's businesses were asked to choose the commitments they believed offered value for its money. The idea was that, henceforth, these commitments would be financed not out of corporate overhead, but out of the businesses' own bottom line, as necessary business expenditure.

Arts sponsorship emerged as the area that practically nobody wanted to take on. The decision was made to reduce the level of commitment while maximising return from the programme. Allegro Arts Marketing was appointed to undertake this task and to review the programme and make recommendations about future policy.

### *Methodology*

The first task undertaken was to examine existing BP research. In early 1992, BP had surveyed opinion-formers' attitudes toward the company's community affairs activities, which BP defined as community projects, supporting charities, arts sponsorship and sports sponsorship. An overwhelming 70% of respondents named community projects as the activity most valuable to the public, 23% named supporting charities and only 1% each named arts and sports sponsorship.

But was there something that the arts programme did that other community relations' activities did not? The qualitative research consultancy Conway Smith Rose (CSR) was appointed to study opinion-makers' views on arts sponsorship, position these views within the general context with the attitudes of business towards supporting the arts, and investigate the effect of arts sponsorship on company image and reputation. CSR conducted group discussions and in-depth interviews with company directors, elected officials, public affairs directors, financial analysts and journalists.

CSR's results suggested there are significant benefits to companies that sponsor the arts, including being seen as educated, sophisticated, refined, astute, cultured, knowledgeable and aware.

The research also suggested that arts sponsorship has a unique value as a communication tool for influencing opinion formers. Therefore, the research concluded, this was a clear reason why BP should continue to sponsor the arts.

Finally, the research indicated that the activity had to be related back to other community relations involvement – it needed a carefully defined role, and it should be communicated to a wider audience than the previously been the case.

The research was taken a step further to see if the indicators could be substantiated by carrying out a quantitative survey of visitors to BP sponsored events. Business Research and Planning International was commissioned to conduct face-to-face interviews with visitors to the National Portrait Gallery and the Tate. The audience for the Singer of the World competition was surveyed by mail. There was nearly a 60% audience response.

### *Quantitative Results*

Some 43% of respondents at the Tate, 82% at the National Portrait Gallery and 81% at Singer of the World were able to recall BP's sponsorship. BP does heavily brand its products with the exception of the Tate.

The quantitative research confirmed the findings of the qualitative study: there is a positive relationship between arts sponsorship and a company's image and reputation.

**Table 5.1 : Relationship between arts partnerships and a company's reputation**

| **Opinion of BP's sponsorship (%)** | | | |
|---|---|---|---|
| | **Tate** | **N.P.G.** | **C.S.R.** |
| Strongly approve | 44 | 71 | 73 |
| Slightly approve | 12 | 14 | 11 |
| Neither | 36 | 13 | 13 |
| Slightly disapprove | 5 | 0 | 2 |
| Strongly disapprove | 3 | 2 | 1 |
| **Likelihood of company sponsorship having positive effect on opinions toward image and reputation of that company (%)** | | | |
| | **Tate** | **N.P.G.** | **C.S.R.** |
| Very likely | 20 | 29 | 40 |
| Fairly likely | 43 | 43 | 37 |
| Neither | 11 | 15 | 12 |
| Fairly unlikely | 8 | 4 | 3 |
| Very unlikely | 14 | 8 | 5 |

*Source: IEG, Inc*

***How BP responded to these results***

The qualitative research showed a general expectation among opinion formers that major companies should sponsor the arts, but poor levels of recall of what particular companies – BP included – actually did. In the past, it was admitted that BP had been guilty of throwing money at people and waiting for them to be grateful. It had been assumed that a simple relationship existed between the amount of credit given to BP and the effect on target audiences.

BP's approach now involves reaching its target audience directly, advertising in the publications it reads and supporting the programme event-by-event. Publicity aims to create the impression of a BP programme that is there to support the arts, rather than a series of events that just happen to have the same company logo attached to them. Advertisements promoting BP's art links are strongly branded, with a strong family resemblance to remind the reader of others in the series.

A clear indication of the effectiveness of this campaign came three months after it had started. A poll of business leaders ranked BP as the leading sponsor of arts in the UK above British Telecom, IBM and Shell. This was achieved at a time when BP had actually reduced substantially its level of commitment.

This case study shows clearly the combined effect achievable by the right mix of arts sponsorship and advertising. In this case the sponsor evaluated the value of arts sponsorship to the company, and the research enabled a more effective strategy to be implemented.

Art institutions have also become aware of the importance of research into the success of sponsorship. Sponsorship is now generic to nearly all museums and galleries.

## Case Study: Tate Britain

At the Tate Britain, exhibition sponsorship is now worth significantly more than £2m per year. The Tate Britain realised that to be ahead in the competitive marketplace, it was vital that the arts sponsorship should be able to deliver. For example to prove that it could reach the key target audiences, to demonstrate which general visitors a particular sponsorship may reach and to give feedback to sponsors on opinions of particular sponsorships from the people who experience them and whom they are targeted.

Prior to undertaking the on-going market research, the method of evaluation was simply the number of times their sponsorship appeared or was credited in press coverage. The gallery felt that they needed to demonstrate to business that there were other critical ways of measuring sponsorship effectiveness, especially the opinions of key target VIP audiences and general visitors. The Tate Britain recognised the importance of making the research programme on-going, so that the results can be compared and analysed each year at different times of the year.

In 1993, MORI was first commissioned to carry out an on-going programme of research that is still in place. Three key audience groups relevant to the gallery's exhibition sponsorship was identified:

1. Existing and potential sponsors of the Tate Britain;

2. Tate Britain Visitors;

3. Opinion leaders: MPs, captains of industry and editors of national broadcast and print media.

***Existing and Potential Sponsors***

It is clearly crucial to understand the needs and expectations of sponsors so that the Tate can target its sponsorships at appropriate organisations and offer a package tailored to the needs of that organisation. Research can also provide initial marketing information to potential sponsors and give on-going feedback to current sponsors about the effectiveness of sponsorships.

*Visitors* to the Tate Gallery are the Tate's public and they expect a high-quality visit to the Gallery at all times. They're likely to have an opinion about the branding of sponsorships, the size of logos and the extent to which they believe the commercial face of sponsorship is compatible with the art they have come to see. They can also provide feedback as to how effective the sponsorship has been in making them aware of the sponsor and its main business activities, and they can give their opinion of the sponsorship and its effectiveness.

*Opinion leaders* are a significant reason for sponsors committing funding to the arts. Opinion leaders are difficult to reach through conventional forms of advertising, but can often be targeted effectively through corporate hospitality events – a benefit exclusive to Tate Gallery sponsors and corporate members. Therefore the research seeks to obtain an on-going measure of their experience of the Tate in the context of other arts venues, how effective sponsorship at the Tate is in helping to reach these elite audiences and, as opinion leaders, their attitudes towards key sponsorship issues.

**Methodology:**
Annual surveys are undertaken with potential and existing sponsors. In-depth interviews are conducted face-to-face at the respondent's place of work.

Each year MORI carries out three waves of research among visitors to the Tate Britain as they are leaving the gallery. Interviews are conducted face-to-face with a sample of at least 250 visitors.

Interviews within opinion leaders are also carried out face-to-face. At least 100 MPs are interviewed with a sample structure to be representative of the Houses of Commons. The captains of industry survey involves interviews with approximately 80 chairman or chief executives of companies in The Times Top 500 companies. Surveys of editors take place every two years and include some 35 editors from the national and regional press periodicals and broadcast media.

**Findings**:
The interviews reveal that the primary objective is to influence key opinion leader groups which cannot be reached through conventional advertising channels. Secondary objectives include image-building and corporate social responsibility.

Sponsors' image of the Tate Britain is that it is an innovative, high quality and professional organisation which offers the opportunity to target key opinion leaders effectively.

As sponsors they expect to receive crediting of their sponsorship on all materials. The Tate has used this information to help negotiate crediting with the media and thereby increase the amount of media crediting which its sponsors receive.

Entertaining at the Tate Britain is a privilege exclusive to current sponsors and corporate members. The importance of retaining this is demonstrated in the Table 10.5.

The Tate Britain now sends out this table with all sponsorship proposals and all current sponsors and corporations in order to justify their involvement with the gallery. It shows the Tate Britain to be the most popular venue among all the major London arts organisations for attendance by MPs at corporate events.

The research shows the majority of MPs are in favour of sponsorship of the arts, especially conservative MPs. Members support the press mentions of sponsors' when an exhibition or event is being reported, unlike editors who first saw enforced crediting as an intrusion into their professional domain.

The Tate Britain is the second most popular corporate entertainment venue among the captains of industry. Sponsorship of the Tate Gallery is perceived by this group within the context of corporate hospitality, especially in terms of the opportunities this affords to access elite audiences. The main advantages in this regard are thought to be the pleasant, relaxed environment and the opportunity to 'soft-sell' in a non-commercial situation.

**Table 7.1 : Attendance of corporate functions at arts venues**

| | Captains % | All MPs % |
|---|---|---|
| Royal Opera House | 68 | 16 |
| Tate Gallery | 51 | 29 |
| English National Opera (Coliseum) | 43 | 3 |
| Royal Academy of Arts | 39 | 4 |
| National History Museum | 32 | 12 |
| National Portrait Gallery | 32 | 17 |
| National Gallery | 26 | 13 |
| Science Museum | 19 | 13 |
| Royal National Theatre | 16 | 2 |
| RSC | 16 | 3 |
| Globe Theatre | 7 | 1 |
| Any | 91 | 47 |
| 1-3 venues | 45 | 37 |
| 4-6 venues | 35 | 11 |
| 7-9 venues | 9 | 0 |
| 10-11 venues | 1 | 0 |
| Base: All | (88) | (102) |

*Source: MORI, third/fourth quarter 1996*

***Tate Gallery visitors***

Visitor profiles show the Tate Britain's audience is up-market compared with the population as a whole, with almost half under 35 years old – a key audience in terms of creating general public awareness for certain sponsors. This research enables the Tate to demonstrate visitors' opinions of the sponsorship, their knowledge of the sponsor's area of business, as well as what they read, why they were influenced to visit the Gallery and where they are from.

The research indicates to the Tate Britain that visitors are well aware of the benefits of sponsorship to both sponsor and Gallery; they see the Gallery's benefits as mainly financial, including support for exhibitions and buying new art. They perceived advantages for sponsors are publicity, advertising and enhancement of their corporate image. Visitors do not appear to see a conflict between the art and the educational role of the Gallery and the commercial nature of financing the collections; and special exhibitions. Indeed, the majority have a better (or the same) impression of companies that do sponsor the visual arts.

The Tate Britain has been able to use this research to contribute to its sponsorship success as indicated in its business relationship with Ernst & Young.

## Case Study: Ernst & Young Sponsoring the Cézanne Exhibition at Tate Britain

***Introduction***

The Cézanne exhibition took an in-depth look at all phases of Cezanne's career. It took four years to assemble and involved bringing over 166 works from all over the world together for the first time. Promotion of the Cézanne exhibition started early. In November 1995, just 8% of visitors to the Tate Britain were aware of Ernst & Young as a sponsor at the Gallery. Yet once the exhibition opened in February 1996 over 54% of visitors were aware of the partnership.

Awareness for Cézanne was so high that 34,000 tickets were booked before the exhibition even opened in London. PR, all of which credited the sponsor, included:

- TV coverage in *Omnibus*;
- 60- second programmes;
- a radio programme;
- editorials in the press;
- press trips to the Cézanne exhibition in Paris in August 1995, followed by a trip to the artist's studio in Aix-en-Provence;
- *Sunday Times* competitions, poster promotions and a *Funday Times* competition for children;
- advertisements in the Financial Times;
- posters on London buses and London Undergroound;
- a Pret-a-Manger Cézanne-wich;
- table top promotion in London outlets of Café Rouge restaurant chain;
- Harvey Nichols shop front windows.

An independent media evaluation valued Ernst & Young's media credits at £500,000.

***Partnership Objectives***

Ernst & Young had four main objectives it wanted to achieve through sponsoring the exhibition. These were:

1) Bring Cézanne to new audiences.

2) Make Ernst & Young 'famous' in the business community.

3) Build relationships with clients and contacts.

4) Involve the firm's partners and staff.

The first objective was achieved as the Cézanne exhibition proved to be the most popular exhibition in the Tate Britain's history to date:

- 9 out of 10 people were positive about the exhibition;
- 408,688 people visited the 12-week exhibition;
- 11,000 visitors joined the Friends of Tate Britain;
- 76% of visitors were under 55 and 43% were under 35;
- 17,513 school students came in groups;
- Nearly 60,000 catalogues and picture books were sold in the Tate Britain shop.

***What Benefits did Ernst & Young Receive?***

Key Benefits:

- branding on 60,000 catalogues sold in the Tate Britain shop;
- articles in the national and local press;
- accreditation on local radio;
- accreditation on television;
- promotion of corporate identity and brands to trade and consumers;
- free and discounted tickets;
- hospitality;
- internal and external branding.

These benefits helped deliver Ernst & Young's objective of becoming 'famous' in the business community. Additionally Ernst & Young were able to leverage considerable corporate hospitality out of the sponsorship. This is reflected in the impressive statistic that there was a 100% acceptance rate from FT-SE 350 board members, key clients of Ernst and Young, for the opening dinner. Moreover Ernst & Young entertained 5,500 clients and contacts on 44 occasions and were recognised as the sponsors by 50% of the visitors. New business resulted from opportunities to build relationships at the various client events. This achieved their third objective, to build relationships with sponsor's clients and contacts.

Employees favour a sponsorship of this nature. To achieve the fourth objective to involve the firm's partners and staff, Ernst & Young undertook a number of initiatives. Weekly bulletins were sent to all partners and staff in 26 offices and mini exhibitions were created in 20 UK offices telling the sponsorship story.

The main benefits for the employees included:

- complementary tickets to all partners/staff;
- discounts in the Tate Britain shop;
- curators' presentations;
- private views;
- visits to Tate Britain's conservation department;
- special children's workshops.

Over 9,000 Ernst & Young staff visited the exhibition using complimentary tickets.

***Conclusions***

Innovative PR created a huge interest, which guaranteed that the sponsorship was rarely out of the public eye, both before and during the exhibition. Ernst & Young is highly experienced in creating business partnerships with arts organisations and this is reflected in the level of success the sponsorship achieved.

Just how effective sponsoring exhibitions like Cezanne is considered to be by captains of Industry is reflected in the following comments:

> 'Gets your name known – repays similar hospitality, develops relations with customers and opinion formers and supports that particular arts body.'

> 'Getting publicity. Managing to meet with their customers in an informal environment, fulfilling social obligations.'

> 'Publicity – reason they did it was to get their clients to increase their clientele which they claim to have succeeded in doing.'

> 'It promotes the company to the City and the business world – to the people with whom we will do business. Also based on a belief that we want to try and improve the environment.'

> 'The publicity, the added image of not just being about business.'

> 'Getting clients together in an agreeable environment and trying to catch their attention by giving them something they enjoy.'

> 'The ability to attract the right sort of people by having something new and novel (and attractive to the public) – you can quite easily get quite a big collection of customers, or contacts, whatever you need to work with, during the course of a reception.'

> 'Exposure to audiences broader than they would normally come into contact with.'

> 'Presumably they are viewed as a drawing card to get important guests to spend time with you.'

> 'Helps to promote and sponsor the arts and show the company itself to be a responsible member of overall society.'

The case study below further demonstrates the benefit of an arts organisation realising sponsor's requirements, while at the same time raising the value of their property.

## Case Study: Glenmorangie 10 Year Old Highland Malt Whisky and The Glasgow International Jazz Festival (GIJF)

### *The Asset*

The Glasgow International Jazz Festival (GIJF) was founded in 1987. It is seen as the premier Jazz event in the UK and one of the leading festivals in Europe. It features internationally known artists from around the world as well as new up-and-coming jazz musicians performing in a variety of key venues across the city.

In 1998, GIGF undertook a radical restructuring in order to affirm the event's position in the cultural calendar of Glasgow. The festival was shortened, for better impact, to five days and priority aims included the improvement of facilities and the delivery of quality benefits to sponsors.

The festival team took the decision to review its existing sponsorship relationships. They discovered that some partners were receiving outstanding marketing benefits whilst the festival received diminishing amounts of financial support from them. The festival chose to assert its position as a powerful marketing tool in the Scottish marketplace and decided to cultivate selected sponsors whilst releasing others. In addition, the search began for a product sponsor, which could become 'The Spirit of Jazz'.

The changes paid off. Following the 1998 festival, the presentation of the festival and its service to sponsors smartened up and despite the shorter timescale, audiences began to increase (1998: 12,000, 1999: 15,000).

### *The Sponsor*

In late 1998, Glenmorangie launched a television advertising campaign featuring two stylish men in designer suits in peaceful highland settings inviting whisky drinkers to join them in 'The Glen of Tranquillity'. The Sponsorship Co-ordinator of the Glasgow International Jazz Festival immediately identified the new Glenmorangie image with the profile of the festival, believing that there was an excellent 'fit' for both brands.

