

What products or brands will be aligned with the sponsorship? In some cases, there will be several products that can be used with the sponsorship. Beverage companies like The Coca-Cola Company and Pepsi-Cola often negotiate exclusive sponsorship relationships that allow them to use any of their portfolio of brands in the sponsorship. Therefore, it's the responsibility of the sponsorship marketer to work with the appropriate brand teams and senior management to determine which brand(s) make the most sense for the property and the demographics the property delivers.

For years, brewing company Anheuser-Busch has aligned its Busch brand with NASCAR's second-tier racing series (Busch Series), while Budweiser (MLB) and Bud Light (NHL) have been targeted at other properties. A-B's Michelob brand is more of a premium brand and, therefore, was aligned with the PGA TOUR. In 2005, Pepsi for the first time used its NFL sponsorship to push its Diet Pepsi brand rather than the flagship Pepsi brand. Diet cola sales continue to increase among men and Pepsi felt it would be an avenue to further bolster that brand's image among the NFL's male-driven fan base.

If there's a constant in corporate America, it's that priorities often change without much notice. As was the case with Pepsi's NFL deal. The lead brand at the beginning of the sponsorship was Pepsi, but it later changed to Diet Pepsi. By negotiating the ability to use all of a company's many brands, you will have the option to be flexible when priorities change. In addition to current brands/products, it's also important you know if any other products are in development by the company. It's much easier to negotiate prior to the deal being signed than it is to go back after the deal has been completed and the company's priorities or focus has changed.

Section 4 – How to Choose a Sponsorship (Understand the Sponsorship Market)

How do you know if the sponsorship “fits” your organization? Keep in mind the acronym “FITS”...

Focus area
Intangibles
Target audience
Seasonality

The process of finding the right property is a matter of matching up some of the key aspects of what you know about your company to similar aspects about the property. At this point, if you hadn't taken the time to learn the key areas about your company, you'd never be able to identify the four elements needed for the “FITS” test.

Let's go through each one individually....

F stands for **Focus area** (or geography). Where does your company conduct business? Do you need to focus on its entire geographic footprint or just one market or region? Where do you want/need to have an impact on the company's business? If your company is only based in the Midwest, then your geographic focus and the sponsorships that make sense for your company will be different than if you were only interested in a single West Coast market (e.g., Los Angeles, Seattle, etc.) or the entire country. Knowing the answers to these and other similar questions will help you in narrowing the search for the right sponsorship.

YOUR TURN

To better understand “Focus area,” research the following companies and complete the chart below:

COMPANY	HOMETOWN	US – REGIONAL/NATIONAL	INTERNATIONAL
Coca-Cola	Atlanta, GA	National	Yes
Gatorade			
Visa			
Coors			
Allstate			
Tostitos			
SunTrust			
New Belgian Brewing Co.			
Menard's			

Now, for each property below, indicate if it is primarily relevant in a specific market, region, country or internationally.

FIFA World Cup (soccer)	_____
Los Angeles Dodgers	_____
Hershey (PA) Bears (minor league hockey)	_____
Canadian Hockey Team	_____
NCAA Final Four	_____

The three columns (Hometown, US – Regional/National, International) you completed in the above chart begin to steer you in the right direction regarding sponsorships that would be relevant for your company.

HOMETOWN

As discussed earlier, many companies support the local team(s) in its home market. Conversely, it can also be used to eliminate sponsorship options. If your company isn't located in or doesn't do business in the market(s) where the sponsorship is relevant, then it probably doesn't make much sense to sponsor a team or event in that location. However, if your company is expanding into that location, it's a different story as the sponsorship can be an effective way to drive awareness for your brand in a fun and unique way.

US-REGIONAL/NATIONAL

Similar logic exists here as well...you should look for partnerships within the focus area of your company. If your company only does business in one part of the country, then focus your time and energy on properties

that cover that area. If your company does business across the entire US, it makes more sense to look at some of the larger, national properties that provide a much broader coverage area.

For example, if your company only does business on the West Coast of the US and you're interested in a collegiate sports property, it would make sense to focus on opportunities within collegiate athletics within that part of the country. Collegiate conferences such as the Big East (primarily located in the northeast and mid-Atlantic), Atlantic Coast Conference (primarily located in the mid-Atlantic and southeast) and Big Ten (located in the Midwest) wouldn't make sense for the company. However, the PAC 10 (which covers the entire West Coast and inland to Arizona) would be a viable option for the company based on the "Focus area" alone.

INTERNATIONAL

For companies that do business around the globe, it opens up an entirely new set of properties that can be considered for sponsorship by the company. Visa, for example, is accepted as a form of payment at merchant locations around the world. Therefore, it makes sense for VISA to partner with properties that provide coverage around the globe, such as the Olympic Games. Partnering with an international property allows them to activate their sponsorship with member banks and retail partners around the world.

It's important idea to keep in mind that companies may not want to pursue a sponsorship that covers the entire reach of the company. Just because a company conducts business internationally, doesn't mean that each of the company's sponsorships must be international in nature. Rather, that company may be more interested in a sponsorship that covers a region of the US where its business is being impacted by a new competitor in their category. Once again, it shows the importance of understanding the company's priorities and objectives. An international company might be focused on one country, state or market rather than a worldwide partnership.

In summary, "Focus area", is a three-part process....

1. *Identifying the company's geographic footprint*
2. *Identifying the area you'd like to impact with the sponsorship*
3. *Identifying properties that provide relevance in that area*

Section 5 – How to Negotiate a Sponsorship

The first thing to keep in mind is that each negotiation is a value proposition. In most sponsorship relationships, the property owns assets (e.g., use of logos and trademarks, tickets, media, etc.) that are in demand by the potential sponsor. Therefore, most sponsorship deals involve dollars going from the sponsor to the property to pay for the assets. The value of the assets is dependent upon several factors:

1. The popularity, success (e.g., media ratings, wins/losses, etc.) and/or location of the sport or team over a period of time. For example, a New York Yankees sponsorship is more expensive than a Kansas City Royals sponsorship and a NFL sponsorship is more expensive than a Major League Soccer sponsorship.
2. The competitiveness of the business category. Categories such as beer, telecommunications and banking that have several companies active in sponsorships drive up the price of the deal, especially when more than one company within the category is interested in a particular sponsorship.
3. Amount of assets included in the sponsorship package. Pretty simple here...the more you get the more you pay.