



Sports Sponsorship 2.0

Unleashing the passion for sports to accelerate business growth
The future of sports sponsorship. A strategic business outlook

Roger Peverelli and Reggy de Feniks

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Should you have any questions, or would you like to discuss the contents of this work, please contact Roger Peverelli from VODW Marketing at rpeverelli@vodw.com

Cover photo courtesy of FC Barcelona

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Teun de Nooijer, winner of two gold and one silver Olympic medals and FIH World Hockey Player of the Year in 2003, 2005 and 2006

Foreword

Organised sports have made a good start with the implementation of strategic sports marketing in the period 2005 – 2008. This entails: looking through the athletes' eyes, believing in your own strength, showing who you are, thinking in target groups and creating a more attractive offer.

A new way of working is thus being created, where conviction lays in the strength of ones own sport, where there is more entrepreneurship, where people look more outside and know who and where the athletes are. Although this may very well be very self evident in the world of business, it is a whole new game for many sports associations. It is the beginning of a whole new period!

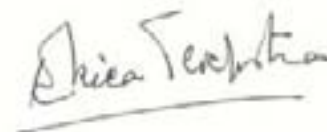
We will increasingly play into the various needs of (future) athletes in order to find them, seduce them and/or keep them loyal. Knowing the athlete as a consumer is therefore becoming more and more important. By having a clear idea of who the athlete is, what he or she does and how we can find him or her, we can make targeted and effective use of marketing instruments. It is all about a custom made approach!

There is also another way in which sports and the business world can help each other. Companies are after all increasingly trying to reach a broader public through sports. One only needs to look at the several initiatives of the partners of the NOC*NSF. Here too will sports, companies, but also public authorities become better able to find each other.

Sport has become the platform where parties are increasingly working together to reach the consumer, and where innovation and tradition meet. This results in growth for both the sport and the business world.

Sports values and innovative strength create successes together and help The Netherlands on its way to a sports environment of Olympic allure.

Erica Terpstra
President NOC*NSF, Netherlands Olympic Committee *
Netherlands Sports Confederation



Sports sponsorship has evolved into a multibillion business which provides employment to millions of people worldwide - and it will continue to grow in the next decade.

But there is so much more to sports sponsorship than just the size of the business. It is one of the main opportunities to touch people in the deepest part of their being.

We are on the brink of discovering these opportunities and unleashing the power of sports sponsorship. The game has only just begun.

All of our clients invest considerable amounts in sponsorships, sports events, associations, clubs or individual athletes - hundreds of million Euros on sponsorships each year. The size of these investments asks for a clear vision on context and opportunities that goes beyond the short term benefits of brand awareness, pampering business relations and the likes. Such a vision is required, firstly, because sports sponsorship activity competes with alternative investment possibilities that should grow the business (e.g. traditional advertising, sales force expansion, or ...). Additionally, if a sports sponsorship originates from a clear vision (with clear objectives) this will of course help maximise the return on such sponsorship investments.

In this vision report, VODW Marketing aims to provide such a clear vision on both the context and opportunities. The vision is the result of an international research programme that lasted over a year and included among others, more than 40 interviews with multinational sponsoring companies, sports entities, media companies and sports related charity organisations; e.g. ING Group, Philips, La Caixa,

IOC, The America's Cup, FC Barcelona, and the Johan Cruyff Foundation.

The vision presented in this booklet is not a summary of these interviews and case studies. Not at all. Neither is it a theoretical scientific exercise. You will find only a few tables and schemes as there are already sufficient other studies researching the numbers. For us it is more about the vision and how to arrive there... The vision is VODW Marketing's interpretation, based on our expertise and experience in consumer trends and international business.

Our aim is to create a picture of how sports sponsorships could look like in 2013, five years from now. A clear-cut vision that consists of triggering statements. On purpose provocative and bold; often contradictory to the opinion of the people and parties interviewed. We invite you to agree on some parts and to deeply disagree on others. At the end of the day it is this discussion that will help sport sponsorship take the next leap, leading to dramatically more results for both sponsors and sports entities.

Sports sponsorship is still in its infancy, even though billions are involved.

Sports entities develop their most important source of income with amateurism equal to the professionalism with which top athletes practice their sports. And with as much thoughtfulness as entrepreneurs build their businesses, they throw out millions of sponsorship money out of the window, and therewith miss the best opportunities.

This is due to the fact that when it comes to sports sponsorship, both partners seek expediency; instant gratification. Many sports entities choose for the most money in the shortest term. Companies sometimes still choose the CEO's Sunday morning hobby, or sponsor just to keep up with the Jones's: 'our competitors do it, so we should as well'.

This is also due to the fact that many sports entities lack business creativity when thinking about sponsor's business goals. And last but not least, because sports sponsorship is placed on a far too low a level in businesses; operational, promotional, and without direct relation to turnover and profit.

This should be different. This can be different.

This should be different because sports entities are becoming increasingly dependant on sponsor funds. And it should be different because businesses are forced to look further than traditional marketing methods. As dynamics change for sponsors, sports entities need to adapt as well.

This can be different as sports entities have unexpected assets that offer the possibility of breaking free from the short term view. This can also be different because sports are an unexpected platform for businesses to instantly add growth in both innovation and sales.

What we need here is a drastic revolution.

Sports entities need to solve their problems through cooperation, by realising the necessary professionalism and business creativity within cooperation; by proactively developing solutions which ensure top and bottom line growth with sponsors; by looking further than the obligatory advertising boards and hospitality events which sponsors grew bored with long ago.

This vision is illustrated by brief case descriptions of sponsorships we have encountered that are already putting this thinking into practice. The fact that it is hard to find many such examples, illustrates the importance of a revolution in the sponsorship arena.

Companies need to place sponsorship within business development and from there think about how the assets of the sports entities can be leveraged for real growth; from innovation of products and service to sales. Looking further than soft goals such as 'improvement of brand awareness' or 'offering a positive association'.

But the most important revolution for both parties is actually the most self-explanatory: treating consumers as the most important starting point, discovering the true, deep consumer insights related to sports sponsorship.

For one reason or another, this is consistently ignored in sports marketing, and sports entities choose to rather worry about how much merchandising they can shove onto a supporter, while businesses spam their target groups with irrelevant promotions.

This vision's bottom line is that there is so much unclaimed territory, many untapped opportunities, and that the key assets of sports are still hardly utilised.

To enable all participants in the sports sponsorship arena to realise this vision, VODW Marketing created a simple tool for self-assessment and benchmarking against the best performing cases in sponsorship. Companies and sports entities alike, can determine their growth potential in chapter 3.

Chapter 1 Key observations

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1. The maturity of sports sponsorship varies dramatically across organisations
2. Companies face many challenges in business development, but most fail to see sports as part of the solution
3. Most companies look at sports sponsorship as a cost centre, rather than a profit centre
4. Accountability of sports sponsorship is still in its infancy
5. Companies and sports entities seem to play different games
6. Most sports entities are not aware of and neglect their most important assets
7. Most sports entities do not have a clue about the true meaning of marketing and lack deep knowledge of 'what makes the fan tick'
8. Successful sports entities are convinced that running a sports entity is like running a business
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10. Only forerunners grasp the concept of The Long Tail
11. Charities that use sports as a platform show rapid growth
12. Most sports entities look at their societal role as a cost. They fail to see the huge opportunity

Chapter 2 The vision

Chapter 3 The benchmark



Photo courtesy of NOC*NSF

We kick off with the key observations that really struck us when conducting this research programme. The key observations set the stage for what opportunities are untapped, and detect the deficits in beliefs, organisation and culture, that hinder these untapped opportunities of sports sponsorship.

1.

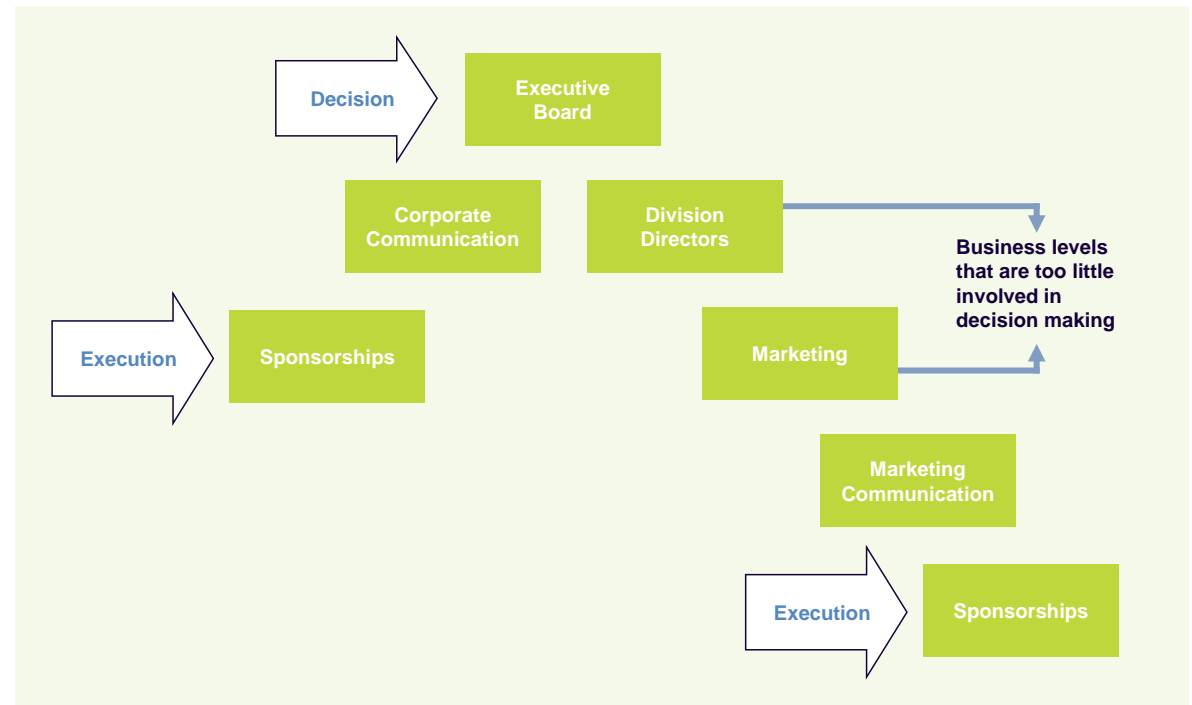
The maturity of sports sponsorship varies dramatically across organisations

Usually, when we interview a number of companies on a certain subject (think major consumer trends or 'growth in emerging markets') there is a consensus in vision, for at least 80 %. This is much to our surprise, not the case when we talk about sports sponsorship.

Although virtually every company we interviewed is part of the Fortune 500, we encountered wide differences in their vision on and application of sports sponsorship. One of the first addressed subjects in the interviews with executives responsible for sports sponsorships was the relationship between business objectives, target audience and the sponsored sports entities. This proved to be the acid test to determine the maturity of sports sponsorship within a company. In a few cases this discussion revealed that the proverbial CEO's hobby still determined which sports entity got sponsored, and which did not - if one were to think from the perspective of business objectives and what one would like to achieve with target audiences.

Please note that we are talking Fortune 500 here. Usually, such discussions took a course of reasoning-with-the-end-in-mind, i.e. naming every characteristic of the sports entity and then relating it to the sponsor's brand or business.

Particularly in the cases where sponsoring initiatives and decisions are taken at the executive board level, we see insufficient commitment at subsequent levels in the organisation to turn the sponsorship into a money maker for the company. One could say that the decision is taken at a too high a level in the organisation. It seems as if the sponsorship implementation sort of skips four levels and ends up in the sponsorship department, mainly for activation and promotions.



Luckily, there are cases where companies really take the lead. These companies have a clear vision on what sports sponsorships could and should contribute to in order to solve the business challenges they are facing. And in order to secure that sports sponsorship will indeed do just that, they go a long way. Even to the extent that they create concepts and carry out certain tasks themselves which should actually be initiated by the sponsored sports entities. A great example is Nike who successfully claimed 'Panna Knock Out', a new variety of the football game. See also our ninth observation. Other leisure and sports equipment companies such as Adidas and Puma are also way ahead of the pack when it comes to leveraging sports sponsorships. While this seems obvious on the one hand, on the other hand the distance with 'the others' is much more than can be justified by just the business they are in.

