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Taking the Risk Out Of The High Stakes Sponsorship Game



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In the wake of compelling Super Bowl and GRAMMY Award performances - and with the Olympics and Oscars on the way – most of the conversation in the marketing community has been what’s wrong with sponsorships - the poor quality of the ads, waning TV audiences, and focus on political statements. Nobody is talking about what’s right about sponsorships. There is a large untapped opportunity for marketers to unlock the full potential of these unique properties with better program designs. And progressive marketers that leverage technology, content, and digital channels in their sponsorship program designs are creating significantly more business value from them.

The reason is the marketing industry lacks a financial vocabulary to describe and measure the value of these things. Traditional marketing measures understate the value of sponsorships and create unnecessary risks for marketers that bet on them. The failure to measure the unique value of these high-profile sponsorship programs - in terms of sales, customer equity, and brand asset building – leads to poorly constructed and sub optimal program returns. This puts future funding and credibility at risk, and leaves significant value on the table.

Global spending on sports, entertainment, cause, and event sponsorships has grown to \$63 Billion dollars and growing according to the [Independent Evaluation Group](#). For good reason. Sponsorships create unique value and

reach in a world where media is fragmented, customer attention scarce, and differentiation is hard to come by. The owners of these sponsorship properties offer the unique ability to surprise and delight customers and partners with first time – never-been-done-before programs. *“Sponsorships offer “live eyeballs”, immediacy, cultural relevance, and assets that can be leveraged in digital channels that traditional advertising and promotions cannot,”* according to Mark McKenna, Head of Global Marketing at Putnam Investments, which has marketing partnerships with the New England Patriots, Boston Celtics and several PGA golfers.

Unfortunately – it is difficult to value, measure, and maximize the unique value of sponsorships due to the lack of reliable measures and economics to tie sponsorship investment to business outcomes. [According to the ANA](#), most marketers complain they lack reliable metrics and standard processes for measuring their return on sponsorship investments. This inability to connect upstream activations and experiences at events to downstream sales attribution and brand value causes marketers to shy away from doing things that create real value like extending the consideration set in new ways and offering highly differentiated customer experiences.

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‘Relying on traditional measurement metrics creates inherent limitations, and can derail the creation of extraordinary, culture-moving programs. Without more effective analytic tools, many marketers use outdated measures to value new media and intangible program assets’ according to Evan Greene, CMO of the Recording Academy, the organization responsible for the Grammys. *“The reality is that real-time sponsor properties create value in ways far beyond just traditional media – through borrowed equity, specialized content programs, lifestyle connections, relevance to pop-culture and the establishment of goodwill with potential customers. Some of our most valuable programs result in engagement by key, front-line employees, building new*

channel relationships and ultimately, driving sales. Without a new and robust evaluative process to track this unique value, brands are missing a big opportunity.”

As a consequence, many marketers default to “off-the-rack” promotional packages that over rely on declining TV audiences in [NFL](#), [NASCAR](#), [Golf](#), and award events and branded impressions. This failure of measurement, and by extension innovation, are major reasons why many CMOs fail to mine the full potential of sponsorship events to build short term and long-term brand and relationship equity. So it’s no surprise that most CMOs surveyed in the [Forbes Marketing Accountability Report](#) perceive their investments in traditional med and events that underlie traditional sponsorship programs are under performing relative to social, mobile, and digital channels.



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CMOs that think like this are missing a big opportunity to create more measurable value for their brands, customers and partners with program

innovation and custom structures that capitalize on changing customer habits and new digital technologies. *"The trend toward highly customized and business integrated sponsorships continues to accelerate as brands seek to leverage the full range of assets, digital channels, and intellectual property owners have to offer,"* says Tony Pace, the CEO of the Marketing Accountability Standards Board. *"It is fueling the need for customized measurement so that the full value of the sponsorship is captured and reflected in the business assessment of the value derived from the sponsorship relation. Such customized measurement goes beyond the data the sponsorship property typically provides."*

Progressive brands like Apple, Master Card, Samsung, O2 and Putnam Funds understand this. They have leveraged their investments in music, golf, the arts, and football to create measurable value in innovative and customized ways.