Historically, Glenmorangie had sponsored very traditionally Scottish areas such as shinty and fishing. Their flagship brand, Glenmorangie 10 Year Old, needed revitalisation and a key focus was building on the brand values of 'Tranquillity' and reflecting a contemporary approach. Sponsorship was identified as one of the tools which could provide the necessary ingredients to achieve this key focus whilst generating excitement and buzz around the brand, building on the new advertising campaign.

***The Fit***

The festival offered them the opportunity to become the 'The Spirit of Jazz'. The Marketing Manager of Glenmorangie responded and through negotiation, a one-year sponsorship agreement was struck.

The key objectives of the brand's sponsorship strategy were:

- to generate trail and recruit new consumers;
- to raise the profile in major conurbations, whilst retaining key focus in Scotland;
- to provide a unique point of difference for the brand, generating maximum buzz and excitement.

The Glasgow International Jazz Festival offered the brand the opportunity to satisfy its objectives in the West Coast of Scotland and the potential for activity to be rolled out across the UK and beyond.

Glenmorangie briefed six advertising agencies for the festival sponsorship account, which would complement the sponsorship fee paid to the festival. The following items were produced to complement the brand's sponsorship of the festival:

- external brand signage dressing the fashionable Merchant City area of Glasgow;
- scratchcard promotions in targeted Glasgow pubs;
- promotion in the What's On magazine of Glasgow & Edinburgh;
- holiday Competition;
- promotional supplement in the national newspaper, The Herald;
- adverts in key magazines;
- branded merchandise featuring a separate Glenmorangie/Jazz logo;
- additional branding opportunities and sampling activities.

***The Outcome***

On the 15 April 1999, Glenmorangie announced the sponsorship to the Scottish press which received substantial coverage. The next week, a jazz themed lunch was organised for the Glenmorangie staff

involving live Jazz and a competition offering festival tickets. All employees received a free Jazz CD and the opportunity of free tickets.

The festival was officially launched at the Glasgow Marriott Hotel on 21 May, which enabled Glenmorangie to undertake high-profile sampling activity, visible branding and networking. A subsequent programme of joint promotions was initiated on Jazz FM, Scottish and national newspapers, in shopping malls and on the Glasgow city centre streets. GIJF also enjoyed a direct mail promotion through Glenmorangie's newsletter to its 65,000 database.

Glenmorangie carried out an evaluation of the sponsorship to measure how effectively their objectives had been met. This measurement was carried out through sales and audience facts and figures on a quantitative basis and also through a survey of attendees, which was carried out at key festival venues.

Headline figures include:

- an estimated 1.6 million people were exposed to Glenmorangie through media coverage.
- Glenmorangie achieved brand exposure to 12,000 people who attended festival events.
- 97% of the audience agreed that it was good to see Glenmorangie sponsoring jazz.
- 76% of the audience felt that the sponsorship gave Glenmorangie a more contemporary, modern feel.

Glenmorangie also worked in partnership with other festival sponsors. For example, by being introduced to the Marriott Hotel chain, Glenmorangie became the official malt to be sold in Marriott Hotels worldwide on Hogmanay 1999.

The overall consensus from the results and the evaluation was that the association between jazz and Glenmorangie Highland Malt Whisky worked extremely well. As a result, Glenmorangie has taken title sponsorship of the Glasgow International Jazz Festival, thus positioning the brand as 'The Spirit of the Festival'.

Long-term relationships can provide sponsors with an essential part of their marketing mix. As stated previously with regards to Ernst & Young, sponsors who have experience of working with arts organisations are in the best position to create successful partnerships.

## Case Study: Halifax Building Society

Halifax is one of the UK's most established providers of financial services. In total, Halifax has around 20 million customers, 3.4 million shareholders and 37,000 employees. The company recognises the need to contribute to the local community in addition to supporting customers, shareholders and staff.

## Halifax's History of Arts Programmes

The Halifax community relations' programme has been running since 1986 providing more than £10m in direct donations to thousands of charities local to Halifax branches. In addition, it also works in partnership with several organisations which link businesses to the voluntary sector - Business in the

Community, Common Purpose, Arts & Business, The Royal Society for the Encouragement of Arts, Manufacture and Commerce and The Corporate Responsibility Group.

Halifax Chief Executive James Crosby states: "With sponsorship we seek to develop a long-term relationship with our partners, in much the same way we do with our customers, to provide maximum benefit to all concerned."

The Halifax employs certain criteria when selecting partners, not only to ensure the quality of the relationship but also to guarantee that the activity reflects its corporate objectives and values:

- to support customer communication and business objectives;
- to tour or enjoy wide coverage, for example, through broadcast;
- to preferably have complementary education projects attached;
- to reach younger consumers;
- to be innovative, ground-breaking and creative;
- to offer corporate hospitality and benefits for Halifax staff;
- to have good media links for press coverage.

The Halifax's sponsorship policy is designed to associate the Halifax brand with prestigious organisations or events that have national exposure. The company is currently sponsoring:

- British Universities Sports Association - Title sponsor 1996-2002
- Leeds International Pianoforte Competition - Principal sponsor two competitions 2000 and 2003
- Northern Ballet Theatre national tour sponsor 1997-2003
- Northern Broadsides Theatre Company - Company sponsor since 1996
- Royal Armouries Education Centre - Title sponsor 1996-2001

## Case Study: Northern Ballet Theatre (NBT)

The NBT is Britain's leading classical dance drama company, taking first class dance to one of the largest and most diverse audiences in the UK. The company is committed to creating complete new works and exciting new versions of the classics, commissioning new music scores and providing innovative dance that appeals to the adventurous as well as the traditional theatre-goer. The Halifax

sponsorship enables NBT to create new ballets and to undertake extensive tours of the UK, working with groups from all backgrounds in the communities where it performs.

## *Benefits of the partnerships*

The exposure the Halifax has received through the sponsorship includes accreditation on:

- posters;
- leaflets;
- direct mail letters;
- cast sheets;
- merchandise items;
- souvenir programmes (One full page, full colour advertisement);
- letterheads;
- business cards.

***Corporate Hospitality***: Complimentary dress circle seats and souvenir programmes each week in every venue visited. Further tickets available at a 20% discount. Pre-performance talks for corporate evenings, and the opportunity to invite dancers and artistic staff to post show functions. Use of the NBT events team to organise and supervise all arrangements. A framed production poster presented each week, signed by the artistic director and principal artists.

***Staff and Customer Benefits***: Complimentary full memberships to the Friends of NBT scheme for all Halifax employees (on application).

***Education & Outreach***: NBT's education team conduct the following projects in each year of the Halifax plc National Tour. A minimum of three education events takes place in every tour venue. In addition Halifax plc receive complimentary stalls seats each week in every national tour venue, which they can donate to a local school / community group of their choice.

## *Evaluation Method*

Ipsos-UK was commissioned to ascertain the impact of Halifax's sponsorship of Northern Ballet Theatre in 2000. A two-pronged research programme was used during the NBT UK Tour of Carmen, Great Expectations and Dracula. The first part focussed on the audience, 150 of who were recruited pre-performance and during the intervals. A follow up telephone interview was to be held at a mutually agreeable date after the event.

The second part examined the effectiveness of the corporate hospitality. A sample of 50 attendees were supplied by Halifax and interviewed.

The overall research measured the following criteria:

- the enjoyment of the production;
- the satisfaction with facilities;
- the recall of the sponsorship (prompted and spontaneous);
- the awareness of the sponsorship;
- audience agreement with the sponsorship;
- believed length of Halifax's involvement by audience;
- image of Halifax;
- the effect of sponsorship on favourability to Halifax;
- how Halifax hospitality compares to other events;
- the appropriateness of the sponsorship;
- the perceived benefits of the sponsorship to Halifax.

Target audience research has confirmed that the sponsorship reached key objectives:

- very high levels of production enjoyment (55%) and satisfaction with theatre facilities (76%);
- 43% total awareness unprompted of partnership (two-thirds prompted);
- 59% awareness from programmes and listings at theatres;
- top images of Halifax are 'national', 'prestigious', 'helpful' and 'quality'. Many images endorsed more by those aware of sponsorship than those not;
- 37% of those aware of the sponsorship are more likely to use Halifax in the future than those not;
- 49% agreed that the Halifax recognises the importance of the local community;
- the hospitality was well received, with the production, meeting the cast and the post-show supper being the aspects most enjoyed (98%);

- 88% compared this hospitality more favourably than other events attended;
- 90% of respondents see sponsorship as appropriate activity;
- 50% of hospitality attendees look on the Halifax more favourably as a result of the sponsorship.

Final conclusions from the research were:

- Halifax's involvement with NBT was communicated and received in a positive manner;
- the activity constituting the sponsorship was well received and has resulted in a favourable impression on the Halifax.

## Summary Of Main Points In Chapter 7:

1. For arts sponsorships to be effective, activities must be chosen to meet carefully defined objectives and managed effectively;
2. Measurement and audience research are essential and the sponsorship needs to be communicated to as wide an audience as is relevant and possible;
3. Art institutions are increasingly driven by a need to marry their business and marketing objectives with those of the sponsor's organisation;
4. It is essential that arts sponsorship is not seen as nice, soft, woolly or ineffectual, but a business tool to enable sponsors to reach the right audience;
5. Research into the success of sponsorships helps organisations to sell sponsorships more effectively with up-to-date and in-depth information;
6. Research provides on-going proof about what visitors consider appropriate in terms of issues such as the size of logos and product promotion in art institutions.

# CHAPTER 8: EDUCATIONAL SPONSORSHIP

*Educational Communications (Edcoms) is an educational consultancy that develops creative and innovative strategies for programmes targeted at young people in formal and informal educational contexts. The programmes also influence - directly or indirectly - parents, teachers and other opinion-formers. It is also an educational publisher, which develops creative, innovative, targeted and cost-effective programmes, in order to deliver commercial benefits to its clients, and value to participating individuals and institutions. Edcoms' clients include blue chip companies, charities, generic marketing bodies, new media enterprises, public sector organisations and government departments. Educational Communications is one of the market leaders in the educational marketing sector in the UK.*

*Nick Fuller is chief executive of Educational Communications, which he founded in 1994. He has been a consultant to a number of high-level industry/education initiatives including Number Partners, World Book Day and STAR* - a multi-discplinary programme promoting science and technology to young people. He is a regular speaker at the major sponsorship conferences, has sat on the Consumers Association/ISBA steering committee on best practice in educational sponsorship and runs the new Education Special Interest Group of the European Sponsorship Consultancy Association.*

## Introduction

Marketing to schools is not a new phenomenon. Petrol companies, banks, food and drink companies and many other mainstream brands have worked with schools, museums and educational institutions since the Second World War.

Traditionally, this type of activity was linked to a very soft sell of the company, and its effectiveness measured very loosely, if at all, by reference to the feel-good factor generated. The educational sponsorship market today is bigger, more complex and a great deal more professional in its attempts to provide educational and commercial value in a balanced way to the various participants involved in an educational sponsorship.

Spending on educational sponsorship has increased rapidly over the last 10 years and school's marketing today encompasses a wide range of activities. 'Educational sponsorship' might now include teacher placements in industry, careers education resources, mentoring (for pupils and teachers), sponsored equipment, and job shadowing. Sponsored educational resources have long been the mainstay of this market, but have now expanded considerably in range and might include note books, project packs, posters, videos, CD-Roms and websites.

Additionally, massively successful redemption schemes (for instance Walkers Crisps Books for schools programme), while not actually sponsorship at all, entered the UK market with a bang and have changed it considerably, as well as changing the nature of the public debate around commercial activity in schools.

## Sponsorship Criteria and Objectives

An educational sponsorship, like any other sponsorship, needs to fulfil some basic criteria:

- it must be strategically relevant;
- it must provide benefit to the sponsor and add value to or make possible the sponsored activity;

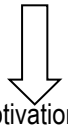
- it has to benefit the participants;
- it must in some way impact upon the client's target audience;
- it must provide an activity which is consistent with the client's image and values;
- it must support the client's communication aim;
- it must provide opportunities for media exploitation;
- it must have measurable benefits.

Educational sponsorship can be used to achieve a wide range of business objectives:

- build brand and core values;
- educate an audience about a brand or organisation;
- attract applications and improve staff recruitment;
- target future consumers;
- strengthen links with the local community;
- reach families;
- act as the centre-piece of a cause-related marketing programme;
- strengthen links with opinion formers and influencers, for example, government;
- increase peer group profile;
- set an agenda for change.

**1. Educational sponsorship that doesn't work**:

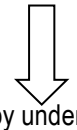
Mismatch



Motivation
Message
Medium

**2. Educational sponsorship that works:**

Creativity and Innovation
Accessibility
Relevance
Excellence
Added Value



Communication objectives are best delivered by understanding the market and answering schools' needs

## Educational sponsorship guidelines

One of the key developments in the market has been the launch of the Best Practice Principles for Commercial Involvement in Schools. The Principles, superseding the previous voluntary Guidelines from the National Consumer Council (1996), were put together by a steering group of practitioners, informed commentators and critics for ISBA and the Consumers' Association, with an endorsement from the Department for Education and Skills. The DfES endorsement shows the way the market has evolved, and is one measure that it has arrived - the previous NCC Guidelines had no such link to government. Business and education are moving closer together, and the new Principles, which are deliberately written to address both audiences at once, centre on the weighing of educational benefits against potential disbenefits, looking at each activity as a separate case. The Principles are included here - for further information and checklists for schools and businesses, see http://www.teachernet.gov.uk/ .

## Commercial Activities in Schools

## The Best Practice Principles

### *Educational Value and Content*

1. Activities should be relevant and add educational value to teaching and learning.

2. Materials should not encourage unhealthy, unsafe or unlawful activities.
(Visit www.ohn.gov.uk/ for further guidance)

3. The company should give a broad statement covering its purpose in providing the resource/activity.

4. The company should ensure that all information supplied is accurate and current materials should be dated, especially where the information or resource is time-sensitive.

5. Expressions of opinion should be distinguished from statements of fact.

6. Explicit sales messages should be avoided where possible, but may be unavoidable in the context of collector schemes.

7. Any specialist resources required by schools to utilise or demonstrate the activity must be highlighted from the outset.

8. Materials should respect diversity of gender, race, disability and cultural issues and reflect contemporary UK society.

***Branding***

9. The level of branding should be appropriate to the activity.

***Consultation and Testing***

10. Activities should be developed in partnership with teachers, pupils, parents and educationalists and piloted where possible.

11. Research and testing should reflect variations in the education system in all parts of the UK.

***Distribution of Material***

12. Where possible, the company should seek permission before forwarding materials to the school.

13. The resource should be carefully labelled and should specify both source and target audience.

14. The company should not impose any restrictions on the school in return for the distribution of the materials/provision of resources e.g. data collection of pupils; restricted use of suppliers.

***Collector Schemes***

Collector schemes are schemes in which people can collect points, vouchers or tokens by purchasing a company's products. Schools can then exchange the points, vouchers or tokens for items such as books, computers, or for other benefits. Unlike other commercial activities, collector schemes may require direct participation by schools, pupils and parents.

Financial or other costs will be incurred. Remember, the key question is:

***Do the educational benefits of the scheme outweigh the potential disbenefits?***

15. Rules governing the scheme must be made available to collectors, including:
- Information on the number of vouchers required;

- The scheme's closing date;

- A policy covering non-availability of the requested item;

- Any restrictions for participation in the scheme (e.g. overseas);

- A system of redress if the goods received are faulty in any way.

In addition, there are some good guidelines covering the general area of cause-related marketing (CRM) produced by Business in the Community (see chapter 5). BiTC define CRM as 'a commercial activity by which businesses and charities or causes form a partnership with each other to market an image, product or service for mutual benefit'. CRM brings benefits to the company, the consumer and the cause: 86% of consumers have a more positive image of a company they see doing something to make the world a better place. 81% of consumers agree that they are more likely to buy a product that is associated with a cause they care about, price and quality being equal (BiTC 1999). In research with 1,007 consumers, 45% said that the cause they most wanted to see companies supporting through CRM was schools and education.

The BiTC Guidelines states that 'the Key Principles of Cause Related Marketing are integrity, transparency, sincerity, mutual respect, partnership and mutual benefit. CRM needs to be approached with an open and honest attitude based on a moral and professional code of conduct.' The Guidelines outline six key stages of CRM that contribute to a successful campaign: planning and preparation; negotiating the partnership; the formal agreement; managing the programme; communicating the programme; and monitoring, measuring and evaluating the programme. More details are available at www.crm.org.uk.