The same differences in maturity can also be recognised among sports entities.

Most focus on short term results (the sponsor's money), stay with traditional sponsorship models for brand awareness and preference, and turn passive and re-active as soon as the sponsorship deal is in place. As a result, they do not take the relationship any further than offering the obligatory advertising boards and hospitality events sponsor relations grew bored of long ago: all invitations for Champions League games or golf tournaments are interchangeable. Only few take it beyond that and proactively and continuously think about how they can, contribute to the sponsor's business, surprise their sponsors, exceed expectations; create consumer participation and bottom line results.

Obviously, a lack of maturity leads to a lack of understanding of the potential of sports sponsorships - what growth can be achieved with sports - and consequently to missed opportunities and missed cash flow for both parties.

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2.

Companies face many challenges in business development, but most fail to see sports as part of the solution

Obviously, companies face many challenges in sustaining profitable growth in market share. We deal with multinational companies across countries and industries, and the following four challenges that always force companies to look beyond traditional marketing methods keep coming back.

Challenge 1: the weapons of mass marketing are losing impact

Consumers are harder to reach. Media are proliferating and consumers are watching less and less TV. They see therefore fewer commercials. The old adage – ‘half my ads don’t work, I just don’t know which half’ – has even worsened. It may be the case that up to 80 percent of my ads don’t work. But still the low costs justify use of TV ads. It is by far the cheapest way to reach a large audience in a one way fashion. At the same time usually resorted to due to a lack of creativity to engage with consumers in a more intelligent manner.

Reach is only the first challenge. Due to the overkill of commercial messages, as well as the increasing marketing savviness of consumers, the second challenge is to touch them: to define relevant authentic messages and hammer them home.

Companies need to come up with appropriate solutions here, and are exploring alternative business models, e.g. narrow casting, non spot, online, consumer participation etcetera.

Challenge 2: breakthrough innovations are required for substantial growth

Shareholders demand continuous growth. And with satirised markets, marginal product improvements alone will not create real substantial growth. Breakthrough innovations are needed. This need for such breakthrough innovation leads for example, to the increased importance of partnerships. Partnerships allow a company to, reach out to those consumer groups that the company did not have access to before (the partner has) or acquire competences that are not available within the company (the partner has).

Other strategies for breakthrough innovation include moving into new territories, combining hardware and software, and extending the tangible product with services that yield the prospect of lifetime value.

This is in fact what Apple achieved with iPod. The obvious innovation is that Apple moved into a new territory, MP3 players. The true breakthrough innovation however is that iPod introduced a new business model: Additional and recurring revenue streams from iTunes through a continuous dialogue with consumers.

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Challenge 3: companies struggle with Corporate Social Responsibility (CSR)

The social responsible behaviour of companies is becoming more and more important in the consumer buying process. Think child labour and labour conditions in general, environmental consciousness and climate neutral principles, fair trade etc.

Companies struggle with CSR. Companies that produce concrete products – packaged goods, fast moving consumer goods, durables etc. – are heavily investing in cradle to cradle principles, making sure that every step of the production process and consumer usage is sustainable. At the end of the day this will be perceived by consumers as a qualifier.

It is even more difficult for services companies such as banks and insurance companies to show consumers that they take CSR seriously. Although they invest heavily in such programmes, the lack of a tangible product makes it more difficult to deliver a tangible proof that consumers can easily relate to.

Challenge 4: company pride is becoming more important to attract and retain talent

The fight for talent will grow in the coming years. This is driven by the aging population on the one hand, and further economic growth on the other hand.

Company pride is the key to retain talent. Experience shows for example, that tangible active CSR behaviour adds to this company pride, and makes employees stay with the company for a longer period of time. It also appears that such pride radiates outside the company and is becoming more and more a key to attract new talent.

In all the discussions we have had with executives responsible for sports sponsorships, only few looked at sponsorship as part of the solution when facing these four challenges.

In our opinion, the most important reason for this is that these executives are indeed responsible for sports sponsorships, but not responsible for facing the overarching business challenges.



Screen dumps www.nikeresponsibility.com and www.innovateforabetterworld.net

Most companies look at sport sponsorships as a cost centre, rather than a profit centre

In these companies this limited perspective is reflected in several ways.

Firstly, we see that sponsorship is still interpreted on a very operational level (as opposed to strategic): the focus is on advertising on boards and shirts for brand awareness, hospitality arrangements for relationship management and what is called brand activation. The wording of the latter, definitely has some strategic touch, but is in fact nothing but promotions to get across that the company indeed sponsors a particular sports entity.

Hospitality arrangements have become commodities. Entrepreneurs and executives alike can literally visit every Premiership game or Formula 1 race. Although they are invited by a different business relation for each game or race, the hospitality programmes all look alike and hardly differentiate. It is becoming as a result, more difficult for the guests to link a certain invitation to a particular company after some time. 'Was I invited by Allianz or by AXA? The experience was the exactly same ...' The sense of privilege, exclusivity, is disappearing.

We see furthermore, that the multitude of events also raises the bar. The Old Firm, Celtic-Rangers, is always a great experience, and business relations are happy to be invited. But one feels hesitant to send out invitations for less prestigious games.

Business people get bored and spoiled. Sports entities and sponsoring companies need to anticipate and become creative again.

Secondly, or better consequently, the department that needs to handle these mostly operational activities is of course a reflection thereof: strong in marketing communication and with a hands-on mentality. The division of strategic versus operational work is 20/80, the department holds limited business responsibility, direct lines to the business, and has limited tangible business impact. Sports sponsorship departments can usually be found on a third or fourth echelon in the organisation, as a sub-sub-department of either corporate or marketing communications.

Thirdly, and again by consequence, sports sponsorship departments with this quite operational level, tend to hire service providers that think and act on that same level: thinking of fun promotions and ensuring organisation and fulfilment – rather than thinking creative new ways to drive business.

These three reflections result in an image within the rest of the company, that sports sponsorship is a cost rather than a major contributor to growth – which sort of introduces a downward spiral.

We also met with companies (only a few unfortunately) however, that not only said that they took sports sponsorship seriously, but that could provide ample proof that they indeed put their money where their mouth is.

Such companies featured sports as a key platform in business development, to acquire new consumers, develop their current consumer base and surprise these consumers with relevant innovations. In these companies, sports sponsorship is part of the primary process, part of the line organisation (rather than staff organisation), part of either the business development or marketing and sales responsibilities.

This place in the organisation ensures that every sports sponsorship decision is actually a business decision, where costs are weighed against top and bottom line benefits, where at the end of the day sports sponsorship has to perform like any other instrument that is used to grow the company.

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Photo courtesy of Nike

This has perhaps or most probably, to do with the previous observation, but when you talk about the accountability of sports sponsorship, almost everyone embraces the concept but urges to say that measuring the effect of sports sponsorship is difficult, if not impossible.

Arguments that come across the table are (1) sports sponsorship is about building brand awareness and business relations with e.g. trade, and that these objectives really have a long term perspective 'that cannot be measured short term' and (2) that it is virtually impossible to isolate the effect of sports sponsorship from other employed instruments such as advertising.

We also met with companies that used a rather arbitrary measure of 'publicity value' (the sum of all free publicity in magazines, newspaper and TV coverage multiplied by a certain value per contact / consumer).

Firstly, this reasoning comes from an old paradigm: build brands first, and the business will follow (hopefully). Sponsoring sports just to build brands is not very ambitious nor does it do justice to what one can achieve. Moreover, this is not the business reality of today. Brands and business are built simultaneously in this millennium. At the end of the day, we need to put a number on brands and business, in terms of revenue and profit.

Secondly, this reasoning unveils a lack of knowledge. Marketers, who claim, that only the contribution to such soft goals such as, brand awareness and appreciation can be measured, should take some leave to catch up with the current state of the art in consumer research and database mining techniques.

We feel that this misperception of the use of accountability has to do with the place held by sports sponsorship department within the organisation as well as the consequent scope and responsibilities. The professionals that work in these departments usually boast experience and background in communication (think TV, print advertising, hospitality programmes and relationship management), but have less affinity with quantitative IT driven methodologies that allow for measurement of the impact on top and bottom line.

BEST PRACTICE

But then again, and this is the good news, we also met a bank that continuously monitored the growth in, new clients, product density, share of wallet and assets under management of selected consumers in its database, and matched this data with the various marketing stimuli (including its huge football sponsorship) these consumers were exposed to, in order to assess these instruments' exact contribution to growth.

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Photo courtesy of PSV Eindhoven

With only few exceptions, the world's largest corporations, who also spend the most on sports sponsorship, operate on a global level. This globalisation is rapidly increasing. There are more and smaller businesses operating worldwide. Additionally, we see that traditional worldwide multinationals are also thinking more globally versus locally. See for example their brand policy: more and more companies favour one global brand.

In this reasoning, multinational companies absolutely favour sponsoring platforms that can be deployed on the company's geographical scale. Unfortunately only few such platforms are available, and suitably organised for multinational use.

Some sports entities are indeed multinational in nature (IOC, UCI, Pro Golf Tour, and ATP Tour) but in such cases, sponsors still experience that although this global sponsorship is in place, they still have to negotiate separately on a country by country level for each local event or local adaptation. These separate negotiations per country are subject of a different set of rules and it is obvious that this is disruptive to sponsors.

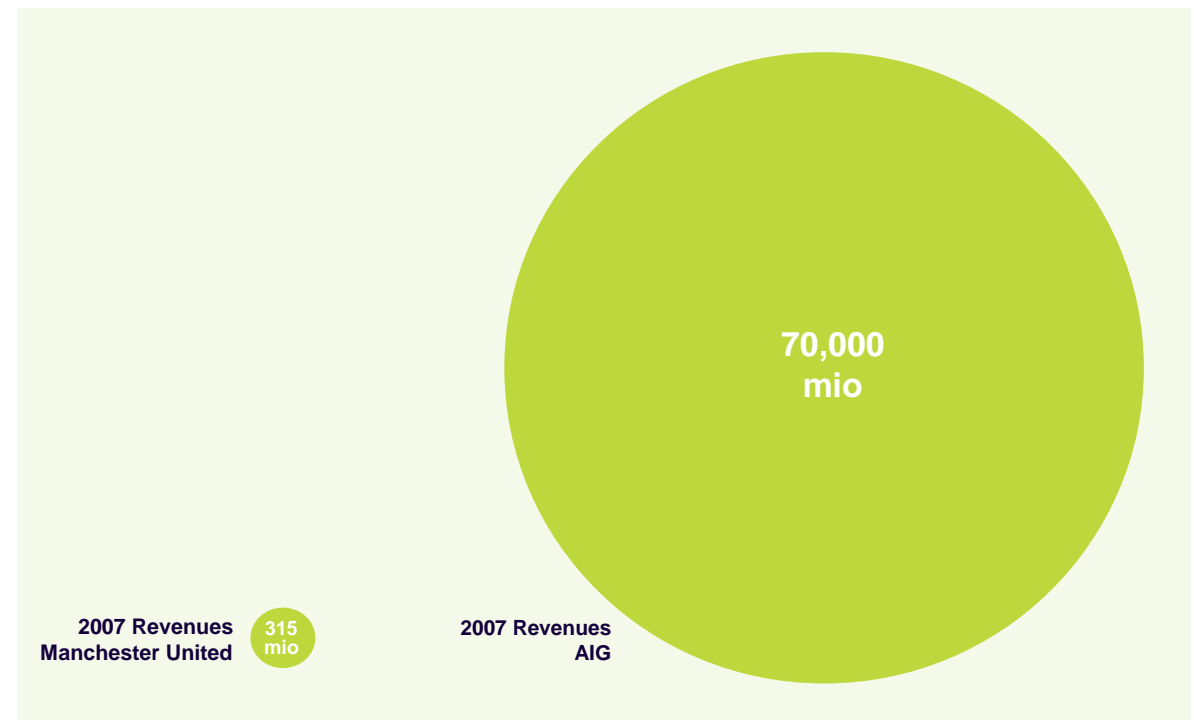
Often mentioned positive exceptions, are the UEFA Champions League and Ecclestone's Formula 1 circus. Both apparently anticipate the global/local needs of sponsoring multinationals.

Furthermore, the geographical scope of sports entities is often out of sync with that of its sponsors.

