# “SPONSORSHIPS 101” EXCERPTS

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## Section 1 – Sponsorship Basics

### SPONSORSHIP ASSETS

The typical sponsorship relationship has the sponsor paying the property for specific rights and benefits, often referred to as sponsorship assets. Depending on the popularity and the value of the property, sponsorships can be sold for a few hundred dollars to tens of millions of dollars per year. These marketing rights fees continue to increase over the years, and properties continually look to add new marketing programs or assets that will allow them to charge greater marketing rights fees and ultimately achieve greater revenue streams.

Years ago, sponsors were given a sponsorship package by the property, but by no means was it customized for that corporation. Today, although there is typically a minimum spend required to purchase a sponsorship, the overall packages the specific sponsorship assets are much more tailored for the needs or the desires of the sponsor.

In many businesses, competition drives the price down – not in the sponsorship world. The more active a category is (meaning that there are several companies or more in the category that get involved in sponsorships - some of the most active are soft drinks, auto manufacturers, telecommunications and beer) the higher the rights fee will be. Some properties that have heavy competition for their rights (Olympic Games Organizing Committees), such as the Vancouver 2010 Organizing Committee, have relied on a “bid process” to determine the winner. In effect, these properties are turning the tables on the potential sponsor(s) and asking the interested parties to submit a detailed proposal that includes financial and marketing commitments.

Most sponsorship packages include some or all of the following assets:

- *Intellectual Property*
- *Category Exclusivity*
- *Media*
- *Tickets/Hospitality*
- *Venue Signage*
- *Sponsor Identification*
- *Event Marketing/Special Events*
- *In-Game Promotions*
- *Pass-Through Rights*
- *Direct Marketing/Use of Property’s Database*

### INTELLECTUAL PROPERTY

This was listed first as it’s arguably the biggest reason a majority of corporate sponsors sign sponsorship deals. The intellectual property that a sponsor is typically interested in acquiring is the right to use the property’s registered trademarks and logos. For example, if you sign a sponsorship with Major League Baseball, you will have the right to use all MLB trademarks and logos. These include the MLB “silhouetted batter” logo, Spring Training logo, Playoffs logo, World Series logo and registered trademarks. Or, if you sign a deal with the NCAA, you would have the rights to use the NCAA logo and registered trademarks such as “March Madness,” “Men’s Final Four,” “Women’s Final Four,” “College World Series” and a host of other NCAA Championship registered logos and trademarks.

As mentioned earlier under Property, prior to using any property's registered marks or logos, the sponsor must submit each usage to the property for approval. The photo (to the right) shows the sponsor using the property's logo.

## Section 2 – Why Sponsorships?

Most companies sign sponsorship deals to achieve a specific business objective. Sponsorships are too expensive and corporations face much greater scrutiny in terms of accountability than in years past to not have the investment tied to measurable business reasons.

That being said, below are some of the reasons that companies sign sponsorship deals….

- *Companies like to sponsor their "hometown" teams or events (or feel an obligation to support to be labeled as good corporate citizens)*

This can be witnessed by reviewing the sponsor line-up of the Atlanta Braves. The following Atlanta-based companies all sponsor the hometown team – Coca-Cola, The Home Depot, Cingular, Georgia-Pacific and Delta.

- *A top executive is a fan of a certain sport, team or athlete, and makes the decision for the company to sponsor*

Many fans are extremely passionate about the teams, players and events they support. Fans come in all ages, backgrounds and income levels. When a fan is also an executive at a major corporation, he/she can have the influence to determine sponsorship decisions.

- *The event or team is based in a market, state, region or country that the sponsoring company is moving or expanding into*

Qwest Communications signed a naming rights deal for the Seattle Seahawks new stadium, Qwest Field. At the time, Qwest was new to the Seattle-area and wanted consumers to have a top-of-mind awareness of the company.

A slight twist to the example above would be a company signing a sponsorship in an area where they already have a small customer base that they want to grow. An example of this would be Tennessee-based First Horizon National Bank which signed on as a sponsor of the club at Philips Arena in Atlanta after Bank of America didn't renew its partnership. First Horizon was looking to expand in areas where they had a good collection of mortgage customers and Atlanta was one of those markets. Philips Arena was attractive to the bank due to its year-round events and also the demographics of the clientele attending the club during events.

## Section 3 – How to Choose a Sponsorship (Understand the Sponsoring Company or Brand)

So far you've learned the basics of sponsorships and some of the primary reasons why companies get involved in sports sponsorships. At this point, we're going to focus on how to choose the best sponsorship for a particular company. There are two steps in this selection process:

- *Internal – Understanding the sponsoring company or brand*
- *External – Understanding the sponsorship market and the options that exist*