***Credibility***

Following the relevant guidelines is a first step; it is essential that the development of an educational sponsorship involves educators and children in the trial and review of materials, ensuring what is produced has credibility and value. The education marketplace is always prone to throw up debate, and guidelines can be used as much to map out the limits of the debate as to proscribe types of commercial involvement. Shortly after the ISBA Guidelines were issued in 2001, *Which?* the consumer magazine, released a report exposing the apparent inequities in voucher redemption schemes targetting schools. The new Principles, with Consumer Association joint-ownership, go to great lengths to make recommendations about such 'collector schemes', and it is clear that guidelines do not represent the last word on an issue.

In 1999, Educational Communications undertook its own research into the issue. Among other findings, it discovered that parents are hugely more aware of redemption schemes than they are of any other form of business in schools activity (69% had heard of these schemes, against 13% for sponsored classroom resources). The debate of 'something for nothing' versus 'the most expensive PC in the world', which the research identified, will go on as long as the schemes still run. With Tesco's Computers for Schools in its tenth year there's no sign of an end to this type of commercial involvement in schools.

Guidelines offer a generic framework for marketers, but can only offer limited answers when it comes to assessing the acceptability of a particular marketing initiative. There are many kinds of commercial involvement, and many variables at play within those initiatives (for instance, 'is there a logo shown?' or 'is a purchase necessary?'). The only sure way to discover the acceptability of a scheme is to know the audience, and to undertake research.

Educational Communications applies research to every programme that it develops. It also researchs other organisations' initiatives, and generic issues relating to the schools marketplace. For the past seven years it has investigated questions of acceptability with the two key gate-keeping audiences, those of teachers, and parents. In 1998 it carried out a survey by means of self-completion

questionnaires with teachers in order to discover their attitudes to a myriad of different sponsored educational schemes. Then in 2000 it commissioned face-to-face interviews with parents to understand their view of the market, in terms of awareness, and acceptability. Summaries of the findings follow:

### *1. Teacher Attitudes to Sponsorship in Schools*

Research found that teachers generally welcomed sponsored materials because they go some way to redressing the problems of lack of resources and pressure on teachers' time to prepare projects and materials for the classroom.

In 1998 research was carried out on teacher attitudes to commercial sponsorship, with 257 primary and 225 secondary teachers. This found that, on the whole, teachers had moved from being 'for' or 'against' sponsorship in schools to a more sophisticated judgement based on the particular sponsor and the activity they would become involved in. Especially among those respondents with experience of sponsorships, there was an appreciation that businesses could provide expertise of value to their pupils' education, and not just some extra funding.

One teacher commented: "We welcome links with businesses, not just for the additional revenue from sponsorship, but by developing fruitful partnerships with them. This has involved mentoring, teacher placements in industry, work experience."

On the whole respondents were receptive to the idea of school sponsorship by business, whether as a grim necessity, or as an added-value means of teaching their pupils. 98% of primary teachers were happy for businesses to be involved in providing supplementary teaching materials, and the least approved-of sponsored activity was the sponsoring of an open day, which still garnered 65% approval. In secondary schools the picture was much the same, where 98% of teachers were happy to have computer equipment sponsored, and the least acceptable resource was again open days with only 73% support. The findings conclude that whereas some sponsoring companies would be genuinely unacceptable to teachers, there is no resource provided by sponsors, which is inherently unacceptable.

It is generally felt that branding on materials is acceptable, so long as it is balanced by quality educational content and is not too distracting or obtrusive.

According to this research, the view of many teachers is that sponsors should stay in the background and not take over. The principle is that the interests of the children are paramount and take precedence over the interests of the brand owner. The research goes on to demonstrate that it is possible to strike a balance in terms of branding. In one survey, 88% of respondents not only agreed that it was right for the sponsor to produce educational materials, but they were also happy with the levels of branding.

Once a proper balance has been achieved, teachers are happy to use materials. Furthermore, the educational quality of well-produced materials can enhance a sponsor's profile with the educational world. On the whole, teachers are realistic about the number of commercial messages received by their students and are more comfortable when sponsorship of educational materials is explicit, open and balanced.

### 2. Parental Attitudes to Sponsorship in Schools

The research undertaken in 2000 addressed the role of parents in sponsored educational initiatives. While the decision to participate in a given programme lies with teachers, the parent is often the key audience from the sponsor's point of view. The parent controls most of the purchase decisions for their child, and many more additional purchase decisions. Sponsors who aim to change attitudes and

behaviour at community-level need to give parents' views equal weighting to those of teachers; four of our key discoveries from the research are discussed below, based on 256 interviews.

### *i) Parents approve of nearly all types of educational sponsorship*

There was no type of business in schools activity to which the majority of parents disapproved. Even billboard adverts inside school buildings were accepted by nearly two thirds of adults. Parents' preferences resemble what we know of teachers' choices - educational value is the most important criterion of all.

Q: In which of the following areas would you be happy to see some business involvement in your child's school?

| | |
|---|---|
| Sponsored Educational Activities | 97% |
| Sponsored Classroom Resources | 95% |
| Redemption Schemes | 89% |
| Sample Bags | 79% |
| Branded Exercise Books | 77% |
| Billboard Adverts in School | 64% |

### *ii) Parents see material needs as of equal importance to educational needs*

Parents' attitudes to business involvement in schools are based on pragmatism rather than a keen understanding of educational methods and curriculum requirements. They commonly see the government as failing to meet the whole needs of communities, and business as being called in to make up the shortfall. That said, they do show an appreciation that education must equip young people for life, and that business can provide relevant insights.

On average parents agreed that:

- ideally government would provide enough funding for education, but realistically involvement from business is needed (82% strongly agree or agree);
- pupils respond better to examples taken from real life (81%);
- businesses can provide expert resources, which wouldn't otherwise be available (78%);
- businesses have a role to play in education because they are part of the community (77%);
- government and business both have a role to play in supporting education (76%);
- businesses use education as another way to sell their products (75%).

### *iii) Parents understand that business involvement in schools is often commercially motivated*

Few parents feel that businesses are involved in education purely to put something back, instead that there is usually a commercial motive behind each activity. This reflects parental awareness of educational sponsorship being skewed towards redemption schemes - far and away the most commercial of all sponsored educational activities - where purchase is essential. Business involvement more closely related to learning objectives is less noticed, and a key message for businesses involved

in this kind of activity is that building PR around it is acceptable, and will raise their profile, if they so desire.

Q: Which of these do you think are the main reasons for educational sponsorship?

| | |
|---|---|
| Advertising | 78% |
| To sell more products | 70% |
| PR | 35% |
| Tax reasons | 31% |
| Goodwill | 23% |

*iv) All parents are not equal - the primary/secondary divide is clear*

As all those who work in education know, bundling primary and secondary schools together is to compare the unlike. Views of parents bear this out, only 85% of parents of primary-level children are happy for schools to be involved in redemption schemes, against 94% of parents of secondary-aged children. Historically more educational sponsorship has involved primary schools, but the sensitivities of audiences at this level - both parents and teachers - are higher.

## Leveraging and extending an existing property through an educational sponsorship

## Case study: The Royal & SunAlliance Stress Management Programme

Royal & SunAlliance have carried sole sponsorship rights to National Stress Awareness Day since 1999. Their commitment to encouraging and promoting a healthier lifestyle for all, drove demand for a programme that would:

- disseminate information on stress management to a wide audience including pupils, teachers, parents, stress management professionals and the general public;
- raise awareness in the world of work of policies, legislation and good practice in stress management;
- capitalise on increasing Internet access in families, schools and as a research tool for professionals.

Based on these objectives, Educational Communications produced a Stress Management Kit, designed for use in the secondary school classroom, and linked to the Personal, Social and Health education curriculum. The target audience for the material was secondary school pupils aged 13–16 years, their teachers and parents, the wider public, including individuals suffering from stress, employers and employees and stress management professionals.

The website: www.howtomanagestress.co.uk has sections for adults and young people and contains quizzes, features, advice and stress management techniques. The education kit contains a class set of pupil magazines and a teacher booklet. These are closely linked to the Personal, Social & Health Education curriculum. A series of booklets each focusing on a separate everyday stressful situation such as work, buying a house, travel. These provide advice and stress management techniques to the wider public.

The programme:

- raised the profile of Royal & SunAlliance and increased their brand awareness among the youth market, and reached into the adult sector via schools and teacher materials.

- it provided useful life skills linked to the Personal, Social and Heath curriculum.

- it communicated the corporate values of Royal & SunAlliance as a caring company prepared to take a stand on some difficult issues, and provided opportunities for national PR and joint ventures linked to stress.

- in evaluation, two thirds of teachers had used or intended to use the programme in the classroom, and an average of 66 pupils used the programme in each school.

- 65% of teachers whose usage of the programme was evaluated rated the kit as quite good or very good.

The PSHE/Citizenship Co-ordinator, Secondary Schools, stated: “The magazine is to be commended for its inclusion of so many factors causing and influencing stress, as well as for its sound and practical advice and strategies.”

The programme was an excellent example of a win-win educational sponsorship, providing much-needed information and guidance to schools, which otherwise they would not have received, whilst taking Royal & SunAlliance's association with Stress Management to a brand new audience.

Following the success of the sponsorship in secondary schools, the Stress Management programme has been extended down the age range. *The Great Life guide*, a resource for 9 to 11 year olds, was launched to primary schools at the end of 2001.

## Developing an Educational Sponsorship from Scratch to meet a Specific Need

## Case Study: Macmillan Cancer Relief - Cancer Talk

Cancer Talk is an innovative education programme produced by Macmillan Cancer Relief, available free of charge to UK schools. It aims to increase awareness about cancer and to allow young people to talk openly about the issues surrounding cancer. Cancer Talk has been designed to deliver curriculum teaching, and fill an identified gap in the information available in schools.

The Cancer Talk programme is the final outcome of a strategy for schools, which in turn resulted from a long period of research. Macmillan commissioned Educational Communications to evaluate its previous materials, and to explore teaching contexts for cancer at both primary and secondary school levels.

The research showed that:

- nearly all teachers believe teaching about cancer is important;

- …but only a small minority actually teach about cancer;

- three quarters of children mistakenly believe that cancer always kills;

- the sensitivity of discussing cancer issues was not a key barrier to teaching, but lack of time and teaching materials were.

The research resulted in an education strategy for Macmillan Cancer Relief. This in turn was presented to BT when Macmillan was invited to apply for charitable funds resulting from the BT Swimathon of 2000 (Swimathon ended 2001). The application was successful, and Cancer Talk was the result.

Cancer Talk consists of two teaching packs, one for primary and one for secondary schools, with differentiated elements for children in three age bands. The pack is focused on PSHE/PSD and Citizenship/RME and includes teacher's notes and a full-colour poster.

There are also two websites: www.class-action.org.uk, which is designed for use in class and aimed at teachers, and www.whybother.org.uk, which brings support, information and cancer issues directly to young people, suitable for use at home, or in after-school time.

In March 2002, the schools activity will tie into a broader campaign targeting the whole community in Cancer Talk Week. The main activity will be fundraising, but the Week also serves as a focal point for class teaching using the print pack. A whole-school assembly would be used to highlight the work students have put in during the term.

Full evaluation of the educational effectiveness of Cancer Talk has been scheduled for March 2002, including assessing pupils' knowledge of cancer issues before and after using the resources, and observation of classes participating in the learning activities of Cancer Talk Week. The use, however, of research from before the project was begun ensures that all materials meet schools' needs, and adopt approaches, which help their messages reach the different audience groups effectively.

As the initial research showed, schools need to cover issues relating to cancer and how to treat those with cancer - both for reasons of covering the curriculum, and also to support any pupils, staff, or friends and families who may be affected by cancer. Macmillan Cancer Relief has provided materials which are truly 'of real need', and at the same time tie into their own marketing and fundraising objectives, and raise their profile in schools.

## Using Partnerships for Effective Educational Sponsorship

## Case Study: Department for Education and Skills - Write Here, Write Now

In 2000, the then DfEE invited tenders for a national writing competition for 8 to 10 year olds. As a result Educational Communications was commissioned to develop a national writing competition that would:

- provide teachers with an exciting opportunity to encourage young people to write;
- be inclusive by appealing to all children;
- support the National Literacy Strategy;
- celebrate young people's writing.

The *Write Here, Write Now* competition consists of a pack for schools which contains teacher's notes, worksheets and a poster. The pack is supported by a website, a range of group and individual prizes for competition winners and, in addition, awards for improvement in the area of writing.

The competition was established on the basis of pupils completing the work of one of four celebrity authors from the fields of poetry, story, film or TV script and drama (Roger McGough, Jacqueline Wilson, Phil Redmond and Alan Ayckbourn).
Other celebrities such as Cat Deeley, Emile Heskey, S Club 7, Johnny Vaughan and Kevin Keegan lent their support to the competition.

Sponsorship was secured from a range of companies who added value to the scheme through prizes and publications. These included Cambridge University Press, The Disney Channel and Mattel Interactive.

The winning entries were published in a Cambridge University Press book.

- The competition generated over 33,500 entries, a national rate of 22%.

- The teacher's pack stood alone as a genuinely useful resource for teachers to develop children's writing skills.

- Substantial PR coverage was generated by the awards ceremony, with prizes presented by David Blunkett, celebrities and sponsors.

- In evaluation, 74% of the 50 respondents said that they had used the pack as part of their teaching in support of the literacy hour, and 28% as part of a special project.

- On average, the respondents rated the pack in terms of its educational value as 'very good'. No teacher rated the pack as less than average.

- 67% of respondents felt that the pack helped to motivate boys, and 71% thought that it was beneficial in motivating weaker writers.

- The overwhelming majority of teachers (90%) felt that the pack successfully complemented the drive by the NLS to improve standards of writing, and thought that the competition helped to motivate pupils.

Comments from primary school teachers backed up the research: "A really high quality pack" and "Excellent, I've never seen such inspirational work from my class."

As a result of the success of *Write Here, Write Now*, the DfES decided to run the competition again in 2001. Nearly all the original programme partners and sponsors signed up for the activity again, with benefits expected to be on an equal scale to the previous year. In this way, sponsored educational activities prove their worth to all parties, and through their longevity become part of the landscape for educational audiences in the UK.

***Postscript: The Business Development Unit***

The DfES is also involving commercial organisations in national government initiatives. To this end, Educational Communications is managing the Business Development Team within the DfES. The BDU builds and maintains relationships with business on behalf of the DfES.

The involvement of the commercial sector in education has the potential to provide highly valuable support for all learners in the community, from children at school to lifelong learners.

As part of the DfES's commitment to raising standards in education, the Business Development Unit (BDU) has been established as a one-stop shop for business relationships with Schools Directorate.

The BDU develops effective partnerships between the DfES and the commercial sector, enabling both parties to benefit from the sharing of resources and experience, and raising standards in schools.

The commercial sector has significant value to add to many key DfES initiatives, ranging from large-scale, continuing involvement (like capital investment in schools and infrastructure), to more selective, targeted assistance with, for example, conferences or curriculum projects.

Support can be given in a number of ways, including direct financial investment, involvement of staff, and the sharing of expertise, resources and equipment.

The benefits to pupils and teachers are significant. The benefits to companies are also substantial in both the short term (PR opportunities, sharing of resources, training of staff) and the long term (investment in the next generation of employees and customers).

## Redemption Schemes

## Case Study: Walker's Books for Schools

Redemption schemes are widely used in a commercial context. For example, petrol stations frequently give motorist vouchers, which can be exchanged for goods. In education, they are used as a sales promotion tool with an educational dimension.

This has become an area for concern for companies promoting educational sponsorships. Companies seem to have learnt the lesson of the 1993 Boots school sports promotion. Vouchers in this scheme had such a low exchange value (one school complained that £4000 had to be spent in order to receive vouchers for a gym mat worth only a fraction of the total spend) that schools and the media castigated the scheme. The result was Boots halved the number of vouchers needed to qualify for school equipment.

The best-known redemption scheme for schools remains the highly successful Tesco's 'Computers for Schools' campaign, which has been running since 1992. Tesco provides vouchers to shoppers, which can be collected by schools and exchanged for computer equipment. Over ten years the company has supplied computers and other hardware to the value of £62.5m to UK schools, which equates to over £2,000 worth of IT equipment for every school in England, Scotland and Wales.