Sports entities have often succeeded in acquiring multinational sponsors only to realise that they cannot serve them at a multinational level, which obviously affects the added value of the sports entity to the multinational, and consequently, the longevity of the contract and the amount of Euros involved.

Most sports entities do not have a clear vision of, what they want to achieve internationally, or what they want to accomplish in the markets that are important to their (potential) sponsors. This may not be all that strange, considering that although quite a number of sports entities enjoy a massive fan base and huge name recognition among consumers in general, ultimately they are simply small businesses, or midsize at the most. The likes of the Ferrari Formula 1 team, Manchester United and Real Madrid, are among the few

who can work with a 300 to 350 million Euro plus budget, but after these few top players, budgets start to decrease rapidly. Olympique Marseille, France's second football club works with a budget of 100 million Euros, basically making it a small to midsize enterprise. This is of course reflected in the organisational capabilities. In terms of sheer size, sponsors with annual revenues of billions, can be between 100 and 1,000 times larger than the sports entities they are sponsoring. A company such as Philips may employ over 1,000 experienced marketers, while PSV will not reach a handful. From this perspective, one can only conclude that the relationship will always be a difficult one to balance.



Another dimension, in which companies and sports entities are out of sync, is the time scope. Businesses think long term or at least prefer to think long term. Short term governs sports entities; the scope rarely exceeds the season. Again, this is not that strange considering that it logically follows from the nature of the 'business' they are in. We see the same at for instance food retailers: the amount in the cash register Saturday end of business determines next week's actions.

But no matter the cause, there is a gap between the horizons that both partners use. With this gap many opportunities that yield substantial benefits over a longer period for both parties are lost.

That companies and sports entities seem to play on different boards as we call it here, is a latent hurdle that is rapidly becoming manifest. Your average sponsor just tries to deal with the current situation. The forerunners, on the other hand, are bothered by the lack of standard, amateurism as you may even call it, of the sports entities they sponsor - which is usually not the breeding ground for further sponsorship development in longevity or value.

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6.

Most sports entities are not aware of and neglect their most important assets

At the end of the day sports entities actually have but two core assets for potential sponsors.

- **Authenticity:** sport is one of the few facets left in today's society where one can experience passion, drive, pushing the limits, dreams that come true, disappointments, in its purest authentic form, through authentic athletes.
- **A fan base:** in its broadest sense, from season ticket holders, to TV spectators across the globe and everything in between.

The two core assets are obviously related to each other. Authenticity, roots, history, heroes, anecdotes, and style, are the reason fans are attracted to a particular sports entity.

In turn these result in positive media exposure. Authenticity is from a sponsor's perspective a welcome characteristic as it complements both the low interest consumers have in most products and the lack of relevant roots, personality, authenticity and passion that companies have in the consumers' perception. The fan base either opens up new consumer groups, or an alternative channel to market current customers.

Virtually all respondents in our interviews agreed that these are indeed the core assets of sports entities. In turn, one would expect that if this were to be the case, sports entities would put these two assets at the core of their vision and strategy: how do we nurture our identity and authenticity, and how do we grow our fan base? Much to our surprise this is only true in few cases.

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7.

Most sports entities do not have a clue of the true meaning of marketing and lack deep knowledge of 'what makes the fan tick'

For some reason, and compared to the corporate world, the meaning of 'marketing' is different in the sports arena. This observation actually builds on several other observations that are previously discussed.

In the corporate world the word 'marketing' constitutes a philosophy: taking the consumer as the single most important point of departure for company strategy.

The key to doing business is to grasp what really makes a consumer tick. The following are examples of key questions: how will consumer segments change in the coming five years? What markets and segments are likely to grow and what segments will decrease in size? What are the relevant major consumer trends for these segments? How will consumer needs change over the coming five years? Why do consumers favour our company over others? What do consumers of competitive products like and dislike about our product? What distribution and communication channels will play a role in the consumer decision making and purchasing process? Companies spend hundreds of million of Euros each year in fundamental consumer research. This is due to the fact that deep profound consumer understanding and consumer insights provide the corner stones for growing its consumer franchise and strategic directions to accomplish these growth objectives. Examples of

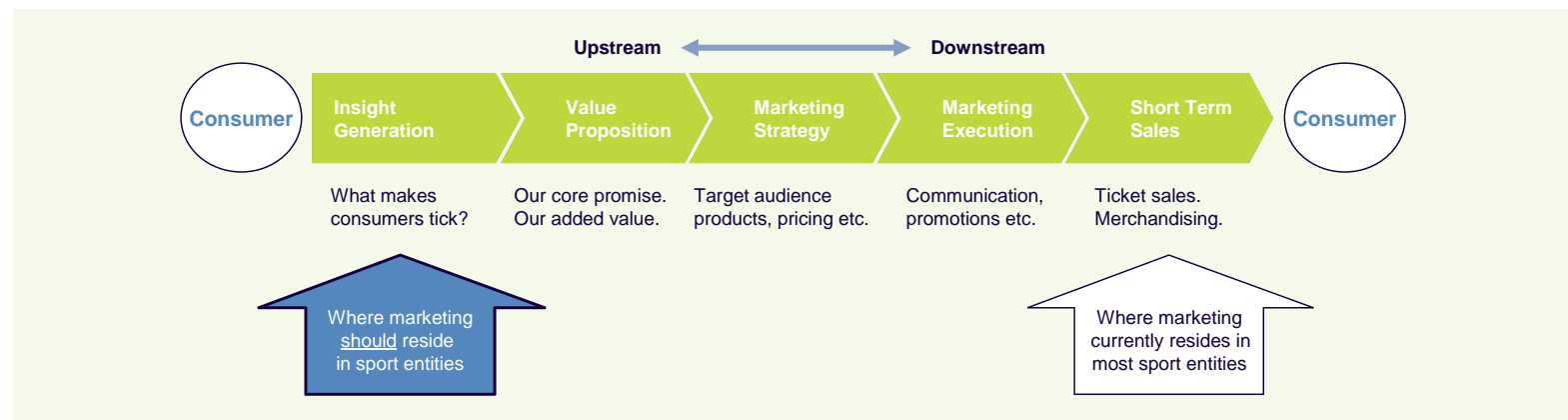
such strategic directions include: what markets to invest in, what segments to focus on, how to further innovate our product offering, how to enhance the customer experience, before, during and after sales.

The essence of 'marketing' is that it is about taking the consumer as the single most important starting point for strategy, having true interest in the drivers and values of consumers, and deploying a long term perspective.

This consumer centric way of working is in the veins of the organisation and resides upstream. Seamless top down translation of this strategy to operational levels is accompanied by a strong vision on what makes consumers tick.

This is how you build a company, how you build a brand, how you create growth and prosperity. This is what true marketing is about.

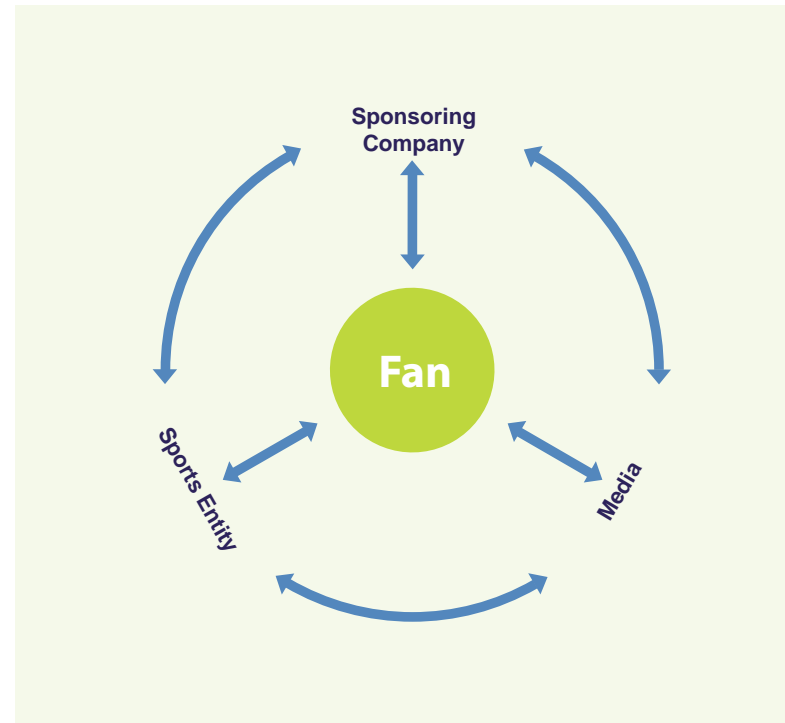
For some reason, most sports entities use the word 'marketing' with a completely different and even opposite meaning. For most sports entities, 'marketing', as they call it, resides downstream. The fan/consumer is not where it starts, but where it ends: an impersonal source of easy revenues. The so-called marketing department's sole responsibility is milking the current fan base: shoving merchandise down their throats.



'What makes the fan tick' is systematically left out of the equation. Only a few sports entities spend serious money on research, to create deep consumer insights. Most sports entities do not even remotely bother with what their fans actually want. Although they do speak with difficult, hardcore supporter groups (but more for damage control reasons) they never perform structural research to gather consumer insights among both its fan and non-fan base. They barely think about their most important asset: authenticity, roots, what exactly do we stand for, our brand perception. Let alone on how their team and players come across to the larger audience, how certain sponsorships affect the bond between the sports entity and its fans and/or the opportunities that may arise from a certain sponsorship.

The perspective is short term revenue focused, rather than long term, enhancing the bond and increasing the fan base. Operational activities (such as merchandising), lack an idea on what we want to accomplish with our fans, not in terms of short term revenues but in terms of long term franchise.

One can argue that this is logical since sports entities do not come from a business tradition. But at the end of the day, deep knowledge of 'what makes the fan tick' gives direction to further growth of, the fan base, the type of sponsorships a sports entity should pursue, as well as the type of activities that nurture the fan base as well as the relationship with the sponsor.



Chapter 1 Key observations

1. The maturity of sports sponsorship varies dramatically across organisations
2. Companies face many challenges in business development, but most fail to see sports as part of the solution
3. Most companies look at sports sponsorship as a cost centre, rather than a profit centre
4. Accountability of sports sponsorship is still in its infancy
5. Companies and sports entities seem to play different games
6. Most sports entities are not aware of and neglect their most important assets
7. Most sports entities do not have a clue about the true meaning of marketing and lack deep knowledge of 'what makes the fan tick'
8. **Successful sports entities are convinced that running a sports entity is like running a business**
9. Sports entities rarely embrace the rise of new innovative variations of sports
10. Only forerunners grasp the concept of The Long Tail
11. Charities that use sports as a platform show rapid growth
12. Most sports entities look at their societal role as a cost. They fail to see the huge opportunity

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8.

Successful sports entities are convinced that running a sports entity is like running a business

What draws attention in sports is the result of next Sunday's race, or the current League ranking. Players come and go, end of season and mid term. Coaches can be relieved from their duties after a few unfortunate games and this is definitely part of the whole sports experience: passion, emotions, instant gratification. There are still sports entities however, that confuse these sports characteristics with the way a sports entity should be run: with short term opportunistic focus 'since sports really is a different ball game'. This statement in turn justifies amateurism across all business functions in the sports entity, from finance to sponsorship, resulting in recurring debts.

Largest sports entities aside, this paradigm still rules. The short term perspective is also reflected in the nature of sponsorship deals, the primary and often sole objective is the sponsor's money, which is pursued in an amateuristic fashion. This is even more grotesque, considering that the importance of sponsorships as a revenue stream will continue to increase. The same is true for rights: they are solely seen as a source of income rather than an asset to growing the fan base.

Successful sports entities break away from this kind of thinking. FC Barcelona is the protagonist in our point of view. When Joan Laporte took over the presidency, he was wisely surrounded by top professionals such as Ferran Serrano, who, like himself, had a long track record in business rather than sports. Long term vision and using simple business rules have turned the club around in only a few years: from massive debts to the benchmark of beautiful football and Champions League winner on the one hand and financially sound prospects on the other.



Photo courtesy of FC Barcelona

9.

Sports entities rarely embrace the rise of new innovative variations of sports

Over the last few years we saw the rise of new variations within sport as we know it. Think beach volleyball; forms of urban football such as Panna Knock Out and beach soccer, wake boarding, other types of so-called extreme sports and not to mention the rise of virtual and online games that are based on real sports.

