

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*

We'll start with "Internal" in Section 3 and move to "External" in Section 4.

**One of the biggest mistakes a sponsorship marketer can make is not taking sufficient time to learn the company's business.** Until you have a solid understanding of the company, you won't be effective in your position. If done correctly, sponsorships should be used to address a specific company need or business objective. Sponsorships involve utilizing the equity and assets from the property to drive the company's business. Unless you know the company's objectives, you're not using sponsorships for the right reason.

Listed below are key areas about the company you'll need to have a sound understanding of before you should ever pursue any sponsorships:

- *Overall company objective/marketing objective*
- *Product/brand*
- *Seasonality*
- *Target audience*
- *Brand awareness*
- *Brand attributes*
- *Geography of business*
- *Employees/associates*
- *Key challenges*
- *Sponsorship history*
- *Executive interests*
- *Approval process*

There are many things you should know within each of the categories above. This section will go through each in greater detail.

## **YOUR TURN**

Before reading any further, select a company and attempt to answer each of the questions on the next few pages with your selected company in mind. Some questions you won't be able to answer, but thinking through each question will help you understand what is important to know.

Company: \_\_\_\_\_

### **Overall company objectives/marketing objectives**

- What are the specific sales goals for your product(s)?
- Is the company looking to bolster its customer database? If so, how many names are you looking to add?
- What are the top 3-5 overall objectives for the company this year?
- What are the top 3-5 marketing objectives for the company this year?
- Is your company interested in increasing shelf space at your key retail accounts?
- Is your company interested in increasing the number of customer test drives?

Overall company objectives should drive sponsorship objectives. If these aren't aligned, a sponsorship's value to the company will most likely be questioned.

### **Product/brand**

- Does your company manufacture one product or many?
- If your company is a retailer, how many products/brands are sold in your stores?
- Are there new products/brands that will be introduced soon?

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.