The News International/Walker's Books for School has also been immensely popular, with a very high participation rate. It has won a number of awards, including the Business in the Community Cause Related Marketing Award. Their write-up of the scheme, drafted in 2000, is as follows:

*'This Cause Related Marketing partnership created a national collecting frenzy amongst consumers, through a promotion that reached 80% of the population. Free Books for Schools tokens were distributed free to consumers via Walkers crisps packets and in The Sun, The News of the World, The Times and The Sunday Times. Consumers were encouraged to collect these tokens and donate them to schools. Schools in turn redeemed the tokens for books, from a catalogue supplied by Walkers and News International that was compiled with advice from the DfEE.*

*Walkers' market share of the snack's category grew over the promotional period, and The Sun saw an increase in sales in an overall declining market, as a result of this partnership. Whilst achieving these business benefits, the partnership is making a tangible positive impact on society. These companies*

*are using the power of their brands to address the very real problem of low literacy levels in schools across the UK.*

*In 1999 over 2.3 million books, worth £12 million, were distributed to schools through Walkers and News International's 'Free Books for Schools' Cause Related Marketing partnership, with over 98% of UK schools taking part. Each school on average received over 70 free books. By June 2000, the second consecutive year of this partnership, another half a million books had already been given away. As well providing all the books, Free Books for Schools actively supported the Government's national literacy strategy, providing large-scale leverage to the Government-run National Year of Reading. A brilliant Cause Related Marketing 'win win win'.'*

According to Martin Glenn, president of Walkers Snacks Ltd: "We wanted to make a real contribution to the Government's literacy initiative by supporting the National Year of Reading and joining together two everyday brands, Walkers crisps and The Sun to support the cause. Together with News International we provided 2.3 million free books to UK schools and look set to do that again in the year 2000. Free Books for Schools has proved to be a phenomenal success for News International, Walkers and society."

Andy Agar, promotions director, News Group Newspapers Ltd commented: "Literacy is fundamental to News International's business. 'Free Books for Schools' is one way that we have been able to support the Government's literacy targets, tangibly, whilst adding value to our business and giving something back to our consumers."

Even David Hart, general secretary of the National Association of Head Teachers, enthused: "News International and Walkers are to be congratulated on a massive contribution to pupils on literacy needs for the second year running. It provides a real opportunity for schools and their communities to work in partnership for the good of all their children."

## Charities and educational sponsorship

## Case Study: Comic Relief Fair Trade Education Project

Increasingly, charities are also involved in the area of schools sponsorship. At the Hollis Sponsorship Awards 2001, Educational Communications won the Award for Education for a programme produced on behalf of Comic Relief. This programme was an example of a multi-faceted cause-related education programme designed to generate huge coverage.

As part of Comic Relief's commitment to long-term solutions to poverty, it actively supports the development of fair trade. Research conducted by Edcoms showed that 96% of teachers believe it is important that they teach about fair trade, but only 37% have actually done so.

Meanwhile 67% of children aged 7 to 14 said they had not heard of the term 'fair trade' before they took part in the survey. Comic Relief was planning to launch a fair trade chocolate bar, *Dubble,* aimed at children. It also wanted to provide a resource about fair trade for school children that would:

- encourage an understanding of fair trade, particularly in relation to cocoa, chocolate, and Ghana;
- promote an understanding of the choices and effects that we, as consumers, have on people in the developing world;

- raise awareness of the Comic Relief brand with parents and children.

Supported by the research finding, Comic Relief won funding from the Department for International Development to develop an educational programme for primary and secondary schools about fair trade. The programme concentrates on chocolate, since this is relevant to the target audience, and is tied into the fairly traded *Dubble* bar.

A competition to design a wrapper for a fair trade chocolate bar was launched through schools, and publicised through BBC's Live & Kicking TV programme. The competition was the starting point for the education initiative. It has been followed by primary and secondary packs on fair trade.

- The competition attracted 16,000 entries.
- The launch of the *Dubble* bar provided national PR opportunities to raise the fair trade issue.
- The Comic Relief teaching packs have been requested by 7,000 schools, reaching 28% of children at Key Stage 2 and 3.
- The teaching packs won an Award at the European Design Awards in 2001, as well as the Hollis Sponsorship Award.
- Excellent national PR opportunities were created.
- Sales figures for Dubble from the launch on October 2nd 2000 to February 2nd 2001 show over 1.4 million bars have been sold

One junior school headteacher commented: "It's so good. The whole thing is brilliant. It deserves an award because it's the most eye catching resource you see when you receive everything in school, but then it's dynamic in its impact on the Curriculum"

## Public sector and educational sponsorship

### Case Study: The MoD and The Army - 'Your Army' CD-ROM

At the BETT Awards 2002, which reward excellence in the application of technology in education, EdComs won the Best Further Education Resource Award on behalf of the Ministry of Defence, for the 'Your Army' CD-ROM. Winning such a high-profile award in the education sector put the seal on what was a highly successful but non-commercial programme aimed at driving Army recruitment.

The objectives agreed for the project were:

- To provide information on soldier and army life for young people aged 16-20;
- To present information about the Army in an interactive and motivating format;
- To make the information available in informal contexts, and through careers officers in schools and colleges.

EdComs developed a CD-ROM that can be used as a careers resource for 16-20 year olds, providing general information about the Army and an overview of its role at home and abroad. It enables the user

to explore a 'virtual barracks' to test their skills with a range of challenges and to discover the wide range of careers, opportunities and facilities available in the Army.

It covers all aspects of Army life, from equipment, weapons, vehicles, sports and food, to history, regiments and ceremonial aspects. The emphasis throughout is on the individual soldier's life, using video clips and interaction to present a personal and immediate view. The benefits of interactivity are also apparent for the sponsor: the CD-ROM links directly to the Army website, enabling the user to find additional careers information and details on how to join the Army.

This new resource has already been recognised for its contribution to the further education marketplace. Research will be conducted in 2002 to evaluate its capacity to drive behaviour, not in this case measured in sales, but in terms of its impact on the Army's recruitment strategy for young people.

## Educational sponsorship and the Internet

## Case Study: BT Education Programme

Following extensive research into the use of ICT (Information in schools and the wider promotion of the full range of BT's education offers, BT asked Edcoms to:

- foster communication skills;
- add synergy to their educational web presence;
- offer teachers quality ICT training and resources;
- help all of BT's initiatives work together more effectively.

An initial phase of research found that ICT was the only curriculum area not covered by a website. The conclusion was that BT should launch a new site, www.bt.com/education, providing teaching resources with an ICT Toolbox. The result is a downloadable teaching resource consisting of a series of animated tutorials, worksheets, certificates and teaching notes. These include lessons on how to use e-mail, search the Internet, and create a multimedia presentation.

The education programme website also acts as an information facility for the BT Schools Roadshow, an award-winning theatre-in-education tour, which takes messages about communication skills to children in UK primary schools. The tour has a target to reach 5,000 UK schools by 2003. Performances, by the CragRats (theatre company) are followed up by workshops to consolidate and enact children's learning. The website includes the Roadshow Gallery, a popular archive of photos and pupil testimonies received from schools following visits.

The site also contains information and online applications for the awards schemes that BT runs for schools and other learning organisations. They can apply for cash funding for projects that involve ICT and collaboration with other schools or organisations. There are also opportunities for schools to link to an online community of schools in the Education Network Database.

As a result BT increased its brand awareness and profile on the Internet while providing a resource that encouraged teachers to communicate through ICT:

- the awards schemes provide a platform for regional and national PR;

- the BT Education Programme website attracted 97,765 users sessions in the year from its launch in September 2000 to August 2001. In that year it received a total of 6.34 million hits;

- the BT Schools Awards have received 751 applications so far from 4,521 individual schools. A total of 43 awards have been made to fund projects involving 266 schools and 13,770 young people;

- the use of research in this project was highly commended at the Hollis 2001 Sponsorship awards.

The Department for Education and Skills has gone on record to applaud the contribution of the BT website to the teaching of ICT. Estelle Morris, Minister for schools said: "ICT is playing an increasingly important role in education and the world of work. BT has to be congratulated on the enterprise it has shown in sponsoring the educational initiative and in making such an imaginative contribution to helping prepare children for the challenges of tomorrow."

## International sponsorship in schools

## Case Study: Association of Plastic Manufacturers in Europe – Podium/Platform

An added value educational sponsorship can be particularly relevant in scientific and technical areas. The following example shows how an educational project can be used to develop understanding amongst consumers, and demonstrates that educational sponsorship is also not limited to one market, but can run across several if the material is properly and carefully researched and developed.

The Association of Plastic Manufacturers in Europe (APME) wanted to use an educational programme to build awareness of the nature and uses of plastics, giving plastics appeal beyond the science curriculum, presenting a balanced perspective on the environmental debate and promoting informed opinion among young people. This was a challenging position to take given that plastics are non-biodegradable and are generally viewed as a threat to the environment. In addition, the target audience (young people) would be extremely sceptical of any organisation setting out to make such claims. The target audience was 14 to 16 year-olds in secondary education throughout Europe.

The Podium/Platform project was developed as part of a wider, four-year European-wide communications strategy and marked its first major effort to communicate with the decision-makers of tomorrow. Produced in conjunction with national education experts and following research with teenagers in the target group, an educational resource and associated competition was developed to meet the curriculum in five key countries: UK, Germany, France, Italy and the Netherlands. The first phase evaluation was so positive that an extended version of the programme with a European-wide competition was launched in eight other European countries (Belgium, Denmark, Finland, Norway, Sweden, Spain, Austria and Ireland).

The educational programme consisted of an environmental competition and print-based project pack, suitable to be photocopied, with materials for students and teachers. All materials for use in the classroom were tested prior to the launch with the target group in each country. The revised programme included the insertion of a new activity card and a new competition.

More than 45,000 packs have been requested by teachers throughout Europe, reaching over one million teenagers. The sponsors successfully:

- put across the industry side of the debate about plastics;

- delivered up-to-date and accurate information about plastics to teachers and students;

- promoted European, national and local industry links with the education sector throughout Europe;

- benefited from excellent PR opportunities resulting from the innovative project and competition.

The research into the award-winning programme showed that teachers and students across Europe found it to be very good, understanding more about the qualities and uses of plastics, and seeing science as interesting, fun, and relevant to everyday life through their use of the materials.

The material has been adapted and updated, and is now available to pupils and teachers across Europe as a downloadable resource on www.apme.org .

## Summary of Main Points in Chapter 8

- Educational marketing has grown from its origins after the Second World War – today it is complex and professional. Businesses spending on education has increased and businesses now co-ordinate a wide range of educational activities. Educational sponsorship must fulfil certain criteria and can be used to achieve a wide range of commercial objectives. Now that educational sponsorship is so widespread, guidelines have been produced (and revised in 2001) to ensure that programmes balance commercial and educational objectives. The new guidelines have been endorsed by the DfES. Meanwhile, companies are increasingly turning to Cause Related Marketing (CRM) to emphasise their corporate responsibility. CRM campaigns can offer a win-win-win situation for companies, consumers and causes.

- In a mature market, research has become essential to understand precise attitudes and establish the needs of key audiences, as well as to measure the reach and successes of a sponsored programme. Edcoms' research shows that neither teachers nor parents are averse to commercial involvement in schools. Having understood that, the challenge to sponsors is to make an 'added value' contribution to the education marketplace.

- In order to use education as a marketing tool, companies must:

  a) produce materials for use in a school environment;

  b) choose the correct medium for the information;

  c) offer teachers, the gatekeepers to education, a genuinely relevant, creative and interesting range of materials;

  d) balance the commercial and educational messages;

  e) set objectives, and evaluate performance against them.

- A wide range of case studies show that sponsored educational activity takes an ever-increasing variety of forms, with a range of outcomes, and participants have different goals.

# CHAPTER 9: THE INTERNET AND NEW MEDIA

## The Marketplace

## Definition of Internet Sponsorship

Sponsorship is defined as the sale of 'rights of association' in exchange for cash and/or benefits (i.e. marketing spend, goods or services). The term 'sponsorship' should only refer to those instances where a clear relationship between sponsor and property has been demonstrated; i.e. where the sponsored property has been created, selected or tailored specifically to provide an appropriate communications environment for a brand. However the word sponsorship is often used in connection with the Internet to mean name exposure for a company or brand on a Website, for which a fee or rate is payable.

Sponsorship should always involve more than simple logo placement. Sponsorship should not be mistaken for advertiser-lead media where a brand develops their own website (or indeed event, television programme) under a separate short-term marketing brand.

Where the relationship is limited to offering users an opportunity to view a company's commercial message (i.e. by clicking on an advertisement, banner, company logo, product image etc.), this is considered to be advertising rather than sponsorship.

## Sponsorship on the Internet

***Activation***: The Internet is an ideal medium to use to successfully activate a sponsorship – whether it is of a football team, an arts event, or a shopping mall.

A well chosen website address is easy to promote in any sponsorship marketing materials or branding. Such a website should have no shortage of excellent 'reasons to visit'. This will range from details of events relating to the sponsorship (such as celebrity appearances perhaps), directions and other logistic information to the event or venue location, through to games, competitions and special offers (such as discount merchandise relating to the sponsorship).

Such a site has a considerable value to consumers, as it is practical, fun and perhaps most importantly involving. As a result consumers feel more comfortable divulging personal data to the sponsor who can then use data for marketing purposes and to measure the increased success of their sponsorship.

***Strategic***: By far the most common type of Internet sponsorship – the strategic approach does not involve the transfer of monies but a shared set of objectives.

Usually one website promotes another and vice versa, driving traffic to the respective sites through links, competitions and content alliances. There are also a number of examples of major brands offering advertising on-pack promotions with dot.coms in exchange for on-site promotion and other benefits such as research and datacapture (Nestle and Lastminute.com, QXL.co.uk and Coca-cola, Butterkist and Popcorn.co.uk).

***Building of the dot.com brand:*** Dot.coms launched at such a phenomenal rate in all number of competitive sectors throughout 1998 and 1999 that they all found establishing market share and awareness extremely difficult. Sponsorship of well-known media and offline events helped to address this. Bigsave sponsored Channel Four's ER, Stepstone sponsored Channel Four's sports programmes, and in April 2001 Cricinfo announced sponsorship of the English Cricket County Championships. One of the longest running sports sponsorships is Jungle.com's sponsorship of the Castleford Tigers Rugby

team in South Yorkshire. This has consistently generated good PR and national coverage because of its creative execution. The stadium was re-named 'the jungle', building on the Tiger theme and a great deal of merchandise is given away to build the fan presence in the stadium both at home and away games.

These sponsorships provide economical media reach, positive associations and identify clear market niches.

***Background***

The World Wide Web became a world focus in 1992. Through the early nineties it grew rapidly in popularity, application and technology. By 1996 venture capitalists were funding major new start-up concepts and the 'dot.com' boom began. Hundreds of dot.com concepts were funded and created, spending vast sums of money on marketing and technology. By early 1999, with much of the venture capital already spent on marketing and serviced offices, the dot.com bubble began to burst and there were weeks of seemingly endless collapses.

The great irony about the Internet and its 'new economy' is that all the old business wisdom is proving the saviour of 'NEW media' businesses – 2001 saw mergers, rationalisation and acquisitions forced by the lack of available advertising revenue.

When reading the plethora of Internet-related trade titles, it is easy to be dragged into believing that the Internet is close to collapse – it seems that every day an online ad agency announces a 'change of strategy' to overcome lack of sales, a dot.com either closes or changes its business model.

Whilst the world is quieter about the Internet, it is still an important medium that will grow and deliver incredible successes. At the launch of Madge.web in 2001, a business platform providing increased performance to access the web, Andrew Neil (Editor-in-Chief of Sunday Business and The Scotsman) provided a much needed reality check. He pointed out that no one would doubt the impact the combustion engine has had on civilized society – it has transformed the way we think, behave and live. It has transformed what we can achieve and the time those achievements take. In the early nineteen hundreds, he went on to point out, there were over one hundred car manufacturers listed on the American Stock exchange alone. There are now fewer than ten. His point is that just as car manufacturers merged and closed, web businesses will do the same, but the Internet will continue to grow and change our lives.

## Analysis of the UK Market

This is supported by MMXI Jupiter's findings in their first full year's research into the UK online market. They claim that the UK Internet industry has come of age as, for the first time, clear behavioural habits, seasonal variations in Internet usage, and regional - and sector-specific audience preferences can be identified. In theory this will enable European Internet companies to predict behaviour over the coming year, and measure the growth and maturity levels of their user-bases.

According to MMXI Europe's UK managing director Mari Kim Coleman: "The UK has really grasped onto the Internet. Our data reveals strong indications of how the UK population has embraced the Internet as part of their lives."

The UK 'at home' online population has increased by more than one-third, rising from October 1999's figure of 7.8m to 10.9m at the same time in 2001. Jupiter predicts that the UK online population for home, work and university users will grow by 38% in 2001-2.

The biggest surge in online population growth occurred between January and February, and then between June and July. This indicates that many users who went online over the past year purchased their home computers during the holidays. This traditionally poor period for direct mail, is a good time for advertisers to reach consumers.

MMXI Europe's graphing of traffic to different online categories shows steady increases across all markets. Jupiter believe that the June 2001 surge was sparked by high levels of dot.com advertising in traditional media, which established the Internet as a mainstream medium in the minds of many consumers.

It's interesting to note: following both these surges, traffic levels are maintained.

A key difference between traditional media and the WWW is that interactivity adds an extra dimension to the communication experience, and creates genuine opportunities for dialogue between a brand or company and its audience. By its nature, therefore, the WWW is a 'pull' rather than 'push' medium: i.e. communication is an active choice by a user rather than a passive experience by a viewer (as with, for example, television).