Most of these new variations cater to the young and appeal to urban culture. This rise has not gone unnoticed. Media attention is rising rapidly and sponsors are tapping into this attractive market at the expense of what they invest in traditional sports (however small this may currently still be).

In some instances, sponsoring companies had already spotted these new sports at an early stage, acknowledged that this could be a next big thing for a certain niche and decided to take the driver's seat themselves. Examples include Nike's successful efforts to boost (and thereby claim) Panna Knock Out, Unilever and Red Bull's current X-Fighters Tour activities for FMX motocross.

Sports entities are traditional in nature (which is in itself a good thing, we will get back to that later) see themselves as guardians of the game and organisers of competitions to play that game.

Consequently, they rarely pick up a new variation that does not originate out of their offices at an early stage, although those are the same initiatives that ensure that a sport remains contemporary and continues to appeal to generations to come.

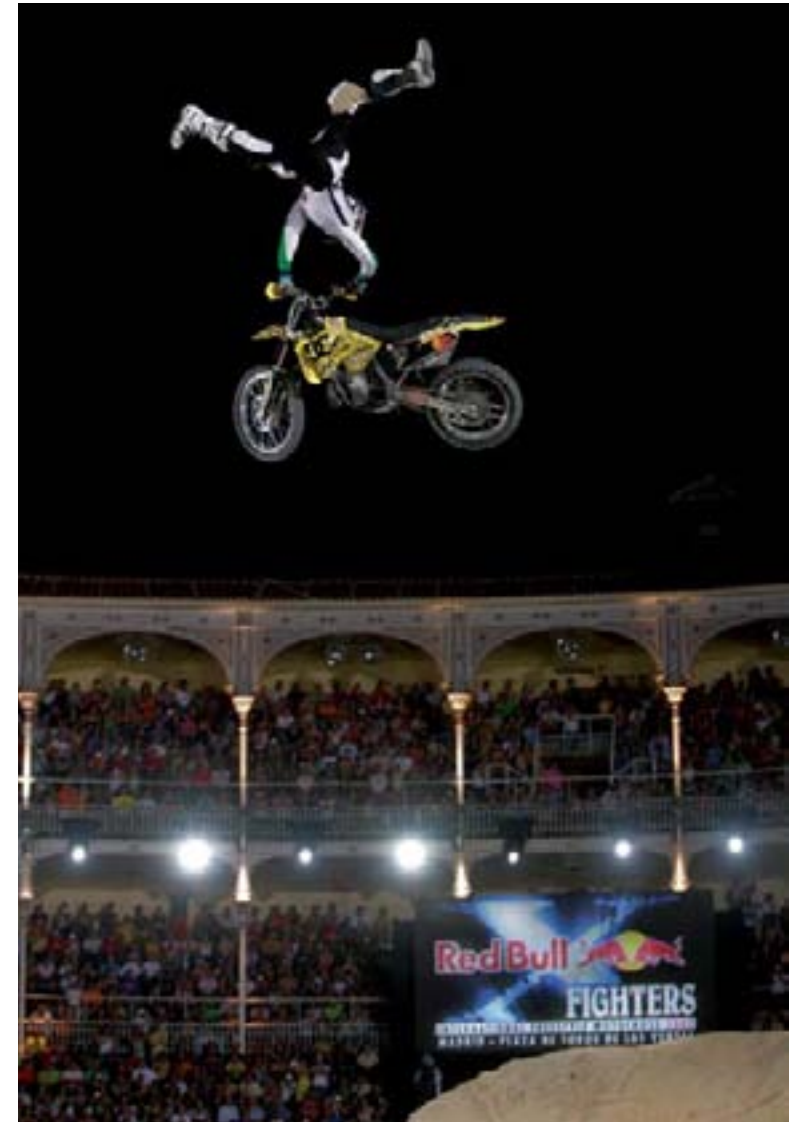


Photo courtesy of Red Bull, featuring its X-Fighters Tour activities for FMX motocross, in brilliant settings; in this case at the Plaza de Toros de Las Ventas in Madrid

BEST PRACTICE

When Nike decided to include football in their global strategy, the company also decided to do this in a disruptive, guerrilla-like fashion. Not by spending millions on sponsoring big tournaments, but by acquiring credibility by associating the Nike brand with the underground scene, among others, the Amsterdam street soccer scene that thrived in those days.

Two members of the Nike marketing team suggested an idea that they had been bouncing around for about a year: a small pitch and playing one against one. In a few months time, together with a group of street soccer players, a new game was born: 1 ball, 2 small goals and 3 minutes one against one. The first player that succeeds in a so-called Panna (playing the ball between the legs of the opponent) immediately wins, regardless of the score of the game. Hence the term 'Panna Knock Out'.

The first Panna Knock Out tournament had a cage for a pitch, took place in a dance club in Amsterdam in July 2001 and was a great success. The Nike commercial for the World Championship of 2002, with six well known players and referee Eric Cantona playing a game in the cargo hold of a sea ship, is definitively a reference to Panna Knock Out.

Nike continued to organise Panna Knock Out tournaments, in other countries, until 2005. At that point someone at Nike posed the question 'In what business are we in? In organising competitions?' and the company returned to its core business. Panna Knock Out is however here to stay.



Photo courtesy of Sportservice Noord-Holland, that currently organises the annual Dutch Panna Knock Out Championship

10.

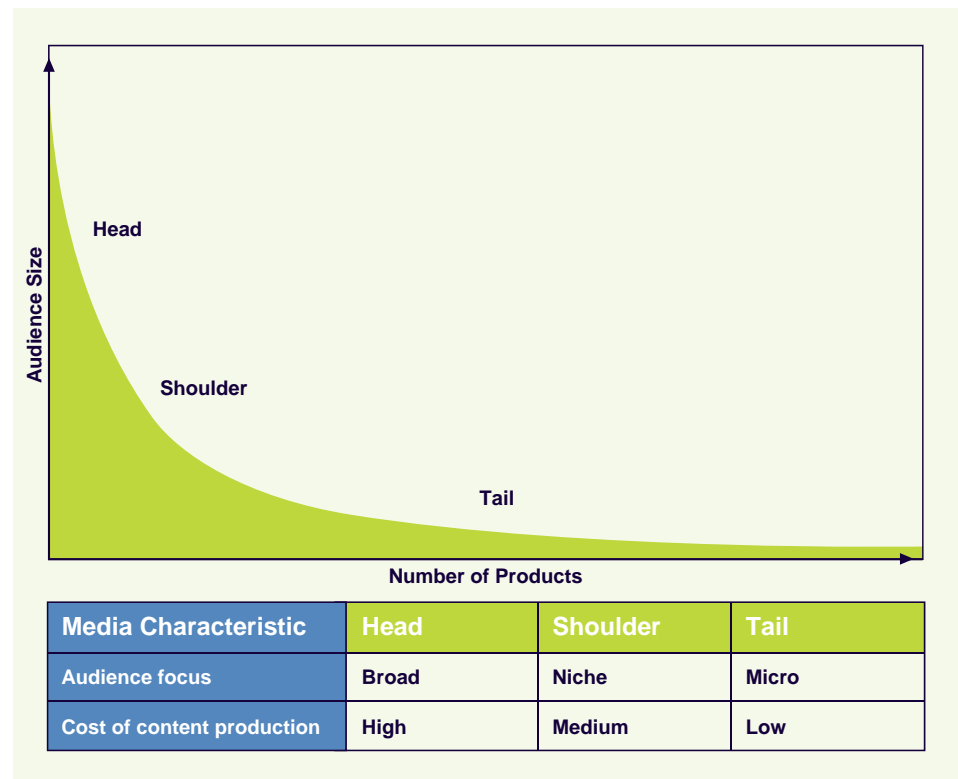
Only forerunners grasp the concept of The Long Tail

28 In 2006, Chris Anderson, visionary and chief editor of Wired magazine, published the concept of The Long Tail. In short, he revealed that the introduction of digital media such as the Internet, gave a new perspective on the scale in which it becomes worthwhile to market products and services. In the past, the decision whether or not to e.g. publish a book was determined by the cost of printing and distributing that book, and then you need a certain volume to reach and exceed the breakeven point. This old paradigm became redundant for an array of products and services with the introduction of digital media such as the Internet. Access to a much broader audience as well as fewer costs of e.g. logistics is one of the reasons. Another reason is that digital media give way to all sorts of derivative products and services that can be enjoyed by consumers at a much smaller scale while still being profitable. In the case of sports entities, think of highlights of matches and races via proprietary websites, own television channels or via e.g. YouTube. Content that can be easily found, at the consumer's convenience, amongst others thanks to communities and modern search engine marketing techniques.

While on the one hand we see sports entities struggling with this new reality, because it clearly conflicts with the way the ownerships of rights are arranged, these sports entities are the ones that head for court. On the other hand we see forerunners that look beyond the rights issue and keep the focus on the primary business objective: growing the fan base through the use of traditional and new media alike. Football clubs like AC Milan, FC Barcelona and PSV Eindhoven, are examples of sports entities that have decided to team up with new media such as YouTube.

Such new media allow fans to actively engage with the sports entity and form communities with other fans in which they share content and experiences.

But sports entities are not the only ones to embrace the new possibilities of communication with fans. Sponsors like Nike are exploring these opportunities by creating websites or communities like nikefootball.nike.com or joga.com in order to connect fans and build their fan base. Successful or not, these initiatives to communicate and connect in new ways are taken by forerunners like Nike and will contribute to a long term advantage.



BEST PRACTICE

The Ronaldinho clip ‘a touch of gold’ has been viewed over 20 million times at YouTube (and counting), created free publicity in loads of TV programmes and magazines and definitely contributes to the myth, of the player, the club and the sponsor.



Screen dump YouTube: Ronaldinho's Touch of Gold. Please note the number of views of each of Ronaldinho's videos featured on this page. Millions and counting

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12. Most sports entities look at their societal role as a cost. They fail to see the huge opportunity

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11.

Charities that use sports as a platform show rapid growth

Over the last decade a lot of new charities surfaced that in one way or the other combine a good cause with sports. The Johan Cruyff Foundation and Right to Play are examples of organisations that offer underprivileged children the opportunity to participate in sports. War Child for instance, is an NGO that helps former child-soldiers in war zones such as Sudan and Chechnya become children again with the aid of sports amongst others. There are also individual athletes like Clarence Seedorf and Francesco Totti who have their own charity foundations and know how to raise large sums of corporate funding.

The rise of these types of charities can be explained through the challenges that companies are facing. As previously discussed, companies struggle with how they can be perceived by consumers as sustainable and contributing to society, and they are looking for all sorts of ways to associate themselves more with authenticity. Sponsoring charities that use sports, cuts both ways. On the one hand it clearly provides proof points for sustainable and social behaviour. On the other hand the indirect association with sports and/or (former) top athletes adds to the authentic flavour, and generates all sorts of positive media attention.



Photo courtesy of the Johan Cruyff Welfare Foundation. The foundation supports projects and organisations that aim to improve the mental and physical wellbeing through sporting activities. The foundation shows a special interest in projects and organisations that represent the interests of the mentally and physically challenged



Photo courtesy of War Child. War Child strives for a healthy mental development of children who were affected by war. War Child specialises in providing psycho-social assistance to children in former war zones, using sports and other creative methods

12.

Most sports entities look at their societal role as a cost.
They fail to see the huge opportunity

Across countries, governments face an array of societal problems. Think of obesity and health in general, the integration of ethnic groups, and the emancipation of the disabled. We see that these governments are looking at sports entities as part of the solution. In some cases, they even force all sorts of societal agendas on sports entities, in particular sports associations.

Still, most sports entities see such societal activities as a distraction from their core business – sports – and efforts are considered a cost, rather than an opportunity to increase their attractiveness for potential sponsors.

