Oct 12, 2020, 11:34am EDT | 1,307 views

Sponsorship Valuation Enters A New World

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If empty sports stadiums have stripped marketing sponsorships of their value, exactly how much of this value has eroded? And in the pre-Covid days, how accurately was this value gauged?

I recently asked Tony Pace, president and CEO of The Marketing Accountability Standards Board (MASB), for his insights on the issue.

Paul Talbot: How has the Covid-19 pandemic influenced the process of sponsorship valuation and financial attribution?

Tony Pace: The valuation equation and processes have certainly been changed by the pandemic. On-site gatherings, if they occur at all, have very limited audiences. Not only does that mean there is greatly reduced value to sponsors, it also makes it more difficult to find research respondents as on-site interviews or name/contact capture for future interviews is curtailed.

This also means that media and social media exposure are an even greater proportion of total sponsorship value. This is part of the reason for more signage with greater prominence and that are more readily within camera view.

On the other side of the coin, digital gatherings such as eSports have seen an increase in marketer interest. This was not only driven by opportunity from increased audiences as people sought out replacements to live entertainment, but also by a realized need to diversify should the venue closures extend into the future.

Pace: The stadium signage has become even more important, especially the signage arranged to be regularly camera visible. This has led to more signage and raises the question of whether there is too much clutter. Given the length of an event broadcast, the answer is probably not, although this was not a unanimously held point of view by our MASB sponsorship team.

As the sponsorship value is more reliant on media and social media exposure, in one way the financial attribution becomes somewhat easier because media measurement and valuation has broadly agreed to measurement, metrics, pricing and value. However the higher level valuation approaches, including the long-lasting brand benefits is under counted.

Talbot: You have identified three phases of sponsorship accountability. What makes financial attribution so challenging?

Pace: Media equivalency is a reasonably straightforward calculation. Determine the audience size and what is a comparable value for the type of impression created.

Calculating return on objectives requires a value that is being attributed to specific outcomes such as, what is a percentage point increase in brand preference worth?

Attribution models generally prefer a single point of attribution for such changes when it more likely results from the cumulative effect of multiple marketing activities. Also, in many categories the pandemic has disrupted the normal buying cycles. This means that the pre-pandemic derived benchmarks used to assign monetary values to specific changes in objectives may either over or under value them.

Talbot: One of the questions you've asked is 'What financial outcomes are generated from sponsorships and how does that compare to other marketing investments?' What have you learned?

Pace: Strategically sound sponsorships that are creatively deployed and actively measured and managed, generate strong and recurring business value.

Not only does value accrue via enhanced customer and consumer attitudes and behavior, additional value is often created with other constituencies such as distributors, representatives and even employees.

Long-term sponsorship, where the association is top-of-mind and mentioned on an unaided basis, may be undervalued because of the difficulty in discretely measuring the brand impact.

Additionally, because most organizations do not calculate the financial value of their brands, there is not a regular assessment of the value delivered by activities that enhance brands.

Talbot: What are MASB members telling you that we might find noteworthy?

Pace: The collaboration between sponsorship and community relations functions within organizations is increasing and benefits all stakeholders.

Also, the reduction in activation activities has allowed the reemergence of continuing strategic discussions.

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Minus strategy marketing staggers. I am a somewhat reformed ex-media business executive, with tours of duty at AOL, CBS Radio, and Nationwide Communications. I'm a fan... **Read More**