This means that any brand or company site targeting consumers must be inherently interesting, useful or entertaining in order to attract visitors (it also exposes the need to publicise the site as widely as possible, in traditional media as well as online). Sponsorship can be seen as an important mechanic in this process, as straightforward commercial messages become increasingly unacceptable on the WWW, and companies for which direct Internet selling is not appropriate or feasible look at other communication objectives which the WWW can achieve for them, such as image building, relationship development, and information delivery. Sponsorship branding, when properly integrated shows the sponsor is making the website – and the related experience – possible, and contributing in a relevant context to that online community or audience. Advertising and crude logo placement simply shows an advertiser looking for commercial gain.

Some brands choose to create a site which allows users to experience the brand directly — for example Tizer and Tango both have tongue-in-cheek, entertaining and contemporary sites aimed at young people, consistent with their brand positioning. The Tizer site also links in their sponsorship of the ITV pop music programme CD:UK, showing a fully integrated approach. The Henley Centre refers to brands such as this as 'content brands,' i.e. where the brand's values go beyond product qualities to encompass lifestyle and attitude statements; in the sense that their Web activity is driven by brand-building communication which relies on association with non-core-business content, sponsorship can be seen as the mechanism by which these brands establish a Web presence.

However where the brand or company image is not strong enough on its own to create this kind of experience, some choose to create or sponsor relevant content which might attract users, as BT Openworld demonstrated with its online Rugby sponsorship. BT Openworld created the official Rugby World Cup news portal, and carried interviews, pictures, articles, video streaming and interactive games or competitions. This is a clear demonstration of a company with a dull technology image demonstrating through sponsorship their relevance to fun lifestyle.

The Internet has a public image of being fundamentally designed to offer more choice, greater value, and improved convenience. For this reason, a site must offer something of value to its audience, otherwise users will not return or visit in the first place. Promotional give-aways, such as games, screensavers, desktop images, even T-shirts and gift items, are commonplace, but it is genuinely attractive content which guarantees a frequently returning loyal user base and thereby enables on-going communication.

## Is the Internet really a Global Platform?

Of all the different categories on the web, it is the auction category in the UK that has shown the slowest growth. However, it has been widely reported in the press that Ebay – the worldwide online auctioneers – have passed Amazon.com as the world's most used e-commerce website.

This shows that whilst the Internet is technically a world-wide medium, brand managers, advertising professionals and dot.com entrepreneurs must all develop flexible and integrated strategies to reflect the many cultures and attitudes around the world.

In Jupiter's comparison of the most trafficked sites in France and the UK, it's interesting to note that the French demonstrate a strong affinity for national brands. France's top 25 most-visited sites included 12 national 'traditional' offline brands. The only other brands identified in the top 25 are those owned by Yahoo!, MSN, AltaVista and AOL.

France is arguably the most difficult market for international players to gain access to. It is reasonable to predict that next year France and Germany will continue to stick with their national brands, while UK users will continue to traffic a large number of US and other English speaking sites.

In October 1999, Juipiter's research shows that BT was conspicuous by its absence in the top sites listings — considering that the French and German national telcos showed up prominently in those countries' rankings. The rise of BT sites into Jupiter's top 25 in September 2000 demonstrates that it has caught up rapidly. BBC.co.uk is the only listing in the UK top 25 that contains original rather than aggregated content. The site has moved up from 12 to 9, showing that the corporation's identity has moved well into the online space, as a trusted source for news and information.

## Audience Habits

UK consumer Internet users are becoming more sophisticated and involved in the Internet.

Jupiter's research into the most popular content viewed on the web illustrates how the behaviour of Internet users has evolved over the last couple of years. The top 5 are now AOL (Internet service, chat and content provider), ICQ (chat software), Hotmail (free e-mail), Winamp (application), Yahoo (Content, search, email, and chat). The sites that experienced the most usage were portals that had been set as home pages, and email and messaging services, such as ICQ and Hotmail. The average user has become more adventurous with their surfing, exploring past the home page and using a more diverse selection of Internet functionality.

Overall, the 'stickiness' (amount of time a user is compelled to spend at one location) of sites accessed by UK users has increased. The average user's time per month online has risen from 4 hours 17 minutes, to 5 hours 47 minutes during this year. This will be partly due to the cheaper tariffs – which just highlights how the telecomms industry is holding up the growth of the Internet in the UK. The more competitive the tariffs and the more bandwidth there is available, the greater the growth of the Internet will be.

## The Internet Audience can be Defined as One of Two Categories:

***Vertical Markets***: These can be extremely valuable to sponsors if they are servicing a market that is normally hard to locate. These sites will often be in "closed markets" with a single large vendor having control.

It can be hard to find sponsors because the market is so specific that there are only a few companies that could benefit from the sponsorship and their marketing team and for whatever reason, do not wish become involved. e.g. IT Sector: Specific Programming Language sites.

For a site in this sector to be successful with users, and have credibility with potential sponsors there must be a high industry knowledge.

***Horizontal Markets***: Sites that appeal to a broad base of market sectors, and are usually in an open market. Critical mass is high, especially with the pioneering sites (First Mover Effect) who can then obtain the best sponsorships.

Such sites appeal to more companies and usually have greater flexibility in terms of the sponsorship opportunities within them. Because of the high competition in an open market, the site concept and marketing must be very strong. The products and services are usually fast moving. This means e-commerce is often most successful in this environment as people can easily identify the products and services they require.

## Age Groups

The largest online age group used to be 25-34-year-olds. Consequently, much online marketing activity through the late nineties and into 2000 was directed at this audience. An image of the typical Internet user was developed as a single career-orientated twentysomething who has the interests and income to explore the potential of the Internet.

2001 saw a massive growth in the number of both younger and older users, and 2-17-year-olds and 35-44-year-olds have overtaken the twentysomethings as the biggest online groups. The largest growth has been among children under 14 years of age. Messaging, networked gaming, email and IRC are the most popular applications among this age group.

According to Jupiter's Nick Jones: "We're now a mass market and age penetration is levelling out. Web brands can no longer succeed by targeting male technophiles. Internet companies must realise that they need to segment their offerings. It's no longer one size fits all."

Successfully measuring online sponsorship activity therefore will need to target precise segments if any meaningful tracking results are to be generated. Sponsors must also ensure that they are associating themselves with the right kind of interactive content to ensure that they engage consumers and hopefully generate feedback through interaction.

## Business-to-Business

Business-to-business marketing is becoming increasingly important on the Internet as more and more companies become connected: for some organisations their core businesses provide compelling content (as in the case of Federal Express, which pioneered the transparent tracking system available on its pages); for others, the WWW provides an opportunity to build a corporate 'stand' to make products and services available. Many companies use their B2B web presence to extend their corporate sponsorship programmes – companies such as Sun Microsystems, Oracle and others have used their websites to promote their golfing involvement, the corporate hospitality opportunities and to explain the business drivers for involvement in that sponsorship.

## Intranets and Extranets

The growth of intranets and extranets (based on Internet technology, intranets are closed networks used by an organisation's employees, while extranets are accessible by a company's suppliers or customers on, for example, a password basis) suggests that business and consumer communication may, in the longer term, utilise the Internet in different ways. For example, closed business networks which offer marketers access to a clearly defined business audience could become media brands in their own right. Indeed, service providers such as Microsoft Network and UUNet Pipex are already using their customer database information to support advertising sales.

Miller, the American Lager beer, uses its Miller time theme to provide content across other company's intranets in the UK. Their concept is to encourage people to visit certain pubs for 'Miller Time'. Miller adds value to the experience of going for a drink after work, such as entertainment and promotional discounts. Using an Intranet it can incentivise people to attend and drink Miller, and inform them of destinations and other brand information. This is a rare example of offline sponsorship using online support.

## Advertiser Trends

In March 2001, for the first time in recorded Internet history, the number of traditional advertisers surpassed the number of dot.com advertisers. According to research by Nielsen/NetRatings, of the top 100 advertisers in March, 56 were traditional offline companies.

This is an excellent indicator that advertisers are changing their outlook and adjusting their marketing plans to embrace new media. Major advertisers include FMCG brands such as Pepsi, Diet Coke, and Ford as well as stalwarts IBM.

These advertisers seem unperturbed by the banner advertising results. Data indicates that 99.7% of banner advertising does not get clicked on. The same research, published in NMA, suggests that the average net user sees 610 adverts during their average 'surf'.

At the time of writing major advertisers and their media buyers are often looking for sites that can generate in excess of four million page impressions. Advertisers are only prepared to pay a CPM of £6-7 and are increasingly demanding that they should pay for click-though (to their website) or per transactions (from a visitor buying product on their site) rather than for impressions alone.

Barry Salzman the president of DoublClick believes: "Because the initial boom was fuelled by overfunding…what we have now looks like a slow down – it's actually just settling in to a real business".

Ford and other major advertisers, have responded to these bad click-through results in a positive way. Rather than leaving the Internet marketplace they have chosen to embrace it and develop their own creative solutions. Ford, in America for example, has announced a year-long competition to activate their Nascar sponsorships run through its own dedicated website: raceteamtaurus.com which offers fans the chance to win a Ford Taurus and VIP trip to next year's race at Atlanta Motor Speedway.

Such campaigns as these are really testing the marketing potential for the web, and totally ignoring any precedents or standards set by banner campaigns or advertising bodies.

Whilst advertising revenue throughout the Internet world is still growing, (up 9% from last year to $2.2billion) it is not growing at anything like the same rate as the number of website properties. This is creating a shortage of revenue in the Internet world.

The categories that led online spending during the fourth quarter of 2000 were:

Referrals (5%);

Interstitials (5%);

Rich media (2%);

Sponsorships (31%);

Banners (46%);

Keyword searches (2%);

Miscellaneous (9%).

## Case Study: Adidas partners Sports.com

***Objective*:**To support and activate the Adidas offline sponsorship, whilst also demonstrating that Adidas is a fashionable 'online' brand.

Benefits for Adidas include:

- a dedicated area for adidas press releases and promotions;
- translated into all five languages;
- static content;
- no interactivity;
- not fan-based.

### *Research*

A sample of 2734 Sports.com users showed a positive response to adidas' presence on site. Adidas were the most popular unprompted answer as a sponsor of Sports.com both pre (13%) and post (26%) evaluation. Awareness of almost all other companies fell in the 'post' sample.

- 63% felt adidas were helping Sports.com provide a better service;
- 41% said they would be likely to visit adidas site as a result of seeing them on Sports.com;
- 58% agreed that adidas were innovative in their advertising on Sports.com.

Sports.com is seen as an extremely appropriate place for adidas to advertise. Post-campaign, adidas were seen as more Youthful, Fun, and Cool than they were pre-campaign with an even more positive response from younger audience.

**Table 9.1 – Awareness of pre + post sponsors of the 1998 World Cup football**

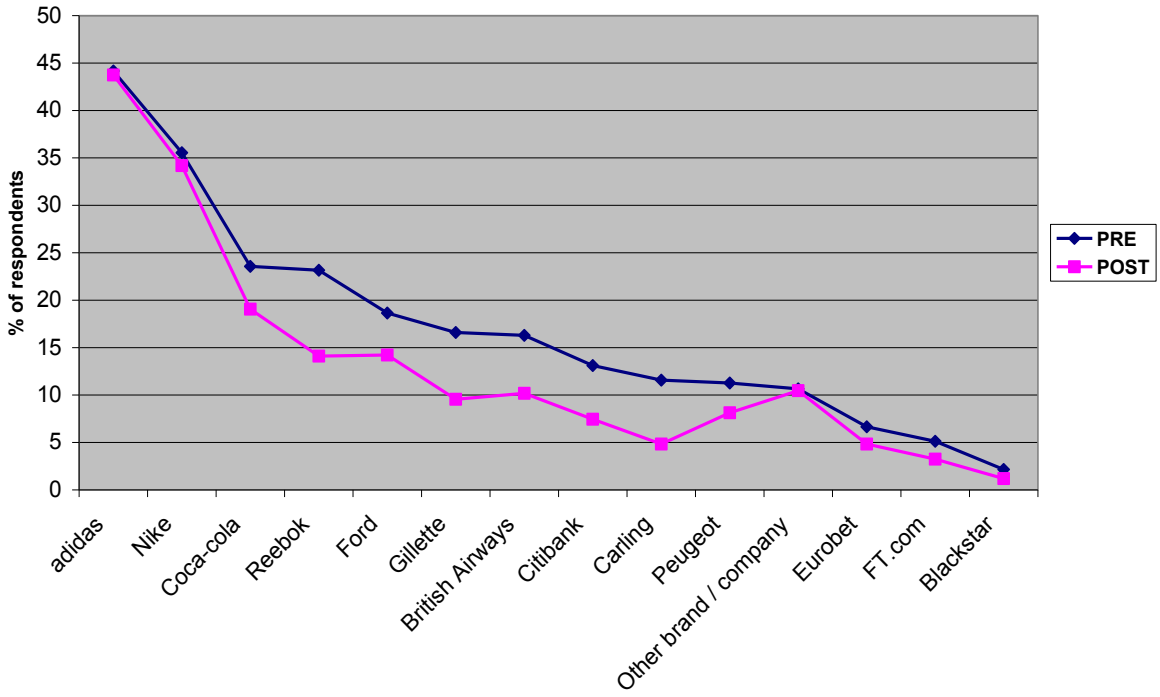
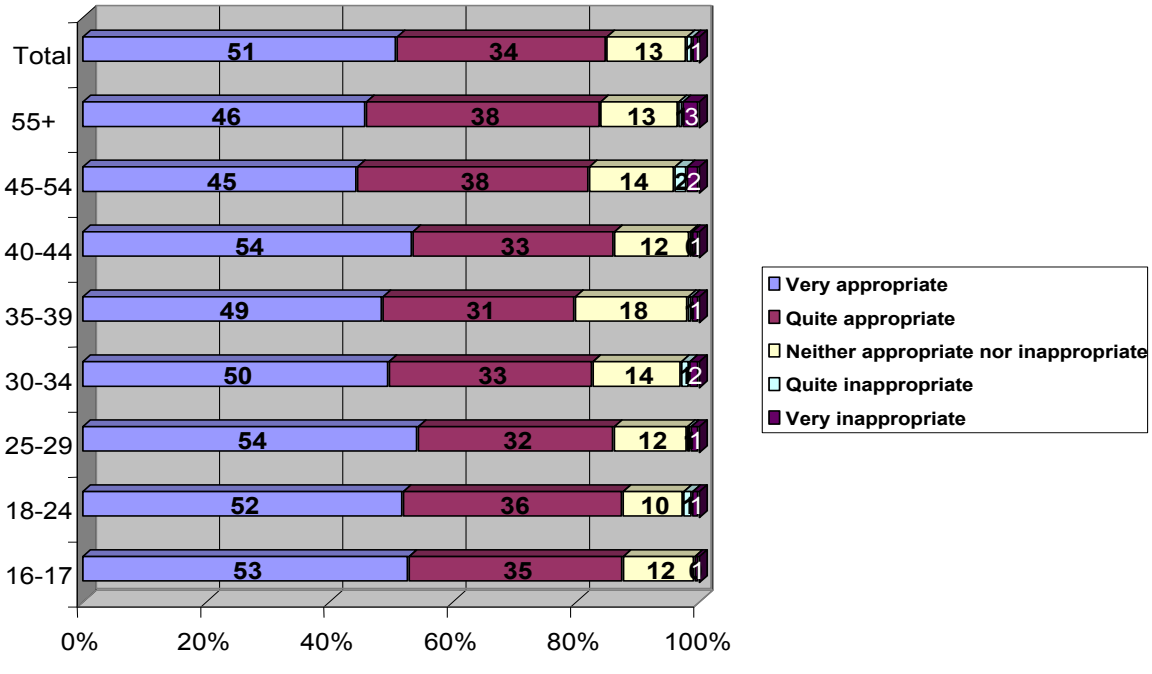



**Table 9.2 - How appropriate the fans felt the Adidas sponsorship was**




In conclusion Adidas' sponsorship of Euro 2000 on Sports.com drove traffic to the Adidas sites, established Adidas as an online brand and confirmed Sports.com as an appropriate vehicle for Adidas sponsorship.

## Key Principles For Successful Online Sponsorship

Sponsorship is partly about demonstrating the social context that that a brand wishes to exist in. A good Internet site is the most highly distilled social context one could wish to exist in. The highly targeted nature of an Internet audience therefore makes it ideal for sponsorship.

Sponsorship opportunity is dependant on the site design and content as this creates the synergy which allows sponsors to contribute and also drives the traffic which provides the exposure.

Successful Internet sites create customers for life. Sponsors will look to be a part of that relationship. The first stage in this relationship, is the marketing of the site. Stage two is constructing a user-friendly Internet site that will load quickly, be easy to navigate and keep the audience 'glued' to the pages.