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Photo courtesy of the More Than Football Foundation. Governments look at sports as part of the solution for certain societal problems. Dutch Prime Minister Jan Peter Balkenende teams up with national coach and football legend Marco van Basten

Chapter 2 The vision

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Chapter 2 The vision

- 2.1 The single most important point of departure: the consumer, the fan
- 2.2 How companies will respond to changing consumers and context
- 2.3 How sports entities can assist companies in facing their challenges
- 2.4 How the nature of cooperation between sport entities and sponsor will change

Chapter 3 The benchmark



Advertisement courtesy of Puma. Features dance company Streb that mixes dance with extreme sports and Hollywood stuntwork

Chapter structure

- Everything in business starts with the consumer. Everything in sports starts with the fan. We therefore kick off this vision chapter with what we consider the most important, but often forgotten, point of departure: the consumer/the fan.
- With a clear picture on changing consumers and context in mind, the second part of this chapter reveals how companies will respond, and in particular what role we envision for sports sponsorship in the solutions that will be deployed.
- The third part of the vision chapter relates to sports entities: how can they assist companies in facing their challenges? And how should they organise themselves to deliver the promise?
- The last part of this chapter discloses how the nature of cooperation between sports entities and sponsors will change when both parties really aim to maximise their revenues from sports sponsorships.

2.1 The single most important point of departure: the consumer, the fan

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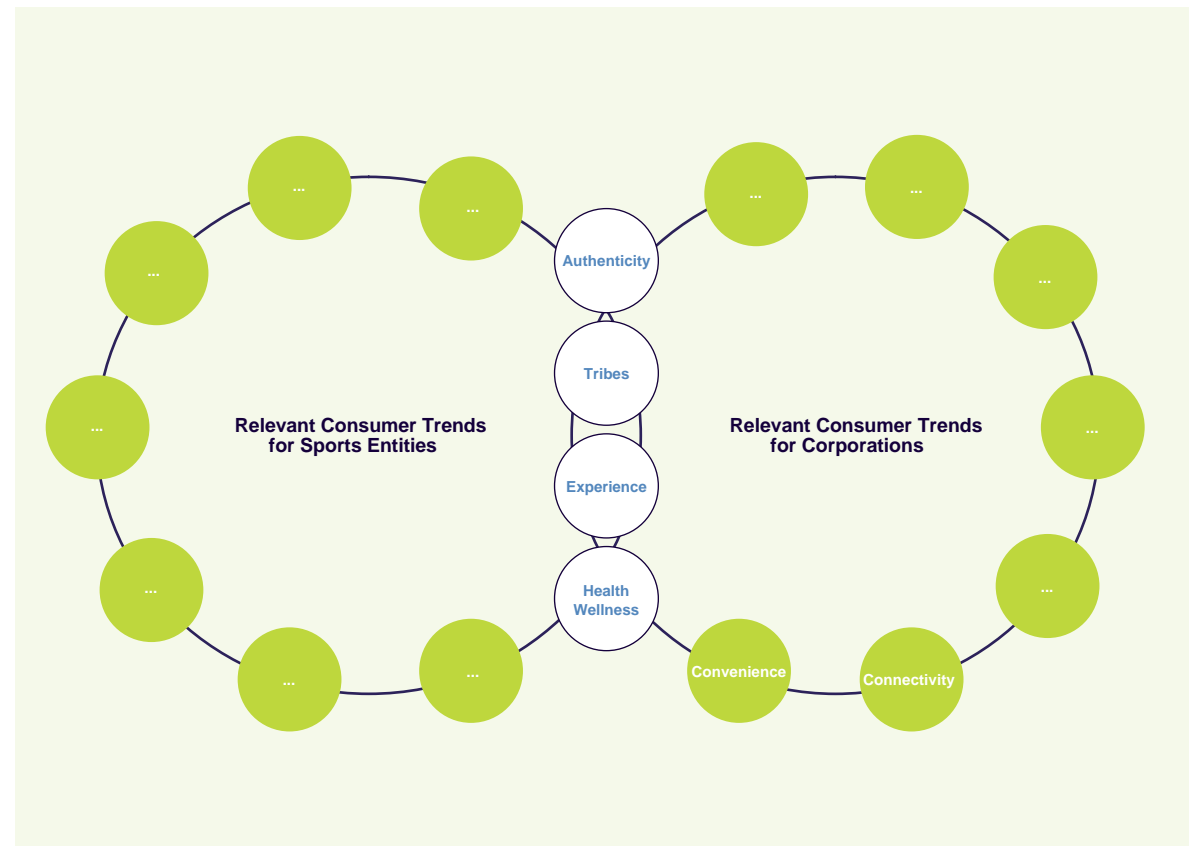
1.

Major consumer trends make sports more than ever a cornerstone of our way of life

Across markets, across age groups and across gender, a number of consumer trends determine the way consumers live between now and five to ten years from now. We restricted ourselves to four major consumer trends that drive sports to a much greater importance than it has today. Sports will be present in many moments of our daily life.

Q for companies and sports entities

- Do you research on an annual basis which major consumer trends will have impact on your business?
- Did you select the major consumer trends that you will tap into since they will yield the best opportunities for further growth?
- Can you make explicit what changes in segmentation, products and customer experience resulted from taking these major consumer trends into account?



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Chapter 2 The vision

2.1 The single most important point of departure: the consumer, the fan

1. Major consumer trends make sports more than ever a cornerstone of our way of life

2. TV as we know it disappears.

2.2 How companies will respond to changing consumers and context

2.3 How sports entities can assist companies in facing their challenges

2.4 How the nature of cooperation between sport entities and sponsors will change

Chapter 3 The benchmark

1. AUTHENTICITY

Consumers search more and more for authenticity. Also in the way they choose products and services. Consumers prefer companies and brands with genuine roots. This is not only reflected in their purchasing behaviour, but also in the friendships people engage in, the music they favour and the role models they choose.

In a world that is commercialising more and more, sports is but the last frontier when it comes to authenticity. A team that is on the pitch is not acting, not playing a role, but giving everything it has to win that game. The talent, the personalities, the passion, joy and the pain are all pure. On TV sports is unpredictable, raw, unedited, unscripted, unmediated programming: all authentic. Sports will be more and more a beacon of authenticity in a commercialised confusing world where you do not know what is real and what is not.

2. TRIBES

The world keeps getting smaller. Consumers react through renewed appreciation of the region they come from, specific values or habits, local heroes - to basically re-establish their identity. At the end of the day consumers want a tribe to belong to, a fundamental social desire to have a common context.

This consumer trend also fuels the rise of virtual communities. People with similar interest are connecting at a stunning rate with people that they would otherwise never have met. In South Korea approximately one third of the entire population is member of Cyworld (one of the oldest online communities, comparable to MySpace or Facebook). Tribes are not necessarily bound to geographical borders anymore. Brand fans. e.g. in the case of Apple or Google can be found worldwide. The same can be said for modern day sports giants, such as Manchester United.

Sports entities are bound to keep on playing a major role in geographically oriented tribes.

3. EXPERIENCE

Consumers want to experience things. Excitement and emotions. Small and big. Going places. Going through new experiences. Companies anticipate this consumer trend by adding concrete experiences to the use of the product offering. Hotels offer spas in addition to just rooms, banks offer business lounges to its affluent clients at airports, the Dunkel restaurant in Berlin offers dinner in a completely dark environment as if you are blind. This trend actually opened an array of innovation opportunities especially for service companies such as banks and insurances: extending the intangible service with a very tangible experience.

Sports is obviously well positioned to anticipate this trend. Being at a stadium, at a race track, or even watching a game on television with friends, guarantees an experience. While participating in sports oneself, winning and losing, going through the pain, further than one thought one could go, is of course the ultimate experience.

4. HEALTH AND WELLNESS

Health and wellness are becoming more and more important to consumers. Eating disorders like obesity are featured in the press almost on a daily basis, we see double digit growth figures for organic food, more and more people are getting into sports and the spa and wellness industry is booming.

Companies across industries are investing billions of Euros to tap into this consumer trend. An aging population, growing health consciousness for health, the desire to stay in shape and looking good are all supporting this trend. As a result people will spend more time than ever participating in sports actively, spend more money doing so, and the passive attention for sports will continue to grow.

Nintendo's Wii is clearly anticipating this trend. We also see loads of opportunities for sports and competitions for the flip side of 55, e.g. Nordic walking.



Screen dumps www.healthbolt.com and www.nintendo.com/wii. Gaming industry taps into the health and wellness trend. And spot on

2.

TV as we know it disappears

The way consumers are watching TV changes

Consumers are becoming increasingly marketing savvy. They see through cheap, easy commercials - and are fed up with them. Hard drive recorders gain share rapidly and allow consumers to watch their favourite shows without interruptions from advertising. Traditional TV advertising is regarded as spam: unsolicited interruptions of programmes they do want to see - in the same way spam email is already perceived today. Even advertising which is not avoided, will have less impact due to the increasing amount of messages sent out. Consumers will spend less time on magazines and news papers. They spend more and more time online. It is part of their lifestyle and identity.

In fact, it will be hard to keep on talking about 'traditional TV' as it will blend into the new media. The distinction between pc's and televisions is phasing out due to new technologies such as digital TV, internet TV initiatives such as Apple TV. The same can be said for radio with an increasing number of people using sites such as last.fm to build their custom made radio experience. We can see the rise of cross media platforms in which TV formats, YouTube or MyVideo like sites, mobile phones, but also print, databases etcetera are integrated into information and entertainment platforms. As a result the distinction between media will become less relevant than the way media are utilised and especially who uses it, the consumer.

Two different types of 'TV' will emerge

Or better formulated, people will watch TV in two different ways. Both are related to the importance of community, or tribe as you might call it.

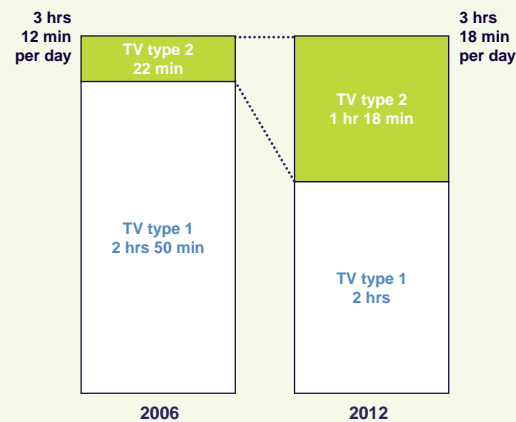
On the one hand, there is TV that builds and nurtures community. The type of programs that one just needs to see the minute they are broadcasted. Think live sports matches, the last episode of the Soprano's, the final of Idols; programmes that you watch together (part of the fun) and/or will determine tomorrow's conversations at work. You just do not want to miss out. Experiencing the programme and sharing these experiences afterwards yield the sense of community.

On the other hand, there is TV programming that in essence does not require such instant viewing, because it will not dominate tomorrow's conversations at work or add to any feelings of community. Basic principle will be that consumers access this content at their discretion.

This distinction is important to put the future of advertising in a proper perspective. TV advertising as we know today; will continue to be possible for the first type of TV programming. When it comes to the second type of TV programming, TV advertising as we know it will loose share rapidly in pace with consumer acceptance of the already available technical capabilities to avoid advertising. As a result, more advertising money will be driven to type 1 programming - which basically is good news for sports entities.

Cross media platforms will facilitate communication and make the content accessible to the world. Example of such an initiative is www.sportwereld.nl by Dutch newspaper Algemeen Dagblad. This site is linked to the community www.mijnsportwereld.nl thus creating a platform in which professional journalists, amateur reporters and sport fans co-develop content (including user generated content, blogs etcetera). This platform combines the properties of a MySpace like community with that of a sport news site as well as the club sites of sports entities. The latter contains information that is usually too specific to reach the regular sport news sites. Markets such as the UK and the USA are forerunners in this field. Some examples include sites such as Sportingo, Isporty and FanNation.

Future viewing behaviour



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- 2.1 The single most important point of departure: the consumer, the fan
 1. Major consumer trends make sports more than ever a cornerstone of our way of life
 2. TV as we know it disappears
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- 2.3 How sports entities can assist companies in facing their challenges
- 2.4 How the nature of cooperation between sport entities and sponsors will change

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Is advertising whimpering on its last legs?

It is not. The total spend in marketing communication continues to rise, and within these budgets the share of TV advertising as we know it is shrinking (while alternative models will increase, such as online, non spot, product placement, social networks etcetera). The increasing media expenditures combined with these new models will make it easier to target specific groups. Initiatives such as Spotzer.com are built on these developments.

In the following few years the rise of total budgets will make up for the decreasing share of TV advertising: in absolute figures, TV advertising budgets will continue to grow. A decrease can only be expected once new models have grown mature and develop at a pace more rapid than the growth of marcom spending.

