



**tag  
words**

**Identify  
and review**  
**Results driven**  
**Effectiveness**  
**Friends**

### *Speed Read*

- The recession has led to a number of financial services companies cutting sponsorship, but there are benefits still to be derived.
- Focusing on sponsorships which produce the most value and adopting a proactive approach to the portfolio is the best way to deliver results.
- There are three key tasks which should be undertaken to ensure that your business gets the most out of its sponsorship deals.

# sunk or salvaged? SPONSORSHIPS

*Sponsorship is often the first casualty in a recession. But is that justified? Pippa Collett, Sponsorship Consulting, explores the benefits behind maintaining a sponsorship programme, despite tough economic conditions.*

**W**ith the UK officially in the longest recession on record, the number of people without jobs on track to top 3 million and the Euro at parity with Sterling, the cautious optimism that characterised the early half of the Autumn trading period has remodeled itself as simply caution. Upward rises in the FTSE may revive the bonuses of a few city traders, but many corporations are re-visiting their initial marketing plans for 2010 to ensure they do not over-commit in what continues to be a difficult economic environment.

Whilst marketers would argue that there is strong evidence to suggest that this is exactly the time to invest in carefully targeted programmes focused on key audiences, many in senior management see marketing in general, and sponsorship specifically, as a soft target for cost-cutting.

The financial services sector, historically the biggest investor in sponsorship in the UK, has found its sponsorship decisions increasingly under scrutiny as many of the leading institutions passed into state ownership. Some high profile casualties include AIG and Manchester United, RBS, Credit Suisse and ING in F1 and i-Shares in the Extreme Sailing Series. Even amongst those corporations that have managed to hold their own, it is

*article continues >>*

# Those responsible for sponsorship programmes need to be proactive and practice ‘tough love’. This means focusing ruthlessly on sponsorships that add most value.

perceived as difficult to justify major sponsorships whilst implementing broadscale redundancy programmes.

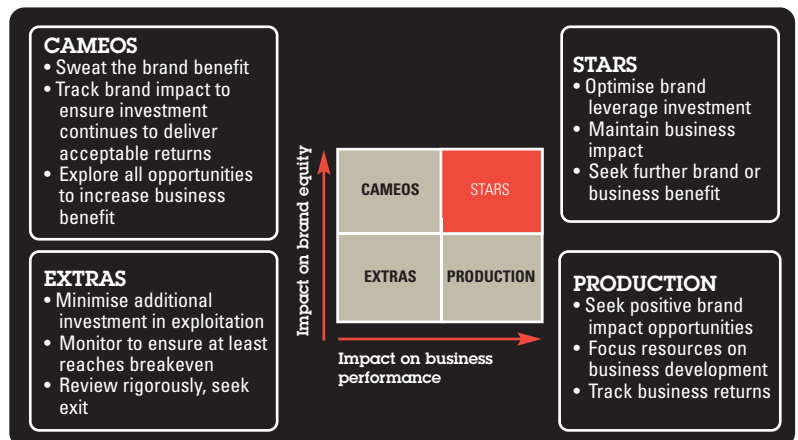
Having managed sponsorships across 26 markets during the dotcom bust in the early ‘noughties’, my advice is that those responsible for sponsorship programmes are proactive in their approach and practice ‘tough love’ on behalf of the corporations they serve. This means focusing ruthlessly on those sponsorships that add most value whilst managing costs wherever possible. In particular, managers should:

### Rigorously review the sponsorship portfolio

Which sponsorships are under-performing? Is it going to be possible to turn them around, either by increasing their contribution to building brand equity or, even better, generating profits? If not, how quickly can the organisation exit the relationship? It may be worth paying financial penalties to exit a poor performing relationship early. Undertaking an audit of the sponsorship portfolio (see Figure 1) will highlight the ‘baggage’ that should be summarily jettisoned.

At the same time, which well-performing sponsorships should be maintained or could significantly boost profits through additional investment? And are there any gaps in the portfolio that could be filled with new sponsorships very cost-effectively in the current ‘buyers market’? There are several financial services brands that have re-committed to or expanded their sponsorship portfolio in recent months including Barclays (Premier League), AGEON (tennis) and Standard Chartered (Liverpool FC). The manager who focuses on creating profits and cutting out dead wood under economic pressure will gain significant regard for delivering on business needs.