## Checklists for Sponsors:

What is the media property's value–added contribution to the consumer in the following areas?

- free information;
- useful search facilities and directories;
- time saving and convenient services;
- compelling content and interaction;
- automatic site customisation and suggestion systems;
- building a community with real functionality and value;
- fulfilling the promise of the marketing;
- reliability and service.

Sponsors should also investigate the business and marketing strategy. The media property's strategy should contain:

- methods for 'Locking customers in';
- powerful copy (on and off line) as this is the key to holding consumer attention;
- proactive management of the database;
- effective email (traditional direct mail principles) with compelling content, purpose and a call to action (on behalf of Sponsors and site);
- strategies for increasing customers, customer order values, and order frequency;
- flexibility of approach to respond to market needs in "Internet Time" – maintaining sponsor value and increasing sponsor opportunities.

## Sponsorship Hierarchy

Sponsors should always receive rights and benefits befitting their commitment (through cash fees and support services or products) thus creating a hierarchy.

Internet Sponsorship has a unique hierarchy template, which shows greater scope in terms of categories than more traditional sponsorship properties:

***Title Sponsor***: Title sponsor decals would be integrated with the site logo or even the URL. For example: www.bmw.williamsf1.com.

The logo does not have to be particularly large to have impact, nor does it necessarily need animation. There should be some way to learn more about the sponsor and the sponsee needs to manage this carefully so it does not lose traffic in the process of servicing the sponsor. There could be just an auto request for an e-mail of information (that will be sent once the user has clicked the exit button on the site), there could be a pop-up message, the sponsor website could be launched in a separate browser, or into a frame in the sponsee site, allowing the user to find information and then continue to use the sponsee site.

***Feature Sponsor***: This can be the most valuable form of sponsorship on a site as it allows the sponsor to directly interact and contribute. It is a very constructive and sincere form of sponsorship that respects the site community.

Features such as search engines, automated services (currency converters, route planners, downloading messages…), games, any interactive component (pre + post action request, or in a header and footer configuration) or major items of content (photographs, video, data, maps, weather…) can be successfully sponsored. E.g. www.excite.com search engines can be found on a number of websites including www.demon.net.

***Section Sponsor***: Section sponsors can expect the same rights and benefits as a title sponsor, in that given section. Ambush marketing (see chapter 4) or more subtle conflicts can be more likely if a site has both section and title sponsors.

With any website there are a number of opportunities for incremental revenue from subscriptions, sales and services. These activities can also be ideal for sponsorship as they are very targeted (sponsors brand pages that subscribers only can access, or brand the packaging of items sold, and the on-line delivery options, or they provide an added value free gift to accompany a service…). Examples: www.forbes.com and www.clickz.com both integrate sponsor accreditation with key news areas.

***Backbone / Technical Sponsor***: ID will tend to be in menus, or page footers and will be a technical exchange between an ISP or specialist media server company, finance companies, data services et cetera and the sponsee.

## Non-Internet Sponsorship

Although the Internet is still the new medium receiving most attention, particularly in the trade and business press, adoption of technology by the consumer has been driven by leisure and entertainment, i.e. games, rather than information-oriented media such as CD-ROM and the Internet. Many industry commentators still believe access needs to be integrated into home technology items which are more accessible (and cheaper) than the PC, such as the television video, games consoles, and mobile telephones (all of which delivery modes are currently in the process of being launched or market-tested).

The Sky Digital and cable platforms have a range of basic handset-controlled games that allow sponsors to integrate their brand with the game. A success in 2001 was the Milky Way game: A basic two-dimensional computer game for children that features the Milky Way bar. The environment has clearly been designed to communicate the Milky Way brand values. There is as yet little research on the effectiveness or impact that such games have over any other New Media sponsorship.

Computer Games are now seen as an automatic extension of all commercialised leisure activities from films through football to motorsport. As a result the sponsors associated with these activities receive further media value. It is very difficult to measure the impact this has for a brand or indeed how much media value it provides. IT is therefore destined to be an 'added value benefit' rather than a primary focus.

## Measuring Success on the Internet

In the early days of the WWW. a site's success was often judged in terms of the number of hits' requests for data – it had accumulated. However, as the technology has become more complex and a single page can contain hundreds of discrete items of data, each registering as a hit, dissatisfaction with this method has grown.

As opportunities in the medium proliferated and claims of success reached new peaks in the late '90s, advertisers began to demand that usage figures were independently audited to guarantee the quality of a medium and its audience, in the same way as magazine and newspaper audiences are monitored and audited. Indeed, in the absence of such audits, some advertisers (such as Procter & Gamble) will pay only for the number of users who actually 'click through' from the advertisement to their site, rather than the number of users who are exposed to the advertisement.

In response to this demand the Audit Bureau of Circulation (ABC), the body, which audits magazines and newspapers, has established audit standards across the industry for measurement of Website audiences. Instead of 'hits,' ABC will measure 'page impressions,' i.e. single requests for more information or 'click-through' rates, so that site owners will be able to tell not only how many users visited the site, but the level to which interaction occurred. The first sites to be audited for ABC certification included Channel 4, EMAP Publications and BSkyB. It is now common for sites to use ABC.

The technology now exists not only to track the number of individual users accessing a site, but also to identify the users themselves, and to track their movements around a site. Nevertheless, measurement and evaluation techniques are still in the very early stages of development in this field and many have opposing views on the best way forward.

One way to guarantee measurable results, which are supported by advertising but which offer free access to users, request that first-time users fill out a short online questionnaire in return for which a password is allocated and access granted. These sites are thereby able to offer advertisers clear user profiles to match its access figures, and in theory is able to monitor the individual progress and preferences of each visitor to the site.

Clearly, this kind of data is potentially of enormous value to an advertiser, particularly as the technology develops to enable an advertiser to tailor its communication to an individual's known tastes and preferences. As stated earlier, Internet users are sophisticated consumers who are aware of the worth of this data; the flip side of this approach is that users will only take the time to complete such questionnaires if they know that the site offers something of genuine value in return. It remains to be seen whether or not sponsors and advertisers alike will ever get the most from this data.

In the first edition of this report, the author predicted that as the medium matures and companies and brands build relationships with their audiences, a solid base upon which to conduct qualitative and quantitative research will be developed, so that site owners can assess how their activity is affecting brand image perceptions among users, whether purchasing patterns are likely to be affected, how the activity is perceived in relation to the advertising, and so on. There is still very little data of this type despite the level of investment and the potential return in terms of audience numbers growing significantly over the years. However, as audiences and entry-level costs increase, this type of evaluation will become as necessary as it is elsewhere in the marketing mix.

## Measurement Standards

The entire Internet industry, on both sides (advertisers, property owners and their respective agencies) have all been in a prolonged debate about measuring the effectiveness of advertising. This debate mirrors the one that has been rumbling on for more than a decade in traditional sponsorship. It is baffling perhaps in the Internet economy, as tracking is such a natural part of IT.

There have been some small but significant breakthroughs since Autumn 2000 and in the Spring 2001.

On the 10th April 2001 the Joint Industry Committee for Web Standards (JICWEBS) was officially launched. JICWEBS is the industry body set up to ensure the independent development of standards for measuring the effectiveness of online advertising in the UK. Although, the website www.jicwebs.org was not 'online' at the time of writing, this body promises to deliver much in terms of helping regulate the claims made by website regarding their traffic levels. These standards will include globally recognized metrics and incorporate all the audits conducted by industry-owned ABCE (Audit Burea of Circulation Electronic).

JICWEBS is made up of the following organisations: DMG – Digital Marketing Group, IAB – Internet Advertising Bureau (www.iabuk.net), IPA – Institute of Practitioners in Advertising (www.ipa.co.uk), ISBA – Incorporated Society of British Advertisers (www.isba.org.uk), NPA –Newspaper Publisher's Association, NS- Newspaper Society (www.newspapersoc.org.uk), PPA – Periodical Publishers Association (www.ppa.co.uk).

JICWEBS have launched a new set of guidelines and measures to further reinforce the accountability in the New Media marketplace. Danny Meadows, Chairman of IAB said: "As a broad-based, inclusive organization, we are keen to understand the views of everyone who has a stake in the digital economy. This new set of voluntary guidelines is designed to encourage a spirit of transparency in the promotion of traffic data and to give buyers more confidence in the medium. To mark their release, IABUK.net will begin carrying the audited traffic data for all UK media websites who publicly release their figures. Over time we hope to see the widespread adaptation of auditing and we are working with ABCE and JICWEBS on further improving audit solutions to increase the number of media owners who audit."

This is clearly the start of a major drive to improve the credibility and transparency of the New Media Economy which will be of great value to sponsors and advertisers in the years ahead.

The audit process, as set out by ABCE and JICWEBS, and that will probably be mirrored by others in the marketplace, is as follows:

***Step One***
Sites register with ABC Electronic by completing a registration form.

***Step Two***
Sites also complete, print, sign and return a website pre-audit questionnaire.

***Step Three***
Once the pre-audit preparation is finished and the scope of the audit has been agreed, the site confirms the audit period (normally one calendar month).

***Step Four***
At intervals during the certification period, ABC Electronic's auditor visits the site and is given technical assistance to make spot checks, perform test counts, note archive file sizes, and take samples of data from the raw log files of the server.

Off-site, during the certification period, ABC Electronic analyses sample data, carries out back checks on registered USERs (if applicable) and browses the site to establish reference.

***Step Five***
ABC Electronic audits the claimed statistics. These statistics are verified by the site (or by a third party employed by the site). This requires a process of 'counting' (normally daily) to create 'filtered files' containing only data records deemed to be valid from the raw log files for files the certification period. ABC Electronic requires the site to make available any or all of the raw log file data, from which the statistics have been derived, and to provide technical assistance so that the auditor can confirm counts and examine the underlying raw log file data. ABC Electronic's audit seeks to establish that all statistics created by the site are supported by the filtered files, and that all records in the filtered files can be verified back to the raw log file data.

Upon completion of the audit, ABC Electronic will require the site to keep an archive copy of all raw log file data supporting the certificate.

***Step Six***
ABC Electronic produces the final certificate for approval by the client. The certificate is issued, once it has been approved.

***Step Seven***
Certificates are posted on ABC Electronic's website together with appropriate publicity.

## Summary Of Main Points In Chapter 9

1. The nature of new media, in particular the Internet and leisure products such as games, makes it ideal for sponsorship experimentation, since it offers a genuine opportunity to create ongoing dialogue with an audience. The interactive relationship demands that something of value in terms of information, assistance or entertainment be offered in return for an audience, and therefore sponsorship is a more appropriate means of communication in this medium than, for example, advertising or overt commercial messages.

2. Measuring the success of sponsored Websites will not only depend on the number of visitors a particular site receives, but also on how much a site owner is able to find out about its visitors relative to its objectives and target audience.

3. Digital TV games and interactive content is still an unproven concept. Whilst visits can be tracked, the impact that this makes on consumers in terms of brand equity is still unknown. It also remains to be seen how integral to everyday life interactive television will become and how many people subscribe

to use email, Internet and other such services through their television.

4. Sponsorships will continue online to be largely strategic, or driven by offline activity. Simple logo placement and banner advertisement will continue to be referred to as sponsorship whilst it is seen as no more than a part of a brand's media buy, as opposed to a strategic sponsorship tool.

# CHAPTER 10: EMPLOYEE MOTIVATION AND RECRUITMENT

## Introduction

A number of studies have established a correlation between communication and employee satisfaction and this has implications for a company's ability to motivate, retain and recruit staff.

For example, studies carried out in the early 1990s in the US by General Electric and Hewlett Packard found that responses to five survey questions dealing with face-to face communication between employees and their immediate managers on the companies' internal employee attitude surveys enabled prediction of employees' satisfaction.

In its report, *Communication World* (May to June 1990), the International Association of Business Communicators (IABC), concluded: 'The better the managers' communication, the more satisfied employees are with all aspects of their work life,' and that 'most managers, when shown those results, are willing to accept that a more satisfied employee is a more productive employee'.

This principal has gained strong support, particularly among Britain's most admired companies (see chapter 10) and employees have become 'internal customers' and a legitimate target group for a company's marketing and communication activities.

By treating employees as 'internal customers', companies can ensure that their marketing and communication activities are more consistent, both internally and externally. This principal has been fuelled by several trends:

- The growing spread of the principle of total quality management with a focus on delivering total customer satisfaction;
- Empowerment of employees in order to deliver higher levels of customer service;
- Expansion into new markets and territories and cultures – which means that companies need to introduce themselves into the market (as well as potential employees) effectively and sensitively;
- Skills shortages in all markets have meant that companies have to try harder to retain and attract new employees in a much more competitive recruitment environment.

More forward looking companies are integrating all their communication activities to ensure that both external and internal communication is consistent and will therefore improve their abilities to motivate' retain and attract staff.

This section looks at how UPS used the sponsorship of the 1996 Summer Olympics to retain and motivate existing employees and also made the company more attractive to potential employees.

## Case Study: UPS' sponsorship of the 1996 Summer Olympic Games in Atlanta, US

UPS is the world's largest package and document delivery company and one of the world's largest airlines, employing 335,000 employees and boasting a global revenue in excess of $22bn. In Europe, the company employs 28,000 employees in 411 operating facilities, has a fleet of 12,654 vehicles and delivers over 700,000 packages and documents per day.

***Criteria for UPS sponsorship***

- Does it match company values?
- Is it a 'best fit'?
- Will it help achieve company goals?
- Will it help demonstrate services?
- Does it match up to the company image?
- Does it represent a good opportunity for employee investment?
- What is the extent of promotional opportunities?
- How will it differentiate the company from its competitors?
- Does it have opportunities for building business and increasing sales?
- Does it have customer benefits?
- Can it be properly resourced?
- Will the benefits be measurable?

***Overall objectives***

The overall objectives can be summarised as being to:

- Develop awareness of UPS' first time world wide Olympics sponsorship across Europe;
- Build sales volume;
- Use sponsorship to help build a European culture for UPS;
- Motivate staff in Europe;
- Enhance UPS's image as a global leader demonstrating corporate leadership;
- Build business and reputation by demonstrating global capabilities.

***European sponsorship objectives***

These were to:

- Establish an aggressive stance in the European Express market;
- Demonstrate service capabilities, making it as easy to ship across Europe as across the street;
- Strengthening the workforce through education, incentives and communication of UPS values.

Colin Beesley, UPS's UK marketing director, explains: "It was clear that any activity we invested in needed to deliver effective methods of reaching both external and internal audiences, locally and globally –a tall order."

The Olympics offered obvious benefits for global companies:

- Exclusivity within the industry /sector;
- Credibility of brand association;
- Opportunities to build business;
- Opportunity to showcase global capabilities;
- Membership of an elite group of global leaders.

Beesley says: "But it also provides the flexibility to target local audiences without conflict of interest – we saw it as a golden opportunity to communicate our global message with local relevance."

The sponsorship programme integrated with a multimedia advertising campaign and a media relations programme with a focus on local messages for both trade and consumer media. It also dovetailed with a direct marketing campaign, offering customers and prospects an opportunity to win tickets to the Games and a hospitality programme for key customers and business partners.

However, the difference with other sponsors of the Summer Olympics was the fact that 50% of the budget was directed at employee communication.

## Sponsorship as an internal communications tool

UPS people are perceived as ambassadors for the company, delivering UPS services to customers on a daily basis. UPS wanted to focus the sponsorship programme on delivering benefits to its employees by extending traditional short-term benefits of brand awareness.

In order to achieve this, the UPS Olympic programme was jointly managed by marketing and Human Resources departments.

Beesley explains: "This decision ensured that the business, our customer and our people were all equally represented when exploring opportunities, thereby ensuring we maximised the benefits of our investment. An interesting by-product of this approach was that it brought people from very different functions together to work on a single goal.

"Human resources gained an insight into marketing, while marketing discovered the benefits of communicating their external activities more consistently with employees. More importantly we believe that a cross-functional approach was necessary in order to get buy-in within the company. That buy-in was necessary for the sponsorship to work."

Beesley sums up: "As a result, our business is benefiting from this cross-functional approach."

***Multi-cultural workforce***

UPS wanted all employees to share and take pride in the sponsorship. Internal surveys showed that over 80% of staff in Europe were personally proud that UPS was an Olympic sponsor and it communicated that to customers, family and friends. Internal programmes were designed to be relevant to staff, irrespective of their function, throughout the company.

***Employee competitions***

For sales staff, UPS ran an incentive programme tied to individual goals, called 'Triple Jump'. These targets were over and above normal planned business targets. For non-sales staff, UPS ran 'Going the Distance' – a lead generation programme, helping to build business for UPS. For drivers of delivery vans, UPS organised 'Gold Medal Driving', an incentive scheme to maintain a zero-avoidable accident rate.