Q for companies and sports entities

- Do you have a clear vision on how the changing media landscape will affect the current mix of marketing communication media that you deploy?
- What share of your current media budget did you allocate for new media?
- How do you capture and share all experiences with new media, to secure the shortest learning curve possible?



Screen dump www.sportingo.com



Screen dump www.isporty.com



Screen dump www.fannation.com

2.2 How companies will respond to changing consumers and context

3.

From building brands to building business

The deployment of sports will shift from building brands to building actual business. Companies recognise sports as an important platform that will help them to face the challenges in business development.

- Sports sponsorships will help companies counter the decreasing effectiveness of traditional marketing communication.
- Sports provide angles for breakthrough innovations that anticipate the major consumer trends mentioned in previous paragraph.
- Sports offer companies a platform to engage in society and take their corporate social responsibility.
- Sport sponsorships offer opportunities to nurture and reinforce company pride.

In all these four solutions companies leverage the two core assets of sports: authenticity and fan base.

We will elaborate on each of these four perspectives in the following four paragraphs (4 to 7).

Q for companies

- *Do you have a clear vision on how you will tackle each of these four challenges?*
- *Are sports sponsorships part of that solution?*
- *How will sport sponsorships enable you to deal with your business challenges?*



Photo courtesy of Nike

4.

Sports sponsorships will help companies counter the decreasing effectiveness of traditional marketing communication

Alternative communication channels

Firstly, and this is the no-brainer, by offering alternative communication channels that beat traditional marketing communication when it comes to effectiveness.

Think proprietary media of sports entities, offline and online, non spot opportunities in these media. Think interactive platforms of sports entities such as online communities that enjoy active consumer participation and consequently much more impact of commercial messages of sponsoring companies.

Or similar proprietary media of sponsoring companies that use sports as content to attract and involve consumers. Think video podcasts, for example with pro golf tips offered and sponsored by e.g. Callaway, that reach the golf player who wants to practice in the office or wants to show the tips on his ipod, iphone or other gadget to friends and colleagues.

Q for companies

- Do you use proprietary media of sports entities as a communication channel?
- Do you use content of sports sponsorships as part of your communication streams?

BEST PRACTICE

Just like in the rest of Europe, financial services companies are also major sponsors in the Netherlands. Various Dutch IPTV initiatives are backed up by big financial companies, such as www.hockey-tv.nl (with ABNAMRO) and The Dutch National Football team (oranje.nn.nl, with Nationale Nederlanden). www.rabosport.tv with for example coverage of the Tour de France moved up the mediastream by being owner, producer and distributor of sports content. They don't spend lots of money on sporting rights but create their own content by organising events and showing exclusive footage, for example behind the scenes with the cyclists of the Rabo team. A proprietary platform for attracting a very involved target group and creating traffic to your company website.

Add true experience to marketing communication

Secondly, sports allow sponsoring companies to add true experience to their marketing communication. Brands are creating new contexts in which their products can be experienced. Sports have always provided an excellent experiential environment. The challenge is to link these two in a fashion that is relevant and compelling for consumers.

This experience perspective is also so relevant for B2B hospitality events and B2B relationship management efforts of sponsoring companies. There is ample opportunity to move away from obvious non-distinctive events that relations got bored of long ago, but aim to create a true new experience, proprietary to the sports entity/sponsoring company relationship, that include a mixture of story-telling, authenticity and privileges (see next part about story-telling).

Q for companies

- Do you add actual true sports experience to your marketing communication?

Distribution channels to sell the products and services of the sponsoring company

Thirdly, and this is where the revenues really kick in, sports sponsorships will help companies to counter the decreasing effectiveness of traditional marketing communication by offering concrete distribution channels to sell the products and services of the sponsoring company to the fan base in current and new markets.

Over 50 million people across Europe consider themselves fan of FC Barcelona (according to Sport+Markt), websites of premier sports entities such as the Olympic Games, the Rugby Six Nations etc. draw millions of visitors – the challenge is to see how these communication channels (and others) can be turned into distribution channels for actual sales.

Q for companies

- *Do you use the infrastructure and databases of the sports entities that you sponsor as distribution channels to sell your products and services?*
- *Do you turn the traffic at the website of the sports entity into seamless sales of your company's products and services?*
- *Do you have a virtual shop-in-the-shop as part of the website of the sports entity that you sponsor?*

BEST PRACTICE

Landrover has developed a special rough terrain, where potential clients can truly experience what one can do with a four wheel drive. We need not explain that the impact is quite different from 30 second commercials. It helps Landrover stand out of the clutter, but it also is an example of how one can anticipate the major consumer trend 'experience'. At a deeper level, consumers look for a way to interact with the brands they consume. They are looking for unique experiences and stories to share with their peers. It is no longer the features of the car that make a car manufacturer stand out, but the experiences and adventures that a consumer can undergo with that car.

BEST PRACTICE

Bank La Caixa, sponsor of the Spanish national football team, organises special tournaments three days before the national team plays. People can play on various levels and experience the excitement of the upcoming international game. La Caixa uses their presence at these tournaments to reach potential customers, clearly in a more exciting environment than a shopping mall.

BEST PRACTICE

Dutch Rabobank leverages their sponsorships by developing specific themes (Tour de France, Olympics etc) for their experience centre in the Centre of Amsterdam.

LOW HANGING FRUIT

Quite a number of banks that sponsor football clubs have launched credit cards that are dual branded or refer to the sponsorship. Now, go to the website of these clubs and try to find this offering...in most cases it is impossible to find even a reference. Now click on the logo of the respective bank on the club's homepage...in virtually every case this links to the homepage of the bank, while one would expect to land at a page that explains the relevancy of the sponsorship, or even a seamless sales efforts of the products that are developed based on the sponsorship platform - like the credit card. Positive exceptions are Bayern Munich and Bikkembergs' F.C. Fossombrone.

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- 2.2 How companies will respond to changing consumers and context
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BEST PRACTICE

Saab already takes some first steps to turn sponsorship into business in the Spanish market. They sponsor various golf tournaments and members of the Royal Spanish Golf Federation are directed to the Saab Golf Privilege programme internet site to obtain special benefits when buying a Saab. Thus actually turning the golf sports fan base into a Saab prospect base.

41



BEST PRACTICE

Screen dumps www.bayernmunich.com. FC Bayern München is one of the few examples of sport entities that turned their web presence into a sales channel for specific co-branded products of sponsors. In this case, a Bayern cell phone with specific content subscriptions offered by sponsor T-Mobile and a range of co-branded financial products from sponsor HypoVereinsbank

5.

Sports provides angles for breakthrough innovations that anticipate the major consumer trends mentioned in previous paragraph

Apart from the obvious companies that can easily use sponsorships for content purposes (e.g. gaming companies, travel industry, car manufacturers, telco's such as Vodafone) there are only a few that already explore the path of innovation with sports. Others include Dirk Bikkembergs, the Belgian fashion designer who sort of redesigned his whole company around sports after sponsoring Italian FC Fossombrone, in the small town where he has his production facilities. The philosophy behind this paradigm shift: 'Sports represent the language of a genuine and positive way of life', Bikkembergs explains.

But when you start thinking it is not that hard to imagine how sports as an innovation platform can create growth across industries. Please note that sports will not be the only platform for business innovation. Other platforms include e.g. health in a broader sense, authenticity, communities, convenience (easiness).

Q for companies

- *Do you include sports as one of your innovation platforms?*
- *What actual products and services in your innovation pipeline are fuelled by the assets of sports sponsorships?*
- *Are these new product and services treated as part of the assortment, with clear top and bottom line objectives, or are they rather promotional instruments to reinforce awareness for the sports sponsorship?*

› Screen dumps www.fcfofossombrone.it. For Belgian fashion designer Dirk Bikkembergs, (FC Fossombrone's sponsor) football is the most important source of inspiration. Furthermore, he has integrated a virtual shop-in-the-shop in the website of this Italian football club



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Screen dumps www.apple.com/ipod/nike/gear and www.nikeplus.nike.com/nikeplus

BEST PRACTICES (TODAY)

- In the UK we see the joint effort of clubs, such as Arsenal, Liverpool and Chelsea with the Football Club Credit Card, in cooperation with MBNA Europe Bank which contributes funds to the Youth Development programme at the Football Clubs academy. FC Barcelona uses their worldwide popularity with deals with various banks such as La Caixa in Spain, Banco Nacional de Mexico and the Japanese Rakuten Group. Many of these credit card concepts mainly involve benefits such as prize winning contests, discounts to see the games etc.
- Special editions and collectors items like the Philips Williams Formula 1 shaver, which created added value for retailers such as Carrefour and contributed to additional sales.
- The Nike + iPod Sport Kit. As you run, a wireless sensor that is attached to your shoe sends information to your iPod Nano, tracking your time, distance, pace, and calories burned. Real-time, spoken feedback can even alert you to milestones throughout your workout. Workout data can be uploaded to your computer to evaluate your performance history, set goals, and even challenge other runners to a virtual race.
- The Sharp mobile phone together with Vodafone, Mercedes and McLaren. Now we are really talking about creating a joint platform for sponsorship.

BEST PRACTICES (FUTURE)

- Think ranges of healthy food products that are co-developed with long distance runners.
- Think hotels chains that innovate through offering an experience instead of just a room with breakfast, in analogy to the so-called fashion hotels that are currently launched in virtually every major city (the Bulgari hotel in Milan, Palazzo Versace in Queensland Australia, the Camper hotel in Barcelona).
- Think fashion brands (such as Dolce & Gabbana) that launch casual clothes lines based on sponsorships (such as AC Milan, currently sponsored by D&G).
- Think music companies that produce series of playlists with the right beats per minute to train for a marathon. One of the forerunners in running is ASICS who already for several years offers free running schedules, thus creating an ASICS community (www.myasics.com).

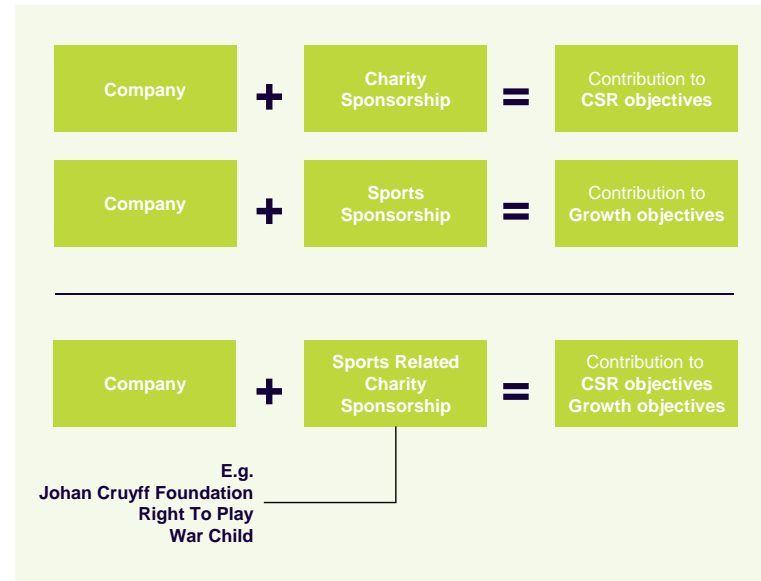
6.

Sports offer companies a platform to engage in society and take hold of their corporate social responsibility

Companies will seek to combine business objectives and CSR objectives. Although this might imply that the two are opposites, the contrary is true. In five years from now no business will be possible when a company is not acting in a responsible manner. Joining forces with charities that use sports as a platform (such as Champions for Children, War Child, Right to Play, Johan Cruyff Foundation – but also sports entities with a clear CSR mission) cuts both ways. On the one hand this fulfils CSR objectives, while on the other hand it includes sports as an authentic platform for the business challenges as described in previous points.

Q for companies

- Do you team up with sports related charities in your CSR approach?



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7.

Sport sponsorships offer opportunities to nurture and reinforce company pride

Company pride is more and more essential to retain and attract talent. Sport sponsorships can play a significantly more important role than it does today.

The challenge here is how to involve employees in the sports sponsorship, and how to secure that rumour around the sponsored sports entity reflects in company pride.

This is not so far fetched as it seems. Basically the same dynamics apply that are already deployed in relationship management (involving customers in the sports sponsorship). This is where the passion of sports, the purity, the charisma, the beauty of the play is to be leveraged.