Figure 1: Sponsorship Portfolio Audit



© Sponsorship Consulting 2009

### Identifying efficiencies to increase effectiveness

When the economic environment is strong, it’s easy to fall into the trap of undertaking less efficient or effective sponsorship leveraging activities. This is not a criticism – often they are trial programmes that perform well enough to meet an investment threshold in good times, but perhaps are a luxury when placed against the background of a tougher market outlook. Whilst seeking optimal efficiencies, one must primarily focus on those activities that offer the greatest effectiveness in achieving key corporate objectives (see figure 2 overleaf). The most important questions to ask are:

- Are there economies of scale, internally or externally, that could be harnessed to increase effectiveness?
- Are there sponsorship assets with opportunities to increase utilisation, impact and therefore contribution?
- Adopting an added value model, how does this affect leverage activity investment decisions?

- What practices are there within the organisation that could constitute best practice for sharing across divisions, markets or sponsorship properties?

**Engaging stakeholders**

Most corporations have a multiplicity of stakeholders, but the primary players in a recession have to be customers, employees and shareholders. This might seem obvious but, just as sponsorship can address a wide range of objectives, it can also be used as a platform to communicate to a plethora of groups including potential employees, local communities, pensioners, government and NGOs. Whilst these groups should not be ignored, it is impossible to fault the manager who focuses on customers, employees and shareholders in a downturn.

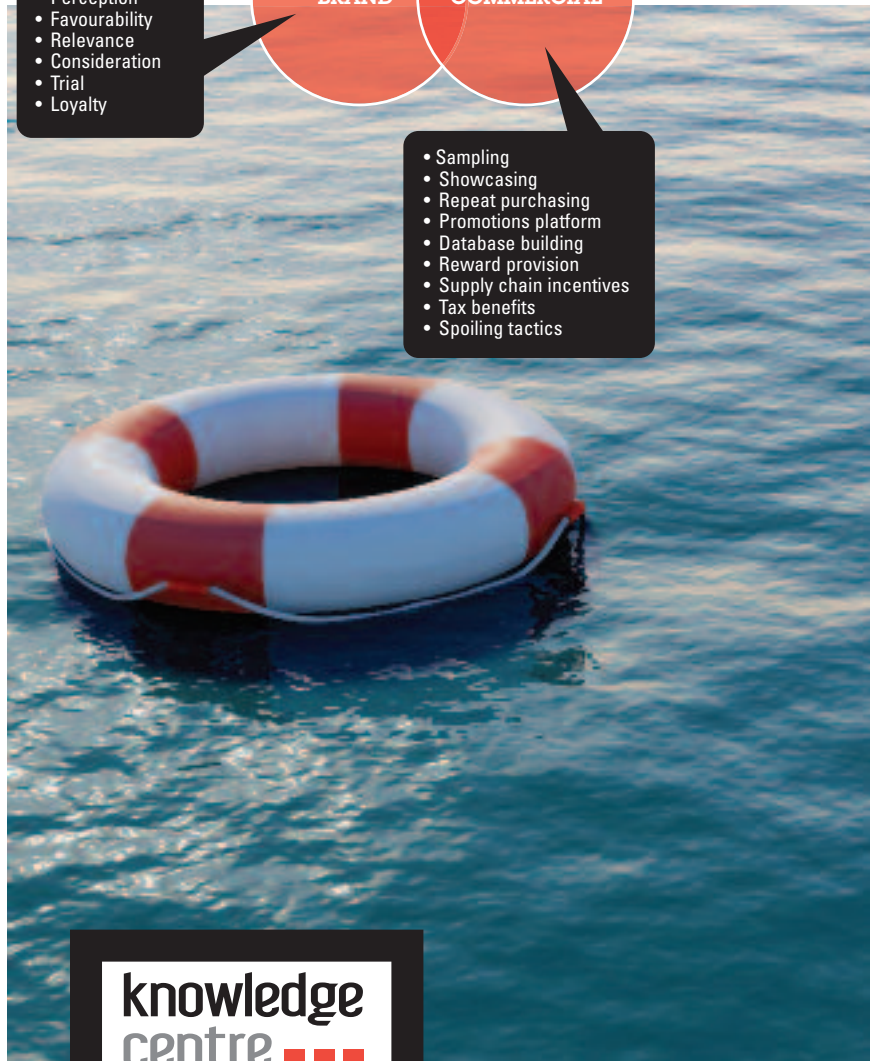
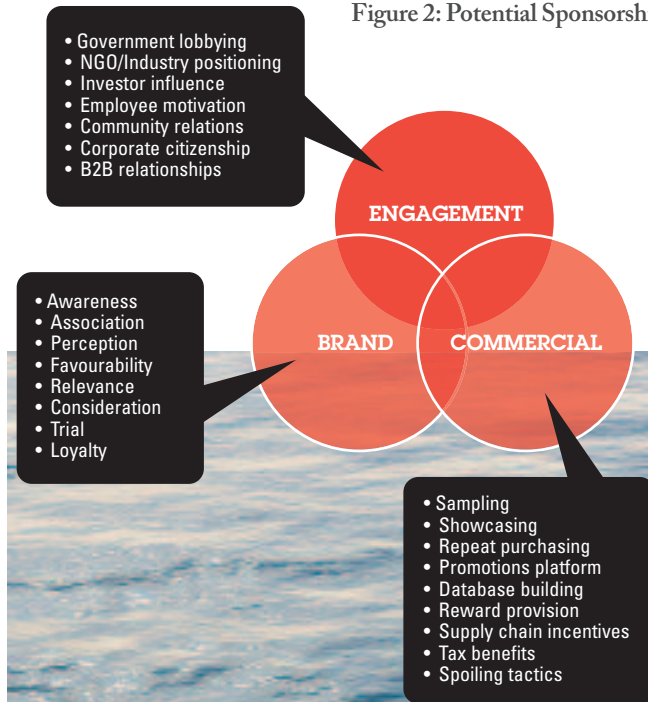
Time and again employees are ignored in the context of sponsorship communications. This is a huge mistake both at the corporate and the personal level. If an employee cannot articulate a sponsorship investment in response to a general enquiry over a pint on a Friday night, how are they to comprehend its relevance when their job is being made redundant? Ensuring that staff have clarity of understanding regarding sponsorship investments is never more critical than before the time that they have to compare those investment decisions with the prospect of losing their job.

