





### Where to start

There are three goals that sponsorship effectiveness solutions should aim for:

**1** The ability to demonstrate the impact of sponsorship investment on brand and business metrics  
Sponsorship returns need to be expressed using the same metrics that key internal business stakeholders use to measure their own success. For example, brand and marketing managers use terms such as brand awareness, familiarity, consideration and loyalty, while business stakeholders use key performance indicators (KPIs) such

as share of wallet or lifetime value of customers. The marketing funnel (see diagram, p14) is an effective way to connect marketing objectives to tangible business outcomes.

**2** Allow comparisons of impact across different sponsorship properties  
A sponsorship effectiveness system must be sufficiently flexible to be applied across a company's portfolio of sponsorship properties. This enables managers to gauge the effectiveness of an individual deal and measure its performance relative to other sponsorships. Being able to compare

effectiveness across sponsorships helps marketers allocate their budgets efficiently and provides a guide for future selection and renewal decisions.

**3** Allow comparison of impact and efficiency of sponsorship versus other marketing tactics – particularly advertising  
Sponsorship does not exist in a vacuum. It competes with other marketing tactics for brand-building budget. To prove that sponsorship is delivering on key brand and business objectives, it should be evaluated by the same metrics that are used to assess other marketing tactics.

### One size does not fit all

With these goals in mind, marketers can begin to design their own sponsorship effectiveness systems. However, it is important to recognise that there is no 'one-size-fits-all' solution. Sponsorship effectiveness systems must be customised.

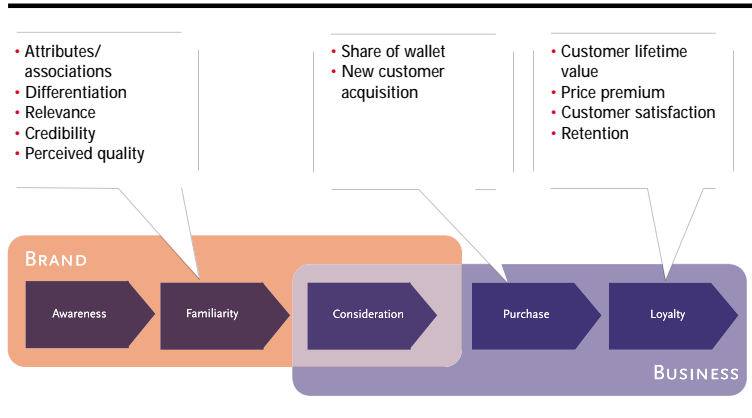
While considering the options available for measuring sponsorship activities, marketers should start by assessing available tools, internal capabilities and willingness to create a custom-made approach. Several models are currently in use including:

**Media valuation** – this assigns an advertising-equivalent monetary value to the media exposure the company's logo receives from sponsorship. While it is a useful guideline for determining the price for a sponsorship, it does not provide insights into the impact it has. Some will claim it enables comparison across deals and between advertising and sponsorship. However, comparison based on a monetary value is not very useful. Media valuation does not provide insight into which marketing instrument performs better in terms of brand or business metrics (see diagram, p14).

**Sponsorship valuation** – leveraging outputs from the media valuation approach, this model attempts to include

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## THE MARKETING FUNNEL



the value of intangible benefits associated with a sponsorship property (eg prestige of a sponsorship or passion of audience) along with the media exposure data. This model is primarily owned by sponsorship agencies which collect aggregated data from similar sponsorships and similar packages, enabling them to make a comparison. Although this method attempts to quantify both tangible (eg media exposure) and intangible benefits (eg prestige) resulting from a sponsorship, it does not lead to insights into brand or business impact.

**Sponsorship-specific customer surveys** – these are generally customised questionnaires that are fielded before and after a sponsorship event. The gaps or changes between pre- and post-event responses are used to evaluate the impact of a sponsorship. The challenge with this form of measurement is that in order to determine the impact of an event, a representative sample of sponsorship-aware respondents is required. In many cases this is not possible due to low awareness rates or prohibitively high recruitment costs. However, for those companies with large sponsorships and therefore high awareness rates among the target audience (eg Vodafone and Formula 1) and sizeable measurement budgets, this methodology does allow comparison with advertising in terms of effectiveness of spend.

**General brand equity studies** – possibly the most cost-effective approach to measuring sponsorship effectiveness, this method seeks to include sponsorship awareness questions in a company's existing brand equity studies. Data captured in

a one-off brand tracking survey allows marketers to draw conclusions on the effectiveness of sponsorship. Depending on the levels of sponsorship spend, and expenditures on other marketing tactics, this technique could either be used to compare the effectiveness of the company's overall portfolio of sponsorships to other marketing tactics, or to compare the effectiveness of individual sponsorships against each other.

## The hybrid approach

However, none of the approaches mentioned adequately addresses the three goals of sponsorship effectiveness systems. A hybrid approach is typically most powerful. Combining models or even borrowing models from other marketing vehicles enables interesting and valuable insight into the management of sponsorship properties, their value in the overall marketing mix, and their impact on the business itself.

An example of this might be a system that assesses the impact of sponsorship activities on brand awareness and the role of brand awareness in driving business objectives (eg new acquisitions).

One effective approach is to combine traditional advertising effectiveness models, where media exposure and changes in brand awareness are linked, with a sponsorship-specific approach for determining sponsorship-related media exposure. This particular model is capable of measuring brand and business impact as well as the relative value of sponsorship activities across the available portfolio of marketing tactics.

The hybrid approach uses the same inputs as the traditional advertising model. Gross Rating Points (GRPs) are the principle input into the advertising model, therefore by determining an approach to create GRPs for the sponsorship-effectiveness model enables a useful comparison to be made.

This sponsorship effectiveness approach estimates the exposure of the brand through sponsorship activities (number of times a logo was shown, type of media, time of day, size of audience) and discounts the exposures to create an estimation of total GRPs. These advertising-equivalent GRPs are then used in the advertising effectiveness model to determine the sponsorship's effect on building brand awareness.

Conducting this type of analysis on a sponsorship-specific level provides insights into how well each property is delivering against brand awareness objectives. It also allows direct comparisons with advertising effectiveness, a valuable input when trade-off decisions need to be made. Furthermore, tools such as these provide useful information when negotiating with rights owners, particularly when discussing media exposure guarantees.

Such hybrid models are based on several assumptions and are therefore subject to a degree of criticism and scepticism, particularly if the results are not as positive as expected. However, as long as there is sufficient senior management support behind the measurement initiative, as long as assumptions are explicit and the caveats openly communicated, such models can provide a practical solution where more scientific approaches fail.

The key is to make a start, however small. Without some data, there is little chance of creating a system that will adequately inform investment decisions. <sup>tm</sup>

## NEXT STEPS

Studying marketer	Courses: 'Developing the brand plan' – one day introductory workshop which includes a session on planning and evaluating performance. Books: <i>Creating Powerful Brands</i> by Malcolm McDonald and Leslie de Chernatony
Professional marketer	Courses: Two-day residential course 'Sponsorship Metrics – how to marry hard marketing discipline to brand awareness'. Books: <i>Passion Branding</i> by Neill Duffy
Senior marketer	Courses: One-day workshop 'Motivating best performance' explores how to get the best results from your staff and your teams. Books: <i>Management Teams (2nd edition)</i> by R. Meredith Belbin

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