Q for companies

- *Do you have a plan in place to nurture company pride as an important means to retain talent and to attract new talent?*
- *To what extent do your sports sponsorships play a role in nurturing that company pride?*
- *Is nurturing company pride an important chapter in any sports sponsorship plan?*



Photo courtesy of Volvo Ocean Race

ABN AMRO was one of the main sponsors of the 2006 edition of the Volvo Ocean Race. Employee involvement has been one of the key drivers of this sponsorship right from the start, and consequently employee participation – active and passive – as well as internal communication have been important pillars of actually ‘living the sponsorship’. As it turned out (how much unfortunate) the dramatic events with one of the ABN AMRO boats (one crew member went overboard and drowned before he could be saved) revealed the close bond that employees felt with the team that was out there.

8.

Sports sponsorship investments will explode in the coming five years

Over the last few years the overall volume of sports sponsorships in Europe increased with approximately 15 % to 9.7 billion Euro according to Sport+Markt. Ogilvy Action reports a 50 % increase to 410 million Euro in Asia.

As a result of what we discussed above under 3 to 7, we envision that the rise of sports sponsorship of the last years will further accelerate. Current sports sponsorship growth figures are predicted to double or even triple, but even the most conservative figure constitutes the influx of large sums of money. As a consequence the share of sponsorships in the total revenues of sports entities will increase. But with this massive increase come new responsibilities, at the sponsoring company as well as the sports entity.

Q for companies

- *Do you have a clear idea what the share of sports sponsorships will be in your total marketing investments budget for the coming years?*
- *Do you anticipate a rapid increase in what you will spend in sports sponsorships?*

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9.

Sports sponsorship will rapidly shift to long term commitments

The direct relation between sponsorships and business objectives top and bottom line growth will affect the nature of sponsorships in various dimensions.

Usually business objectives and strategy have a long term scope. When sponsorships will be directly linked to these objectives and strategy the scope of sponsorships will change accordingly. It is shifting from short term one-offs (efforts to build a brand) to long term commitments (to build business). **The longevity of contracts will increase.**

Moving away from soft objectives (e.g. contribution to brand awareness) to measurable objectives (e.g. contribution to revenue growth) will have its impact on the nature of the deal as well as the deal size.

The nature of the deal will shift to (partly) **performance based**: not performance in the meaning of ranking or prizes, but **contribution to the business** objectives or revenues of the sponsor.

Longevity of scope demands for **continuity of platform**. When looking at the continuum from an entire sport, association, competition, team to individual player, the emphasis of sponsorships will shift to the left hand side of this continuum. The continuity sponsors are looking for can be found more easily when choosing a sport, association or competition as a core platform they can build on for years to come.

However, sponsors will implement such a decision with inclusion of the right hand side of this continuum – individual teams and players – for several reasons: to make the sponsorship as tangible as possible for stakeholders (which is a lot easier with persons than associations), to create relevancy in local markets, to realise short term success within a long term vision, and last but not least to prevent competitors ambushing its strategy.

The first decision on a global basis may be for football and the UEFA Champions League; implementation also includes sponsorships for teams and individual players. Both teams and individual players will definitely also profit from the rise in sponsorship deal size. Sports associations and competitions will profit even more, if they gear up and play their cards right.

Q for companies

- Did you already decide to move towards long term commitments?
- Is moving to sports entities that allow more continuity part of your sponsorship strategy?



Photo courtesy of AEGON. Former 1,000 meter world champion Barbara de Loor playing with kids at the AEGON Junior Speed Skating Games. AEGON has sponsored speed skating for more than a decade, and actively supports the sports' further growth

10.

Sports sponsorships are too important to be left only to the sponsorship department, and will move dramatically closer to board levels

If indeed sports will play a role in the business challenges a company is facing, the logical consequence is that sports sponsorship will be addressed head to toe at the level where the responsibility for these challenges lay. More concrete: sports sponsorship has to be imbedded on a higher level within the organisation - business development, commercial, marketing - and not corporate communications, marcom, or a specific sponsorship sub-sub-department.

The competences that exist at that company level - deep consumer insights, business sense and business creativity - fuel creation of concepts and strategies for sports sponsorships that will result in top and bottom line growth.

This level in the organisation also secures the mandate that these strategies will actually be integrated in product innovation and sales management.

Moving closer to board levels, read increased recognition of importance, also reflects in governance structures in multinational companies. As sports sponsorship decisions move upstream, more and more will be decided centrally to secure alignment and scale economies. With less and less degrees of freedom on a local country level to choose and design its own sponsorships. Implementation of this governance model will also include pre-set budget allocations to exploit sponsorships across countries, in terms of guidelines, pre-set amounts and a pre-set range of activities.

Basically, this development towards this type of governance is by and large similar to what we have seen in advertising in multinationals over the last decade. The rise of the 'one brand' philosophy that we saw over the last decade is accompanied by centralisation of marcom decision making, concepting and design and local country adaptation.

This analogy also provides a number of learnings. The most important being that dependant on industry, cultural dimensions, and consequent consumer acceptance and appreciation may vary across countries, and major or minor local adjustments may be essential to roll out a sponsorship. Consumer research provides answers.

Q for companies

- *At what level in the company hierarchy is sport sponsorship placed: business development, marketing communication, a specific sport sponsorship department?*
- *How strict is the governance; are local market organisations obliged to spend a minimal amount of their existing marketing and communication budget to lever the international sponsorship in their market?*
- *Do you execute local consumer research to determine what local adaptations are necessary, if any?*

Clearly the move to board levels doesn't dismiss the mid levels of being continuously on the ball at an operational level. Spanish Banco Santander showed their agility by flexibly adjusting their advertising strategy during the events surrounding last years F1 McLaren team. They swiftly changed their focus from Spanish favourite Alonso to English Lewis Hamilton. Using Hamilton's successes and appearance they started a huge campaign for their English subsidiary Abbey, showing that Santander and Abbey are the same company. Thus adapting to the changes within the McLaren team and ensuring that their sponsorship money would remain to be well spent.

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Photo courtesy of Zurich Financial Services

11.

Sponsorship implementation in analogy to corporate strategies implementation

Strategy and policy implementation in companies is day to day practice. Preferably all involved in making things actually happen are involved to a certain extent in the decision making process. The journey is part of the destination. If you want people to embrace a strategy, there is no better way than involving them where relevant and possible. This also applies to successful sponsorship implementation.

Here we refer to the ING case in the box, that basically tells exactly how sponsorship implementation should work, to secure that everyone in the company strives to get the most out of it (and not flee in 'not invented here behaviour').

Q for companies

- Do you include the management levels that actually have to deploy the sponsorship and turn it into top and bottom line growth in the sponsorship strategy and selection of sports entity?
- Do you have processes in place to seamlessly implement the sport sponsorship across all company levels, and across all countries?
- How do you align global with local sponsorship initiatives and budgets?
- What processes are in place to secure that the sponsorship strikes the right chord across consumers in various countries?



Screendump www.aficionadoprofesional.com. Example of ING cascading their F1 sponsorship down to their markets. With a big media campaign ING Direct looked for a new employee. This person has to accompany the F1 team, manage the blog and act as a liaison between Fernando Alonso and his fans. Profile looked for: authentic fan of Alonso, communicative and customer friendly. More than 35,000 people applied for the job. A great tool to enhance closeness to the fans while strengthening company pride at the same time.

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BEST PRACTICE

One of the most comprehensively approached sponsorship strategies is the ING sponsorship of F1. Great sponsorship implementation starts even before the deal is closed. Several steps preceded the final decision, with not only an external focus but also a very internal component to ensure management and staff acceptance of the investments

- Sports sponsorship is considered as an instrument to the strategic objective 'increase the client base'.
- Analysis of sponsorship strategies of peers and competitors.
- Analysis of the current sponsorship expenditures by local ING organisations, finding out that already many millions were spent, thus fuelling the need for a coordinated international sponsor strategy.

- Analysis of possible sports entities eliminated a number of options
 - events were not selected due to non-continuous character
 - formulas such as NBA in USA and Champions league in Europe were not selected due to the local focus, meaning higher expenditures due to fragmentation. Every formula would have required its own proposition
 - sports without centralised decision making unit and no ready to use global project were not selected due to the local hassle needed
 - resulting in F1 as the option answering all of these issues. Thanks to its global reach with a television audience of 850 million people yearly.

- Customer research in local markets was performed to test the perception of ING customers towards F1 sponsorship by a financial entity such as ING.
- Internal interviews with a big group of the company's top management ensured commitment before the final decision.

Next challenge for ING is to leverage on the sponsorship in an equally well thought out manner and seamlessly cascading budgets and objectives to each ING country with clear governance principles.

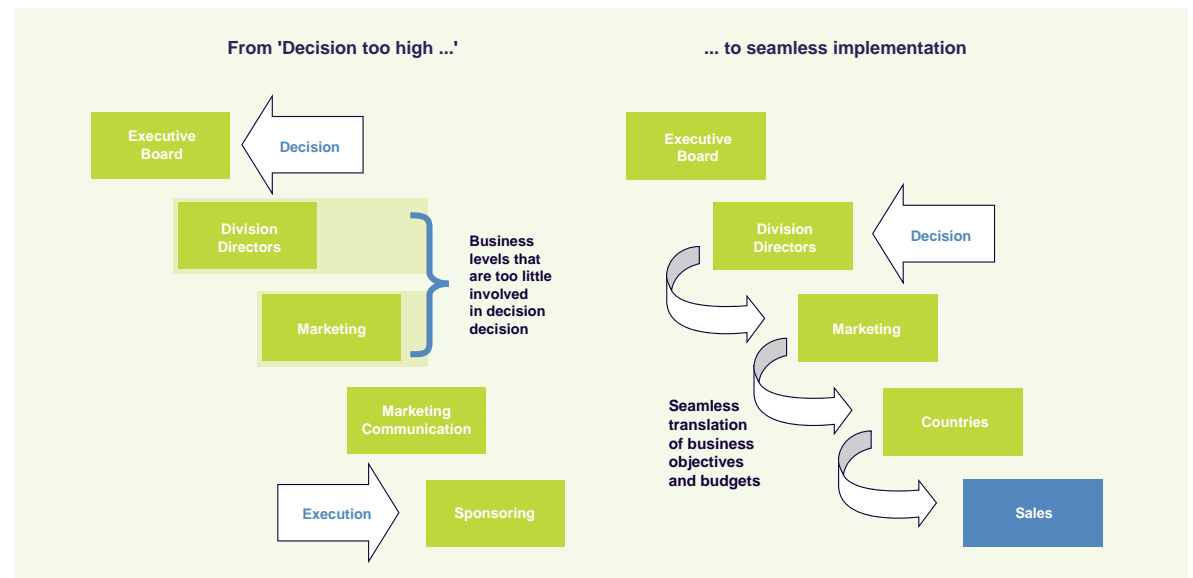
By living the sponsorship internally company wide (and not only by allowing the employee of the month to drive a Renault Clio in the F1 colours).

By bringing F1 dynamism and values into staff behaviour, bank branches, and new propositions for clients (while not building the F1 brand, but building the ING brand).

By obtaining true commitment from all management levels in order to contribute to and be present at festivities when required.

In the end the F1 sponsorship is not about the sport but about business: the fan and the client base, the employee and company pride.

The first year of sponsorship has led to an increase of 29% in willingness to do business with ING. Already a leap to the ultimate objective to increase the client base. (Source: research in 32 countries by Research International).



12.

Black belts play with black belts

Moving closer to board level, centralisation and local adaptation, long term scope and increase of deal size: all these trends result in the desire of 'black belt' companies to establish relations solely with equally 'black belt' sports entities. Companies will look for sports entities that match the scale on which their business operates more than ever before. Global companies prefer to sponsor global sports entities, or decide for one or more global platforms that can be used across their key markets with local adaptation. They may decide for multiple platforms to cover all key countries and market segments, but at the end of the day sponsoring companies want to minimise the number of platforms deployed.

Match in scope and ambition are the key words here, and sports entities are up to a challenge to answer to these increasing demands of sponsoring companies.

Q for companies

- *How many sponsorship platforms do you support across divisions and countries?*
- *Do you have a strategy in place for alignment, scale economies and synergies?*

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Photo courtesy of NOC*NSF

13.