For example, while the marketing media was focused on TV ratings and Bruno Mars, they ignored how Apple Music leveraged the rights to the [best Grammy performances in last 60 years](#) for exclusive distribution through its digital channels. They also ignore how Master Card gained unique access to differentiate and deepen its industry leading ["Priceless Cities"](#) customer program to new audiences globally. *"Establishing value-based criteria to target who to work with is important,"* according to Evan Greene. *"We are very particular about the brands we choose to align with, and we're generally allergic to off-the-rack programs. The real win for a property like the Grammys is to partner with brands that are aligned with our value proposition, and are committed to strategically creating and extracting the most value from our IP, content, talent and audience and brand assets – if there is alignment with business goals and value – the program will be an overwhelming success for the customer, the partner and us (the property)"*

Better measures of short term sales attribution and long-term value creation are the key to unlocking the full value potential of sponsorship assets. For example

robust measures of the business impact of sponsorship investments led O2 – the British cellular carrier – to switch from an \$8 million “me too” shirt sponsorship of a popular soccer club – to a highly profitable, but widely criticized, sponsorship program with the Millennium Dome. At the time, the new London music venue that was deemed a white elephant and nicknamed the “Dome of Doom,” Ignoring fads, their marketing accountability models told them the exclusive priority ticket bookings and the venues growing reputation as a world class concert venue offered measurable potential to reduce customer churn, differentiate their brand, and provide a currency to acquire new customers and referrals at lower cost. Because they built a program around a financial model rather than popular precedent, **O2 got a 6.3:1 return on their investments** and won an Ad Effectiveness Award – which are rarely given to sponsorship programs due to perceived obstacles to measurement..

In addition, current program structures tend to ignore the ways social media and digital technologies have changed the complexion of sports – and created opportunities to extend the sponsorship franchise and create significant new value well beyond the venue and the broadcast, according to McKenna. *“Our partners (the Celtics and Patriots) are among the most digitally savvy in the business. For example, the Celtics capture thousands of video and still images of team and player action – on and off the basketball court – to create assets we can leverage with millions of global fans in social, digital and mobile channels. We are able to track the huge increase in streaming – which is up 150% over last year – a trend that is clearly aligned with the consumption patterns of our customers. We also brought “Fancam” technology to the Celtics providing fans with an interactive game day experience by allowing them to find a high definition image of themselves in the crowd, and share on various social media platforms with friends and family. Celtics Fancam helps fans memorialize their experience and creates huge ROI from social engagement. And in return, the Celtics provide transparency with technologies like face recognition reporting so we can better understand the overall value of our sponsorship – it’s highly quantitative”.*

To better arm all brands with the metrics, benchmarks and models to help them create highly profitable and measurable sponsorship programs, the Marketing Accountability Standards Board (MASB) is leading a [Sponsorship Accountability Metric Project](#) with the objectives of creating externally validated metrics, benchmarks, and best practices for measuring the financial impact of sponsorship investments. *Unearthing the value of sponsorships involves not simply asking about the influence a particular sponsorship has on brand preference and purchase intent, but on the drivers of those measurements.* According to Tony Pace, who is sponsoring the research program. *“Those include things like brand popularity and cultural relevance at a moment in time. And they often require the customization of measurement tools.”*

MASB is developing financially valid standards and metrics to help marketers develop a financial vocabulary to help them translate the unique assets of sponsorships into measurable business outcomes. This will solve three big problems:

- **Underutilized assets.** The unique assets – culturally relevant content intellectual property, digital innovation, and social amplification remain largely untapped. For example, most marketers don’t understand how to value and measure content as an asset – or how to fully monetize it in the social, digital, and mobile channels they are so desperate to develop.
- **Under-developed channels.** Not enough effort is being made to quantify and leverage social highlights, digital amplification, and network effects that are far more aligned with the way consumers consume content and engage with brands.
- **Lack of innovation.** Without better marketing accountability brands and the owners of sponsorship prosperities cannot adapt the way they design, value, and measure sponsorship program investments to reflect the changing media landscape and leverage new technologies to maximize the value of their sponsorship program assets and investment

To learn more about this marketing accountability research, standards and best practices – and how it applies to sponsorship programs – by visiting the [Forbes Marketing Accountability Initiative powered by MASB](#) web site.

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