With customers, one has to identify the specific relevance of a sponsorship for the brand promise that supports their purchase decision and ensure this is clearly and consistently communicated. If a sponsorship is not directly contributing or re-enforcing the purchase decision, it may not pass muster against a poor economic background.

Shareholders are the life-blood of any corporation and, if they feel that certain sponsorship investments indulged in by the corporation are not reaching desired performance thresholds, they will be the first to vociferously and publicly complain. If it is not possible to see the intuitive link between sponsorship investments and key financial results (P&L Account, Balance Sheet) shareholders are well within their rights to question senior management decisions. This can result in both corporate embarrassment, as well as being career-limiting for the fall guy, so it is well worth bearing in mind.

UK plc is still officially in recession and any sensible marketer will be ahead of the curve in terms of addressing key questions put to them by their Board. As the 2010 sponsorship ‘season’ in the northern hemisphere approaches, those tasked with optimising sponsorship returns must address critical strategic issues. Do you sort out the chairman’s wife’s size zero sponsor-branded polo shirt or the corporation’s sponsorship investments? Do not let the urgent prevent you from focusing on the important.

Figure 2: Potential Sponsorship Objectives



**ONLINE**  
Visit [www.sponsorshipconsulting.co.uk](http://www.sponsorshipconsulting.co.uk) to find out more

**OTHER ARTICLES**  
Visit [www.theforum.co.uk/knowledge](http://www.theforum.co.uk/knowledge) for these articles:

**Using Evaluation to Maximize the Value of Sponsorship;** David Powel – Marketing Metrics and Evaluation, December 2008

**Show me the Money;** Sally Hamilton – Volume 5, Issue 2