at consumers who aren't your customers.

How do you determine if the fans of the property are your company's customers?

There are numerous resources in the form of research companies and studies that can provide the information you're looking for. In order to make an informed decision, the following information is needed:

1. *The size and avidity of the fan base*
2. *Breakdown of the company's target audience within the fan base*
3. *Likelihood of the target audience to purchase a company's products or services*

### SIZE AND AVIDITY OF THE FAN BASE

In terms of the fan base, **avidity** refers to how consumed each fan is with a particular sport. ESPN's annual Sports Poll breaks down avidity into "casual" fans and "avid" fans for each of the top properties. In this poll, "casual" refers to those that have watched or attended one game or event of a particular sport/property in the last 12 months, and "avid" fans are those that watch or attend one or more games per month. A property's total fan base is determined by adding the casual and avid fan bases together.

Let's assume 15-year-old Mary Smith in Dallas, TX, watches an NBA game because she happens to be in the living room while her dad watches his favorite team play. According to the methodology of the ESPN Sports Poll, she would be considered a "casual" fan, but nevertheless, a fan of the NBA. Although this example could be a little extreme, you can see the huge gap that can exist between a casual fan (Mary Smith) and an avid fan (who watches at least one NBA game per month). Categorizing Mary Smith as a fan of a sport is quite a leap because she might not read, watch or pay attention to anything else pertaining to that sport for the rest of the year. However, since all leagues/sports are measured in the same way, the poll provides a fair comparison between properties. Keep in mind, though, that the number representing the total fan base might be somewhat skewed because it includes people like Mary Smith who could hardly be considered a fan.

Size and avidity are both important considerations when selecting a property. Size provides the overall number of people within the fan base. Avidity refers to the consumption level of people within the fan base. The more avid the fan base, the more opportunities the sponsoring company will have to interact with the fan base because the average fan will be more consumed with the sport.

For example, if "casual" fans attend/watch as few as one game per year, that doesn't provide many opportunities to interact with that fan. Depending on whether the fan watched or attended the event, your company can reach the fan through the TV broadcast (e.g., commercial spot, in-broadcast feature/billboard, product placement, etc.) or at the game or event (e.g., in-game on-field/on-court promotions, booth/display, signage, fan giveaway, etc.). Conversely, "avid" fans attend/watch once per month and each occasion provides an opportunity to showcase your brand. In addition, if a fan attends/watches one game per month, chances are he/she will also follow the property in other ways – radio, website, newspapers, ancillary programming, licensed merchandise, etc.

## Section 10 – How to Measure the Value of a Sponsorship

In Section 6, we discussed how to evaluate a sponsorship package based on the assets within the package and the planned activation. That evaluation is used to estimate the value of the sponsorship to a company and is used to negotiate a deal. This process to evaluate the actual value to the company is very similar. The main difference is that this process uses the actual activation results in the evaluation. When evaluating a sponsorship's value to a particular company, there are two different schools of thought – "Return on

Investment" (ROI) and "Return on Objectives" (ROO). The two are very different:

### RETURN ON INVESTMENT (ROI)

This model suggests a company derives a value from the sponsorship that's at least equal to the dollars spent on the deal. For example, if a company spends $1M, they expect to get at least $1M in return. Each company tracks this "return" differently, but generally speaking, companies are looking for a quantifiable increase in business. This can come in a number of ways depending on the company's business:

- *Increased sales of a product that is promoted through the sponsorship*
- *Increased spending by key customers who are entertained by the sponsoring company at a top event (e.g., Super Bowl, Daytona 500, etc.)*
- *Advertising value of the media received via the sponsorship*
- *PR value of activities conducted around the sponsorship*

### RETURN ON OBJECTIVES (ROO)

This model suggests that success is measured by the objectives for the sponsorship being met, rather than solely a value equation based on the dollars spent. Companies following this approach recognize that sponsorship decisions are made for reasons that may not be easily quantifiable. Some examples of this include

- *Employee pride and morale*
- *Exciting the sales force*
- *Enhancement of a company's brand.*

Also, a company might be using a sponsorship to increase sales of a product by a certain percentage. The % increase might be met as a result of the sponsorship and activation plan, but the value might be less than the cost of the deal.

Because some sponsorship objectives are difficult to quantify (such as those listed above), measuring the value of a sponsorship to the sponsoring company is something that has challenged sponsorship executives for many years. In recent years, however, as corporations closely scrutinize each dollar spent, it's incumbent upon sponsorship executives to develop a methodology that can provide a value for the investment.

Regardless of which method is preferred, the key is that quantifiable measurements are established and agreed upon in advance to measure the results of the sponsorship and activation plan. Benchmarks should also be set prior to the activation taking place. For example, if the goal of the sponsorship is to increase awareness of the sponsoring brand by 15%, you must know what current awareness levels are at the beginning in order to measure the difference between the pre-activation number and the post-activation number.

## Section 11 – Understanding Areas of Vulnerability

### NATIONAL VS. LOCAL SPONSORSHIPS

Like most national properties, the NFL is designed to drive revenue on both the national and the local level. On the **national** level, the NFL sells league sponsorships which include use of the league's intellectual property (e.g., trademarks such as NFL, Pro Bowl, NFL Draft and their corresponding logos, etc.), tickets to league-controlled events such as Super Bowl, Pro Bowl and NFL Draft, media commitment to broadcast partners, commitment to spend a minimum amount with NFL teams as well as other assets. On the **local** level, each of the 32 NFL teams has its own collection of assets which it packages and sells to interested corporations. These