

# Why Sponsorship is the Fastest-Growing Marketing Medium

Changes in the economy, demographic shifts and the fragmentation of media have all contributed to sponsorship's growth. Some of the largest factors behind sponsorship's rise are:

## **Decreasing efficiency of measured media**

Costs for traditional advertising continue to increase, while ratings and readership decline. On top of that is an even more basic problem: consumers are not paying attention to ads.

The situation is particularly acute in television. Where once the VCR's fast-forward button was the greatest enemy faced by TV ads, the popularity of personal video recorders such as TiVo and ReplayTV has made viewers' ability to avoid commercial messages even easier and more automatic.

Sponsorship, on the other hand, provides opportunities for embedded advertising, a fail-safe delivery system where messages are incorporated right into the action.

## **Changing social priorities**

As issues such as poverty, the environment and AIDS loom larger, there is a growing realization that the needs of society and the interests of business overlap. Buyers are demanding to know where a company stands before they purchase its products. Making the world a more livable place is a prerequisite to achieving consumer affinity. Sponsorship, which allies companies with community responsibility and improved quality of life, is precisely the kind of statement consumers will respond to. When a company sponsors, it is providing something for its customers - not making some media conglomerate richer, but saving a high school sports program or underwriting a symphony performance.

## **Shifting personal values**

Conspicuous consumption has been replaced by cashing out. Shopping for shopping's sake has become déclassé. Tapping into today's consumers' elusive will to spend requires turning the buying experience into something larger than just acquisition. Sponsorship provides companies this opportunity. It says to the potential customer: "Buy this product not to indulge yourself, but to help make the world a better place."

## **Increasing need for two-way communication**

In response to the fragmentation of the mass market and mass media, companies are looking for alternative methods to communicate sales messages. The idea is to find delivery systems that allow companies to deepen their relationship with customers.

Sponsorship, which is the most direct channel of communication, is tailor-made for this environment. It reaches people in an environment that matches their lifestyle rather than intrudes upon it. It is not a passive monologue that interrupts a TV show, or comes as a piece of mail that needs to be dealt with. Sponsorship speaks to the public, not at them, creating opportunities for two-way dialogue.

## **High consumer acceptance**

While traditional media is less effective than ever, much of the new media alienates consumers. For example, 75 percent of Americans view phone solicitation as an invasion of privacy, while 81 percent

find ads in stores to be distasteful, according to a Brandweek study. In addition, 69 percent of consumers who buy or rent movies on video are annoyed by advertising before the film, according to a Gallup survey conducted for Advertising Age.

On the other hand, public response to sponsorship has been overwhelmingly positive. Sponsorship is viewed favorably because it is seen as a form of marketing that gives something back, that benefits someone else in addition to the marketer. It implies a degree of altruism absent from more commercial types of marketing.

For example, eight out of ten respondents to a survey conducted in Britain said sponsorship makes “a positive contribution to society.”

*The following is a sampling of recent market research regarding sponsorship's acceptance and ability to influence what and where people buy.*

**Cause marketing.** Eighty-four percent of U.S. adults said they would be likely to switch brands to support a product that associated with a cause they cared about, according to the 2002 Cone/Roper Corporate Citizenship Study. According to Cone/Roper's latest Cause-Related Trends Report, cause marketing had the strongest impact on people who Roper classifies as “Influentials.” This group - about 20 million strong - are opinion makers and group leaders. By a two to one margin (41 percent to 20 percent), Influentials are more likely to have made a cause marketing purchase than consumers at large.

**Festival sponsorship.** Eighty-five percent of attendees surveyed at the city of Chicago's Gospel Festival could name one or more of the event's sponsors, according to a survey conducted by research firm McKeon & Assoc. of Joliet, Ill. When surveyed one month later, 70 percent could still recall a sponsor. Eighty-two percent attested they would be more likely to purchase a product made by a company that sponsored Gospel Fest. The figures held across all age and earning categories, with sponsor loyalty actually increasing with income level.

**Arts sponsorship.** British Petroleum found a positive relationship between arts sponsorship and a company's image and reputation. BP also examined public reaction to the BP logo built into the set of a performing arts event. Eighty-one percent of respondents thought the logo was noticeable. Of those, 88 percent said it was very acceptable or quite acceptable. Only two percent thought it was quite unacceptable; no one found it very unacceptable.

**Sports marketing.** Given the choice between two products of equal cost, 72 percent of NASCAR fans would “almost always” or “frequently” choose the brand they associate with NASCAR over one that is not associated with NASCAR, according to Newport, R.I.-based Performance Research.

#### **John Hancock's survey**

Prior to buying an Olympic sponsorship, John Hancock Financial Services commissioned a nationwide survey of its target market - 25-to-64-year-old financial decision-makers in households with annual incomes of at least \$30,000. Findings include:

- About one-third (34 percent) said that their perception of a company “changes” depending on the type of event the company is sponsoring. Sixty-four percent of the respondents said sponsorship of a local event would make them think more favorably of a company. The number dropped to 42 percent for a company sponsoring a national event.
- Respondents with household incomes of \$50,000-plus were equally willing to think more favorably of a company that sponsored local events as respondents making \$30,000 to \$49,990 (64 percent each).
- Income had an impact on favorability ratings toward companies sponsoring national events: Only 35 percent of the respondents from \$50,000-plus households gave national sponsors a more favorable rating versus 45 percent from the \$30,000-to-\$49,990 households.

- Whether sponsoring a local or national property, a company's ability to influence purchase is greater with men than women, and respondents earning \$30,000 to \$49,990 than those earning \$50,000-plus.
- Changing the name of an event to the sponsor's name was deemed "very appropriate" by only 13 percent of respondents. High visibility at the event via signage and product sampling was considered "very appropriate" by 30 percent.

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