These programmes were reinforced by a company-wide quiz called 'The Decathlon' designed to build on employees' knowledge of the company. Winners of all these competitions were divided into gold, silver and bronze. The gold winners received tickets to the Games, including travel and accommodation. Silver winners were flown to Lausanne for a special award ceremony at the Olympics Museum and bronze winners received a variety of Olympic memorabilia.

Such a sophisticated and well thought out employee incentive campaign, that linked the sponsorship activity to the business of the company, produced some remarkable results.

***The Results***

'Triple Jump' – 40% of UPS' sales force across Europe significantly exceeded their individual 'Olympic' targets.

'Going the Distance' – non-sales staff opened over 1,200 new high-volume accounts.

'Decathlon' – 70% of company knowledge tests were 100% correct.

'Gold Medal Driving' – 100% record for zero-affordable accident rate was maintained for 10 months by 1,142 drivers across Europe.

These programmes fulfilled the company's goal of strengthening the business by focusing the multi-cultural workforce on a single set of company values through education and incentives linked strongly to the sponsorship of the Olympic Games.

But UPS also wanted to go further, in order to leverage the value of the Olympics to inspire staff with athletic abilities. The 'Athlete Training Assistance Programme' (ATAP) offered time off and financial support for nationally ranked athletes within UPS's workforce to compete in the Games.

***Sponsorship of Employees***

Some 15 employees were offered support on ATAP and two were finally selected for the games –Peter Gabrielsson, a sharp-shooter from Sweden and Eugene Swift, a track and field athlete from the US.

Beesley continues: "ATAP, more than any other programme we ran, allowed us to turn a corporate sponsorship into an event in which all our employees could become personally involved. Additionally, it demonstrated that UPS is willing to support the individual goals of its employees. ATAP was a real credit to the cross-functional Olympic team we had set up."

The same team ensured ATAP participants were given maximum PR, both internally and externally which encouraged further support from UPS employees around the world.

***Volunteer programme***

UPS employees were flown from all over Europe to help with the day-to-day customer hospitality programme, including language interpretation at the Games in Atlanta.

According to Beesley: "Although they didn't get much sleep, those volunteers all speak enthusiastically about what a great opportunity it was, not only to meet their local customers who had won trips through our direct mail campaign, but also to see first-hand the end result of our sponsorship and participate in our corporate programme."

***Benefits to the Company***

The main benefits were as follows:

- the programme went beyond simply external promotional activities;
- far reaching benefits were derived from a single investment;
- many existing internal programmes were replaced, avoiding duplication of activities;
- new ways were found to involve the whole company, from mail room clerk to managing director;
- the achievement of sharing a vision and single goal by everyone in the company.

UPS carried out some external research on the effects of sponsoring the Olympics. This showed that the campaign had increased UPS's awareness in Europe from zero to 10% in a very short space of time, a significant achievement for a new sponsor.

***Flattening of reporting structures***

On this subject Beesley comments: "Flattening the company's traditional reporting structures produced grater understanding, awareness and discovery of new talents because people at all levels and from all functions were brought together either in co-ordinating or participating in the programme."

"As a result, understanding between people improved immeasurably and in many instances were able to identify new talent within the company and promote it accordingly."

UPS had demonstrated its commitment to its employees as well as its commitment to its business goals and the sponsorship had highlighted the benefits that can be gained by focusing as much on internal as external communication.

UPS employee research (1996) showed that:

- 88% understood why UPS decided to become a sponsor of the 1996 Olympics;
- 81% were proud that UPS was a sponsor;
- 72% believed that the sponsorship would result in increased business for the company;

- 82% believed that the sponsorship had a positive impact on the company's reputation;
- 76% believed the sponsorship had a positive impact on the customers' view of UPS;
- Anecdotal feedback suggested staff felt more motivated following the sponsorship.

Beesley concludes: "If you really want your sponsorship to work hard, to deliver on your investment, and to help your company stand out from the competition, then don't just think about making your business more attractive to your customers…also think about your people who help deliver your business to your customers."
*(Source: UPS UK)*

## Summary Of Main Points In Chapter 10:

1. Skills shortages in all markets have meant that companies have to try harder in order to retain and attract new employees in a much more competitive recruitment environment.

2. More forward-looking companies are integrating all their communication activities to ensure that both external and internal communication is consistent and will therefore improve their abilities to attract and retain staff.

3. Sponsorship can strengthen the business by focusing a multi-cultural workforce on a single set of company values and business building objectives through education and incentives.

4. Involving human resources can dramatically extend the number of opportunities a sponsorship delivers.

5. Identify opportunities for staff as much as customers.

# CHAPTER 11: OPINION FORMERS AND INVESTORS

## Introduction

Sponsorship, like all other elements in the marketing mix, offers a means of reaching various groups to draw favourable attention to the communicator, the brand, products and services.

It represents an investment of time, money and materials that goes beyond a simple contractual relationship for the delivery of goods and services and is focused on delivering a closer and deeper relationship between a company and its various audiences.

As has been illustrated earlier (see Community chapter), companies need to focus less exclusively on shareholders and financial measures of success and instead include *all* their stakeholder relationships and a broader range of measurements in the way they think and talk about their purpose and performance.

Opinion formers and investors/potential investors receive information about a company's activities through a wide variety of channels – press and media, research data, analysts' reports, stockbrokers, banks and financial institutions, stock market reports, share dealing information, the internet etc.

The companies appearing in the FT500 or Fortune 1000 operate on a global basis and are not confined by state or national boundaries. International exchange controls have fallen, global capital markets have developed and trade agreements have opened markets to competition from every corner of the world.

For example, deregulation in major markets such as telecoms, financial services and energy has completely reshaped the way in which companies operate, forcing them to compete with the low-wage economies in Asia that have access to capital, technology and skills which was unavailable only a decade ago.

As a result, today's most successful companies are having to reinvent themselves in order to take full advantage of a constantly changing trading environment, driven by customer expectations and demand.

In the global competitive marketplace, speed of response to customer demand is now the key to business success, and employees – the knowledge workers of the enterprise – are central to maintaining a company's ability to compete and succeed.

Communication has therefore become increasingly important for both strategic and tactical business purposes as companies compete for greater 'share of voice' in the crowded global marketplace in which they operate.

Effective sponsorship as a marketing tool can help to influence key shareholder groups and develop a stronger sense of affinity and loyalty with the company that will have beneficial effects on its reputation and shareholder value.

## Case Study: Centre for Tomorrow's Company

The Centre for Tomorrow's Company (CTC) describes this as the 'inclusive approach' to business. 'To win and keep winning, a company must innovate, anticipate and adapt while constantly improving its ability to meet the expectations of customers, employees, suppliers, investors and the community.'

Such an approach requires clear leadership and ever improving in all relationships. For companies, this means taking the trouble to understand the needs of each business partner and target audience and then meeting those needs in a balanced way.

The findings of CTC's inquiry are being used on BAA's management development programme, on Unipart's employee/supplier programme and at Harvard Business School.

All of CTC's research is business-led and developed in consultation with the founder members that include Anglian Water plc, Birmingham Midshires Building Society, The Co-Operative Bank plc, John Lewis Partnership, Nat West Group, Porsche Cars Great Britain Ltd, Whitbread plc, WPP Group plc and United Utilities plc.

The CTC four key constituencies are:

1. Businesses – who share the inclusive approach and lead by example.

2. Investors – who will use the inclusive approach measures to assess companies' performance and potential.

3. Tomorrow's wealth creators – partners in business education who will train the future generations of business people.

4. Public policy makers – influencing those who create the climate in which businesses operate, compete and contribute to the economy.

In this section, sponsorship as a marketing tool is examined from the viewpoint of influencing opinion formers and investors/potential investors.

## Corporate Reputation and Profit

Research conducted by MORI asked senior directors of major companies in the UK which aspects of company business could be most affected by a strong or weak corporate image. The top factor was shareholder loyalty and four out of five rated customer service by far the most important factor in maintaining or improving a corporate reputation, followed by favourable media coverage.

In most industrialised countries there is a high correlation between how well people *know* a company and how well they *regard* it. Research by Loughborough University Business School and *Management Today* in 1996 supports this view (see table 10.1)

If a company has a good reputation among those who know it, then by increasing its visibility through effective communications, it can tangibly increase its public regard.
Equally, improving the quality and expanding the reach of its communications can also raise awareness and thereby regard.

Traditionally, senior managers viewed reputation on purely financial grounds, taking a 'balance sheet' approach. As a result, reputation of a business was judged purely on 'measurable factors' such as financial performance. However, the last 10 years have seen a shift away from relying solely on financial or 'hard' data, and other indicators or 'soft' data have gained increased importance, as research by CTC has shown, for example, the contribution a company makes to the communities it serves.

CTC's findings show that community and environmental responsibility are now judged with equal importance to financial success and quality of management.

A peer group survey of Britain's most admired companies, published by Management Today in 2001, support this principle.

## Britain's Most Admired Companies 2001

Britain's Most Admired Companies is the study commissioned by Management Today to evaluate and rank corporate reputation. It takes as its premise the view that those best placed to judge a company's strengths or weaknesses are the senior management of its immediate peers – those individuals within an industry who are uniquely positioned to observe relative shifts in competitive standing.

Management Today published previous surveys using the same methodology between 1994-2000 and by the Economist in 1989, 1990 and 1992.

The conduct of the poll and preparation of the data was carried out by a research team headed by Michael Brown of Nottingham Business School, Nottingham Trent University, Stuart Laverick of Derby University and Professor John Saunders of Loughborough University Business School.

The study covers Britain's 10 largest quoted companies in 26 industrial sectors on the basis of their market capitalisation on 1 April 2001. Seven target respondents were selected from each of the qualifying 260 companies – the chairman, managing director and the other main directors responsible for finance, marketing, operations, personnel and research and development.

To provide an additional level of expertise, sector analysts at 10 leading investment companies were also polled.

Questionnaires were sent out in two waves: the first at the beginning of May 2000 and the second, three weeks later.

Participants were asked to rate each company in their sectors (excluding themselves) on a scale of zero (poor) to 10 (excellent) for their performance in nine key characteristics:

1. quality of management;
2. financial soundness;
3. ability to attract, develop and retain top talent;
4. quality of products/services;
5. value as a long-term investment;
6. capacity to innovate;
7. quality of marketing;
8. community and environmental responsibility;
9. use of corporate assets.

On the basis of the individual scores assigned to a company for each of the nine characteristics, it receives an average score and is ranked against its section peers. The individual scores and the average score are then used to produce three separate analyses:

- A full ranking of all 260 companies;
- A ranking of the companies in each of the 26 sectors;
- A ranking of 260 companies for each characteristic.

The poll is extremely authoritative and recorded a 64% and 90% response rate for each wave. Once they had passed judgement on their own sector, the respondents were then asked a second broader question – 'which companies do you most admire, regardless of size, ownership of sector, on the basis of the same criteria?'

## Results of Britain's Most Admired Companies (2000)

Management Today reported: "A look at the top five this year can lead to two quick conclusions: size can matter and maturity even more. This is not to say that a company has to be huge and long established to attract the admiration of its rivals. What it does bring home is that earning admiration from outside may be more about where a company has been than where it hopes to be going. It's about respect."

GlaxoSmithKline, the merged pharmaceuticals giant, heads the list based on past performance of both GlaxoWellcome and SmithKline Beecham. It only takes a quick glance at the top five to see that they all have fully functional sponsorship programmes providing a variety of benefits.

GlaxoWellcome has always maintained a focus on arts; in 2000 it supported the Tate Gallery and the National Youth Theatre. These partnerships help it maintain its wish 'to encourage the creation, performance and display of diverse and enlightening works.' SmithKline Beecham has tended to look to sport and leisure to maintain the endorsement of professionals in sport to use their products. Lucozade Sport is official sports drink for the England Rugby Team and the FA Premier league.

Certainly both have fully fledged sponsorship programmes which have helped them both to the number one spot.

**Table 11.1: UK's Top 20 most admired companies - 2000**

| **2000** (rank) | **1996** (rank) | **Company** | **Total score** |
|---|---|---|---|
| 1 | 13 | GSK | 73.60 |
| 2 | 10 | BP | 71.10 |
| 3 | 15 | Shell | 70.80 |
| 4 | 5 | Cadbury Schweppes | 70.00 |
| 5 | 1 | Tesco | 69.00 |
| 6 | - | Exel | 68.60 |
| 7 | - | Astra Zeneca | 66.10 |
| 8 | - | Sage | 65.50 |
| 9 | 16 | Unilever | 65.10 |

| | | | |
|---|---|---|---|
| 10 | 17 | GKN | 65.10 |
| 11 | - | Ocean Group | 64.60 |
| 12 | 12 | Smiths Industries | 64.60 |
| 13 | 3 | Next | 64.20 |
| 14 | - | Pearson | 64.10 |
| 15 | - | Vodafone | 63.90 |
| 16 | - | Iceland | 63.80 |
| 17 | - | Nycomed Amersham | 63.80 |
| 18 | - | Legal & General | 63.40 |
| 19 | - | BBA | 63.30 |
| 20 | - | 3i | 63.30 |

*Source: Loughborough University Business School / Nottingham Business School / Management Today*

**Table 11.2 Top 3 most admired UK companies 1994 - 2000**

| Year | First | Second | Third |
|---|---|---|---|
| 2000 | GSK | BP | Shell |
| 1999 | Tesco | SmithKlineBeecham | Glaxo Wellcome |
| 1998 | Tesco | Cadbury Schweppes | Schroders |
| 1997 | Reuters | Tesco | Marks & Spencers |
| 1996 | Tesco | Burford | Next |
| 1995 | Cadbury Schweppes | Unilever | Smiths Industries |
| 1994 | Rentokil | Glaxo | Marks & Spencers |

*Source: Loughborough University Business School / Nottingham Business School / Management Today*

The research findings point to a strong link between business decisions and the reputation of the company and between reputation and business performance.

The most admired companies in the table are not there by accident. They share certain common characteristics. For example, their markets have been reshaped by a combination of slower growth, deregulation and powerful trends such as 'customer segments of one', the changes brought about through the convergence of technologies and the explosion of new distribution channels.

In response to these changes, most have taken a global view of brands and have focused on communicating values rather than product features in their communication activities.

And they are prepared to use a wide range of communication tools, including sponsorship, in order to influence opinion formers and investors.

## Benchmarking and Measurement of Corporate Community Involvement

In preparing a community affairs policy, it is common practice to benchmark and measure the company's existing spheres of corporate community involvement against its competitors and peer group.

For example, in 1996, Midlands Electricity (MED) benchmarked and measured its sponsorship activities against those undertaken by Southern Electric, SWEB, SEEBOARD, MANWEB and others.

A similar benchmarking and measurement exercise can be conducted by looking at the activities of local employers in the area. In MEB's case, this included Rover, Cadbury, British Gas, Peugeot, British Midland Airways and National Express.

This approach can be extended to cover opinion formers' views of the activities of the company, its competitors, peers and neighbours. For example a benchmarking and measurement exercise could therefore include the views of local MP's, MEPs, the voluntary sector and the press and media.

## Current thinking

In its discussion paper *Global Reach, Local Action* (1996) and the Henley Centre indicated that the balance of power was moving away from producers towards consumers, forcing companies to improve communications with customers and stakeholders.
Henley concluded that failure to communicate with all stakeholders groups would result in damage to corporate reputation with an accompanying loss of market share.

As seen in Chapter 5, some forward-thinking companies are using CRM as a way of influencing target audiences, including opinion formers.

**Table 11.3: Top Three most admired Companies in each of the 24 Sectors – 2000 (Individual scores in brackets)**

| Sector | First | Second | Third |
|---|---|---|---|
| Banks | HSBC (62.0) | Lloyds TSB (61.2) | Royal Bank of (59.1) Scotland |
| Building Materials & Merchants | Aggregate (60.6) Industries | Hanson (59.9) | BPB Industries (59.4) |
| Business Services | Hays (59.6) | Capita Group (58.5) | Serco Group (58.1) |
| Chemicals & Plastics | BOC (57.6) | Johnson Matthey (57.4) | Croda (53.9) International |
| Construction | Wilson Bowden (56.9) | Berkeley Group (53.1) | Bovis Homes (52.3) |
| Drinks | Wetherspoon JD (61.2) | Diageo (59.6) | Pizza Express (59.4) |
| Electricity | Centrica (63.1) | National Grid (62.8) | Scottish Power (59.6) |
| Engineering & Metals | BBA (63.3) | Cookson (54.3) | TI Group (54.1) |
| Financial Sector | 3i (63.3) | Amvescap (61.4) | Provident (61.2) Financial |
| Food Manufacturers | Cadbury (70.0) Schweppes | Unilever (65.1) | Northern Foods (52.7) |

| | | | |
|---|---|---|---|
| Food Retailers | Tesco (69.0) | Iceland (63.8) | Morrison (59.6) |
| Health & Household | GlaxoSmithKline (73.6) | AstraZeneca (66.1) | Nycomed (63.8) Amersham |
| Insurance | Legal & General (63.4) | CGNU (58.7) | Prudential (57.8) Corporation |
| Leisure & Hotels | Manchester United (61.3) | Granada Group (60.4) | Millennium & (58.6) Copthorne |
| Media | Pearson (64.1) | BskyB (62.4) | WPP Group (60.0) |
| Oil, Gas & Extractive | BP (71.1) | Shell Transport & (70.8) Trading | Rio Tinto (63.2) |
| Property | Capital Shopping (60.3) Centres | Liberty (54.0) International | Canary Wharf (53.8) |
| Retailers (clothing) | Next (64.2) | Selfridges (57.4) | French (53.4) Connection |
| Retailers (general) | Dixons (62.0) | Boots (61.8) | Kingfisher (57.1) |
| Software & Computer Services | Saga Group (65.5) | Logica (62.4) | CMG (62.4) |
| Telecommunication | Vodafone Group (63.9) | Energis (59.4) | Kingston (56.3) Communication |
| Transport | Exel (68.6) | Ocean Group (64.6) | BAA (54.5) |
| Water | Thames Water (61.3) | Severn Trent Water (59.1) | Anglian Water (56.7) |

*Source: Loughborough University Business School / Nottingham Business School / Management Today*

However, it could be argued that most companies are not using this new marketing tool in a way that is having a positive effect on influencing opinion formers or investors, according to Opinion Leader Research carried out by Natwest Bank 1996.

## Case Study: NatWest Opinion Leader Research (1996)

The research objectives were to:

- establish opinion leaders' perception of, and attitudes towards, corporate community involvement;
- provide a 'red flag' alert system to identify any major differences by sphere of influence;
- provide a benchmark to enable future tracking;
- establish perceptions of individual companies' performance.

***Research Methodology***

A quantitative study involved interviews with 101 opinion leaders drawn from different spheres of influence:

| | |
|---|---|
| Politicians: MP's, MEP's, working peers | 14 |
| Government: civil service, party HQ's | 16 |
| Voluntary sector: environment (5), arts & culture (5) economic regeneration (5), special needs (4), health (5) and housing (4) | 28 |
| 'Other' opinion leaders: media (9), academics (8), think-tanks (4) and local government (3) | 24 |
| Business & city | 19 |

All interviews were conducted face-to-face by one of Opinion Leader Research's team of specialist interviewers. Interviews lasted approximately 30 minutes and were all completed during the first two weeks of July 1996. The size of the sample is not sufficiently large for differences by audience to be statistically robust. However, the sub-groups are sufficient for major differences to be observed.

In a qualitative study, group discussion was carried out with opinion leaders from different spheres of influence following the quantitative study, with the intention of developing a more detailed understanding of key issues and priorities.

***Overview***

The scope of 'opinion leaders' interviewed is likely to differ from one study to another. For example, 'opinion leaders' for the NatWest Opinion Leader Research consisted mainly of the voluntary sector, such as public bodies and those not involved in actual decision-making process. This group is more likely to be sceptical about the motivations of companies investing in society.

In comparison, the Loughborough University Business School and Management Today research only canvassed the views of CEO's, board members and senior executives. Unsurprisingly, therefore, this peer group were overwhelmingly more positive.

Although not statistically relevant, respondents in the NatWest study did recognise that business and society can obtain benefits from activities such as Community Sponsorship and that engagement of all stakeholder audiences, particularly employees and business partners, would appear to offer the best opportunities for a successful corporate community programme where this reinforced the company's value and underlined its competitive advantage.

***Summary of the Main Findings***

1. The NatWest Opinion leader Research demonstrates that corporate community involvement has so far failed to be considered an essential requirement of successful businesses by opinion leaders in the survey.

2. There remains considerable scepticism about the motivations of companies investing in society.

3. Public relations and image perception are considered to be of prime importance.

4. In terms of qualities of a successful business, community involvement falls well down the priority list.

5. With core competencies, ethics and leadership are of greater importance.

6. The challenge is to develop corporate community involvement strategies that are core to business success, that reinforce a company's values and can underlay competitive advantage.

7. The implication of the above is that successful programmes will be those which:

    - relate closely to the core business;

    - engage all stakeholders;

    - are credible and demonstrate sincere commitment.

8. Communication is important, particularly with employees and business partners. If this group understands and accepts the motivations and approach taken, they will become the strongest ambassadors of the company.

9. Engagement of all stakeholders audiences appears to offer the most rewarding strategy for all concerned, providing opportunities for active participation and involvement.

10. Corporate community involvement may still be in the domain of large companies and may not be considered sufficiently central to business success to engage a wider spread of business.

11. If corporate communication initiatives are to be successful and become part of a successful business strategy then:

    - stakeholders will need to be convinced of the business benefits to be derived;

    - the company will need to develop strategies that reinforce the core business proposition.

12. Corporate community involvement practitioners may benefit from considering the examples set within the environmental campaigning area. Over the last 10 to 15 years, environmental responsibility has gradually been driven from being a 'soft' issue to becoming central to business thinking and philosophy. While enthusiasm and involvement with environmental causes falls in and out of fashion (closely linked to economic confidence), there is little doubt that the 'environmental agenda' is here to stay.

13. For corporate community involvement to gain the status and credibility it needs for long-term sustainability, it needs to become central to business strategy rather than peripheral to it.

***Perceived Benefits to the Company***

Although the voluntary sector 'opinion leader' may view the motivations of companies getting involved with the community as simple for commercial reasons rather than out of a sense of duty and commitment to society, nevertheless a major benefit is good public relations for the company and building goodwill which will be beneficial in the event of future problems.

People working directly in business or in the City remained less convinced about the potential image gains to be achieved with corporate community involvement, the goodwill to be gained or the potential image gains to be achieved with corporate community involvement, the goodwill to be gained or the potential for improving relations/influence with government and opinion leaders.

However, there are also considered to be real advantages in terms of employee motivation and building stronger relationships with key stakeholders.

People working in the voluntary sector are more positive about the motivational benefits of corporate community involvement.

The voluntary sector is, unsurprisingly, the most convinced about the likelihood of increased sales through links to charitable causes.

People in business were the least likely to agree that this is a real benefit.

***Perceived Benefits to Society***

Society is considered to benefit through increased financial support.

There is also considered to be real benefit derived from improved links and opportunities afforded by community regeneration.

Resources are welcome in addition to funds, and this was more frequently mentioned by the voluntary sector than by any other sub-group in the study.

Within the qualitative research, it was clear that the route forward lies in developing programmes that are mutually beneficial and sustainable.

***Priority areas for corporate community involvement***

Consistent with other opinion research studies, the areas, which are considered to be the biggest priorities for business involvement, are those which directly relate to the business:

- training;
- employment and enterprise;
- education;
- environment;
- local community;

- economic development.

The least appropriate areas for involvement were thought to be:

- third world/overseas;

- sport.

Fundamentally, companies are considered most likely to benefit form involvement in areas which relate strongly to their core business.

A number of respondents are opposed to industry becoming involved in prime social areas such as health and education. These respondents were most likely to be from the voluntary sector, academics and think-tanks, and this viewpoint is likely to be based more on political conviction rather than commercial reasoning.

***Inappropriate areas for business involvement***

The most frequently cited area (cited by almost a quarter of respondents) that is inappropriate for business to become involved with is politics and government.

Other areas considered inappropriate are those that do not relate to the core business. This was strongly borne out by the qualitative research findings (*source: NatWest/Opinion Leader Research*).

## Case Study: Allied Domecq and the Royal Shakespeare Company

In January 1994, Allied Domecq announced its principle sponsorship of the Royal Shakespeare Company with a commitment worth £3.3 m over three years - the UK's single largest arts sponsorship. The contract was renewed for the period from 1997 to 1999, valued at £1.1 m per year. At the end of 1999 Allied Domecq did not renew it sponsorship, since it felt it necessary to support a global rather than a national sponsorship.

The principle aims of the sponsorship were to influence opinion formers-investors, business media and the political community-to invest the company with its own 'personality', to create a mutually supportive environment with the RSC and to integrate the supportive environment with the RSC and to integrate the sponsorship with all other marketing and communications activities.

Iain Oag, corporate affairs manager at Allied Domecq explains: "Very early in the relationship it was acknowledged, and indeed published, that the two companies ' joint objectives was that the relationship would be marketing- based partnership going beyond cheque book sponsorship, chairman's whim and occasional corporate hospitality events."

"We have a very small audience of opinion formers, numbering about 800 to 1000 comprising the major stakeholders in our business or potential stakeholders, key city shareholders, politicians and government contacts. The task of reaching these stakeholders has been accomplished to a level of success which we could not have hoped for without sponsorship."

***Opinion Former Research***

Telephone research was carried out from June to September 1995 with 80 leading opinion formers from national business and arts publications, analysts, CEO's , senior civil servants and heads of corporate affairs of major UK-based businesses.

The results indicate a strong and positive perception of Allied Domecq's sponsorship of the RSC.

Key findings include:

- 88% of respondents were aware of the sponsorship;
- 74% thought that the sponsorship was an appropriate vehicle for Allied Domecq;
- 85% believed that the sponsorship showed Allied Domecq as a good corporate citizen;
- 84% felt it improved the company's image;
- 81% felt that the sponsorship enriched the life of the community;
- 70% said that the partnership made the RSC more accessible to the public;
- 70% said the sponsorship improved their opinion of Allied Domecq;
- 69% said it reflected good marketing skills;
- 66% saw the company as a leading sponsor of the arts;
- 61% felt that the sponsorship reflected good management.

The sponsorship programme had enabled the RSC to expand dramatically its international touring programme, including performances in South Africa and New Zealand. The RSC education programme has doubled in size and an innovative fund has been created, allowing for investment in innovative projects that may arise during the life of the sponsorship.

In 1994, the partnership was awarded 'Best Single Artform Sponsorship' by the Association of Business Sponsorship of the Arts (ABSA), which manages the Pairing Scheme on behalf of the Department of National Heritage (*source SCOPE : sponsorship*).

## Case Study: Global Teamwork Consortium – BT Global Challenge

Originally this event was sponsored by British Steel in 1992 as the British Steel Challenge but was taken over by BT in1996, under the guidance of Hay Blithe and is known as 'the toughest yacht race in the world', covering 30,000 miles and five continents in 10 months. The second race began in September 1996 and finished in Southampton in July 1997.

Events such as these can help to influence the way opinion formers view the company sponsor.

For example, the Global Teamwork Consortium, consisting of Amdahl UK, Rescission, GPT, Hewlett-Packard, Nortek, Oracle UK, Sun Microsystems and Tandem Computers, are clear about the benefits sponsoring one of the yachts has brought to their individual organisations.

Edward Scott, project manager with Global Teamwork, says: "The eight Global Teamwork Consortium member companies know that commercial co-operation is increasingly the norm in the IT market. As major suppliers to BT, we see the project extending mutual commercial inter-dependence into an exciting sporting environment."

Scott adds: "The event itself also provides high –quality opportunities for effective customer contact in two of the major IT markets (UK and US) and three of the fastest-growing emerging markets (Australasia, South Africa and Brazil)."

Peter Macleod, BT director, worldwide sales explains: "One of the things that characterises a world-class telecoms company is its ability to communicate anywhere in the world, and frankly if you are able to communicate with a yacht as it rounds the Cape Horn - you have achieved the ultimate…so it's natural for us to be so closely involved."

BT is the main sponsor of the race and as such gets the maximum share publicity around the world as well as maintaining its high profile as one of the world's largest communications companies, particularly following the merger with MCI in 1996.

Other companies taking part include Toshiba, Nuclear Electric, Motorola, the Rover Group, 3Com, Oracle and Group 4. Each company sponsors one of 14 identical 67" steel yachts and takes part in a matched yacht race against prevailing winds and currents.

The benefits for the companies include high-level international media exposure, networking and team building, corporate hospitality and subsidiary charity and community spin-offs.

### Summary of Main Points in Chapter 11:

1. Be clear about the objectives of sponsorship.

2. Benchmark and measure existing sponsorship activities of competitors and peer groups before considering your own sponsorship programme.

3. Canvass the views of employees – they are a good source of information and can contribute relevant ideas that will help to create an effective sponsorship programme.

4. Make sure that the events or activity has meaning and relevance for the business.

5. Integrate sponsorship programme with other marketing activities including PR.

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# Grants and Additional Funding

## Arts & Business New Partners

In many cases, Arts & Business, is the first point of contact for any business interested in developing communications or community work through sponsoring the arts.

Arts & Business New Partners is an investment programme to promote the development of new, sustainable, mutually beneficial partnerships between business and the arts. In short, it aims at helping businesses to try something new with the arts.

The scheme provides financial incentives for businesses to sponsor the arts and for marketers to get the most out of their company sponsorships.

Many successful arts sponsorship have benefited from the New Partners scheme including the National Gallery and Ernst & Young and the Hayward Gallery and Ford.

In order to get closer to the to opinion formers and investors, some companies, such as the Beneficial Bank, have taken the concept of sponsorship a step further by tying the sponsorship programme to al loyalty scheme – thereby directly appealing to the interest of the target audience.

## Sportsmatch

SPORTSMARCH, the UK's business sponsorship incentive scheme for sport, is funded by the Department of National Heritage and is administered by the Institute of Sports Sponsorship. It was launched in 1992, and since that time has awarded £70 million in total.

The scheme exists to promote and encourage partnerships between the private sector and sport, specifically grass roots sports.

SPORTSMATCH will match a sponsor's investment in grass roots sport from a minimum of £500 to a maximum of £50,000.

Successful recent projects which have benefited from a SPORTSMATCH award include the Royal & Sun Alliance Panathlon Challenge (a new multi-sport challenge for disbability sport), Johnson & Johnson's Diving Bubble, a sub-aqua and swimming scheme in schools and Coca-Cola's support of Asian Cricket.

## National Lottery Funding

Funding is available from the UK's Lottery, for initiative involving the arts, sports, heritage and charities. Applications are processed by different organisations, depending on the type of activity the project involves. The main areas of contact are set out below:

### Arts

Arts Council of England, 14 Great Peter Street, London, SW1P 3NQ
Tel. + 44 (0) 20 7312 0123
www.artscouncil.org.uk

## Sport

Sport England, 16 Upper Woburn Place, London, WC1H 0QP
Tel . + 44 (0) 20 7273 1500
www.sportengland.org

## Heritage

Heritage Lottery Fund, 7 Holbein Place, London SW1W 8NR
Tel: + 44 (0) 20 7591 6000
www.hlf.org.uk

## Charities

Community Fund, St Vincent House, 16 Suffolk Street, London SW1Y 4NL.
Tel. + 44 (0) 20 7747 5299
www.nlcb.org.uk

## List of Abbreviations

| | |
|---|---|
| APME | Association of Plastics Manufacturers in Europe |
| ATAP | Athlete Training Assistance Programme |
| BARB | Broadcast Audience Research Bureau |
| BT | British Telecom |
| BITC | Business in the Community |
| CAPI | Computer Aided Personal Interview |
| CATI | Computer Aided Telephone Interview |
| CEOs | Chief Executive Officers |
| CFL | Canadian Football League |
| CFN | Charlton Food Network |
| CPM | Cost per million |
| CSR | Conway Smith Rose |
| CTC | Centre for Tomorrow's Company |
| DIY | Do-it-Yourself |
| DOE | Department of the Environment |
| EC | European Community |
| F1 | Formula One (motor racing) |
| FA | Football Association |
| FIFA | Soccer World Cup |
| FMCG | Fast moving consumer goods |
| GNVQ | General National Vocational Qualifications |
| HR | Human Resources |
| !AAF | International Amateur Athletics Federation |
| IABC | International Association of Business Communications |
| ICA | Institute of Contemporary Arts |
| ILR | Independent Local Radio |
| ITC | Independent Television Commission |
| LBC | London Broadcasting Company (radio station) |
| MAD | Military Aircraft Division |
| MEB | Midlands Electricity |
| MOSE | Chicago Mayor's Office of Special Events |
| MTV | Music Television |
| NCC | National Consumer Council |
| NLCB | National Lotteries Charities Board |
| NSPCC | National Society for Prevention of Cruelty Animals |
| NJPAC | New Jersey Performing Arts Centre |
| PEP | Personal Equity Plan |
| PNE | Pacific National Exhibition, Vancouver |
| POS | Point of Sale |
| PPP | Private Patients Plan |
| PPV | Pay per View (television) |
| RSC | Royal Shakespeare Company |
| ROI | Return on Investment |
| RSA | Royal Society for the Encouragement of Arts, Manufactures and Commerce |
| SCM | Social Cause Marketing |
| SEEBOARD | South Eastern Electricity Board |
| SWEB | South Western Electricity Board |
| TGI | Target Group Index |
| UKCC | United Kingdom Co-Operative |