Mentality and authenticity of a sports entity prevail over a winner track record

The ability to contribute to business objectives will become the single most important criterion to embark on a sponsorship with a certain sports entity. Match in scope etcetera are logical consequences.

That aside, we see another criterion take different meaning. 'In the old days', when striving for brand awareness was the objective, key indicator for a successful sponsorship was the amount of press coverage that the sports entity generated with the sponsoring company mentioned in the story or visible in the picture. Since this is likely to occur more with a sports entity that is winning on a regular basis, 'being a winner' was an important aspect of the sports entity brand for the sponsoring company.

With the long term scope and commitment of sponsoring companies, and the increased attractiveness of an entire sport, associations and competitions we see that the brand criterion takes a different shape. 'Being a winner' becomes secondary to brand personality features. Mentality and authenticity prevail: a particular proprietary original style and personality, not fake or crafted (created by a marketing department). Sponsoring companies seek more and more associations with a specific authentic personality and attitude. This will be a decisive criterion in addition to business potential. This trend also fuels ProSport's Bert Spaak's vision that small yet evocative sports such as polo, boxing and fencing can become interesting sponsor platforms already shortly.

Q for companies

- What are the main drivers of choice when selecting a sports entity for sponsorship purposes?
- To what extent do you include 'mentality and authenticity' compared to 'winner track record'?

BEST PRACTICE

The mentality that the Williams F1 team radiates is the main draw for Philips to sponsor the team of Frank Williams and driver Nico Rosberg. 'DNA similarity' as they call it at Philips. The team is more important than the driver. And it is about developing meaningful technology, success will follow by itself. Winning is less important in the criteria of Philips, although being at the back of the pack is to be definitely avoided. The mentality is also reflected in the proactive attitude when it comes to creating shared marketing and communications opportunities.



Photo courtesy of Philips

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Advertisements courtesy of Puma. Authenticity rules at Puma. Jamaican sprinter Usain Bolt. Puma decided to sponsor the Italian national team, since 'Italy' evokes associations beyond sports: lifestyle and fashion

BEST PRACTICE

Puma chose to sponsor the national football teams of Jamaica and several African countries, because of the associations with how football is played in those countries: pure, spontaneous, and authentic. Puma found these criteria more important than looking for the team that is the most likely 'winner'. At the same time Puma is not necessarily looking for the best athletes, but rather for the most inspiring and charismatic athletes, Puma mentioned that obviously sponsoring these national teams is a lot less costly than sponsoring the regular football nations, and therefore offers great returns.

2.3 How sports entities can assist companies in facing their challenges

Sports entities have unexpected, or at least underrated, core assets which offer the possibility of breaking away from the short term view and consequent limited revenues: (1) authenticity and (2) fan base. Building and nurturing these two core assets opens new avenues, with a long term view and dramatically different revenues. At the end of the day they determine the attractiveness for potential sponsoring companies.

14.

Sports entities priority 1: identify, build and nurture core asset 'authenticity'

Understand true identity and roots

Sports entities number 1 priority is to become aware of its true identity and roots, and start building upon it. Identify - build - nurture. This is the number one priority for any sports entity, because at the end of the day this is the single most important foundation why fans feel attracted, it is at the core of the current fan base, and the source of further growth of that fan base.

Take the fan as the single most important point of departure and gather deep insights

To identify its identity, roots, authenticity, the sports entity needs to take the fan as the single most important point of departure and gather deep insights. Embrace marketing as a philosophy. Move away from thinking marketing equals merchandising. This 'revolution in the mind' entails spending serious money on qualitative and quantitative research among our fans, and fans of competitor sports entities.



Screen dump www.superleagueformula.net

This type of research discloses the drivers behind the sports entity authenticity: what are they proud of, what creates the bond that fans feel; the mentality, style and personality; the legendary events and defining moments; the heroes, stories and anecdotes. In short, what contributes to making this particular sports entity authentic, and what not.

Q for sports entities

- *What amounts do you invest on an annual basis in qualitative consumer research to gather validated insights (rather than just guesses) in what makes the fan tick, the identity, roots and authenticity of the sports entity?*

BEST PRACTICE?

In August 2008 the first Superleague Formula will take place. The Superleague Formula features 20 cars competing against one another, with each one carrying the colours of a range of well known football clubs, including AC Milan, Galatasaray, Corinthians, FC Porto and Flamengo.

Key question is what this will contribute to the authenticity of each of the clubs? What key values will be enhanced? What roots will be reinforced? An overlap in target group just is not enough.

BEST PRACTICE

This approach - leverage profound knowledge of what drives the fan - is the basis of the success of the KNHB, the Royal Dutch Field Hockey Association. Massive research among members of hockey clubs across the country revealed that what set field hockey apart is the family atmosphere. Combined with major societal trends this led to the conviction that building and nurturing this family atmosphere should be at the core to further grow the membership. Programmes have been implemented to secure that this authentic aspect of field hockey is lived in every club, in every team. Membership figures have shown double digit growth since this strategy was deployed.

Consequently build and nurture authenticity

After identification comes consequent building and nurturing this particular authenticity. Living the brand, as one might call it. The sense of what we are and what we are not, must be in every vein of the sports entity: in the way the game is played, in the choice of trainers and players, in how the fans are welcomed in the stadium, in how fans are involved.

Failing to do so, will hurt long term revenues. Merchandise and selling TV rights don't provide a panacea. Not taking your roots and traditions into account, may lead to your tribe not filling your stadiums anymore. Empty seats surely don't look great on television and make sponsors less enthusiastic.

'Living the brand' is about fuelling and reinforcing the authenticity in a genuine fashion. In modern day business 'Living the brand' means proving your brand values in your whole marketing mix and in all contact moments experienced by your customers. Like ACM, the organisation behind the America's Cup states: 'our values are tradition, excellence, innovation, competition and leadership. These values have to be reflected in our whole organisation, including our office and people, up till the way they talk and dress'.

Building the brand = building a bond (rather than selling as much replica shirts as possible). Building and nurturing its authenticity is a strategic imperative of each sports entity.



Photo courtesy of PSV Eindhoven

Q for sports entities

- *Do you have an actual strategy in place – from clear objectives to activities – to continuously and structurally build and nurture authenticity, and live the brand?*

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 15. Sports entities priority 2: build and nurture core asset 'fan base'
 16. Sports entities grasp the business challenges of sponsors, and anticipate proactively
 17. Sports entities embrace their role in society and profit from it through increased attractiveness for sponsors
 18. Sports entities need to build new competences. Yesterday
 19. Sports entities organise and cooperate to match the scope and scale of sponsoring companies
 20. Sports entities innovate, taking their roots as a point of departure

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Local sponsors can enhance the roots and authenticity of the sports entity

Sports entities are in search of instruments that emphasize their roots and authenticity. Local brand name sponsors can provide that. Great example is Nationale Nederlanden that supports the Dutch national football team, the province of Salento that sponsors local pride and Serie A team Lecce, the oldest bank of the world Monte dei Paschi di Siena that sponsors rival Siena, local chocolate specialty Baci Perugia that sponsored Perugia over a period etc. Especially local brands have the power to reinforce the roots of the sports entity.

Q for sports entities

- *What is your shortlist of potential local sponsors that will contribute to your authenticity, rather than just for the money they could bring in?*

BEST PRACTICE

In line with the enormous positive impact of the 1992 Olympic Games on the city of Barcelona, city marketing is a widely used instrument in Spain. The city of Valencia is a great example of a city putting itself on the world map by sponsoring big international events. Valencia managed to become the host of the America's Cup, which upgraded their commercial container port into a tranquil marina area overnight (apart from the economic impact worth billions of Euros). Furthermore, Valencia hosted the 2007 launch of the McLaren, Mercedes Benz and Vodafone F1 team, with an enormous party at the city's masterpiece La Ciudad de las Artes y las Ciencias, including performances of Cirque du Soleil and Vanessa Mae.

At first glance this looks like just a spending of lots of money. But with live coverage on Spanish television and an experience for the 250,000 fans that were actually present to see national favorite Alonso, the sponsors managed to turn a launch event which is usually mostly a relationship and press event into a true fan experience. Sponsor Valencia used this occasion to get their city on the F1 year agenda with a new F1 city circuit Monte Carlo style. Hearing the F1 machines roaring through the city surely must have had a positive effect on Bernie Ecclestone. Together of course with the 26 million Euros that Valencia offers for the organisation of each race. But it also created an instant bond between the Valencians and F1.

QUESTION MARKS

- New 'modernised' club logos.
- Buying and selling football clubs by non-fans with too much money. The influx of this kind of money not only alienates fans, but also committed long time sponsors of the game.
- Multi purpose venues that do not breathe football.
- Stadiums named after the sponsor. What is more authentic: Estadio Santiago Bernabeu or Estadio Bwin? San Siro or Opel Arena?
- Even worse: naming clubs after sponsors. Red Bull Salzburg, previously Wüstenrot Salzburg, previously Casino Salzburg, originally Austria Salzburg.



Photos courtesy of De Boer Structures. Presentation of the Vodafone McLaren Mercedes team in Valencia. With the impressive La Ciudad de las Artes y las Ciencias providing the centre stage

Growing the fan base requires a carefully thought through strategy
Once it is clear why and how the sports entity is authentic, the second priority is on the agenda: building and nurturing the fan base.

The fan base is the sports entity's lifeline to the future, nothing less than the actual reason of being. For potential sponsors it is one of the most important assets a sports entity can bring to the table. Like a strategy to build and nurture its authenticity, any sports entity also requires a strategy to build and nurture its fan base. The research efforts to understand 'what makes a fan tick', will also yield valuable input for that strategy. It will give insight in who the fans actually are, what segments can be distinguished, their likes and dislikes, etcetera. Combined with insights such as what segments are likely to grow or decrease, what are specific pockets of opportunity, what are the relevant major consumer trends for these segments etcetera, this will set the stage for a fan base growth strategy. In effect this strategy will show great resemblance with any other customer acquisition strategy as we know in 'usual business'. It entails segmentation and tailored offerings for each segment. Segmentation may differentiate for obvious demographics such as distance, age and gender, but also need to include criteria such as purchasing power for future attractiveness for sponsors.

Two options here: either grow the fan base regardless of the quality of the new fans, or target specific consumer segments (e.g. women, more affluent, fans in emerging markets, youth etcetera). Both options are viable, a sports entity just needs to consider and choose carefully and build a strategy for the one that will drive the most value, for the sports entity itself and for prospective sponsors.

Q for sports entities

- What segments do you distinguish in your fan base, and what is the rationale behind this segmentation?
- Do you have an actual and differentiated strategy in place – from clear objectives to activities – to continuously and structurally grow selected segments in the fan base?

Football is an example of a truly mainstream sport. Recent research in the Netherlands among season ticket holders of professional teams showed little difference in the wealth of spectators (at least too little to be a driver of choice for prospective sponsors). This could lead to the conclusion that undifferentiated growth of the fan base is the way forward. Still there is ample opportunity to grow in specific consumer segments. The share and volume of particular consumer segments in the fan base is likely to determine attractiveness for potential sponsors. Not all fans are equal.

BEST PRACTICE

The Royal Dutch Field Hockey Association KNHB uses advanced marketing intelligence to disclose exactly who to target to acquire new members. Clear deep consumer profiles are derived from the current membership database, which for this purpose is enriched with external socio-demographic data. In a second stage these customer profiles were projected on the total Dutch population, which revealed specific pockets of opportunity: geographical areas at zip-code level where the typical hockey member lives, but actual membership was underrepresented, so-called look-alikes. The KNHB created tailored programmes to acquire new members in that particular area, while in the process further reinforcing the customer profile of its membership (basically the more affluent, and consequently attractive for potential sponsors).

The success of the professional management of the last America's Cup races have led to huge popularity among the general public and potential sponsors alike, with the effect of becoming more mainstream. The success may backfire if big sponsors such as LVMH find the growing popularity of the event not fitting their exclusive and luxurious image anymore. A threat to an event which is largely dependant upon sponsorships.

Similarly fast growing sports such as golf carefully have to assess how to develop a fan base and serve their (future) sponsors and their market segments at the same time in a controlled manner.

At a tactical and operational level tailored offerings may vary from communication efforts to attract or reinforce fans, to low threshold offers to register as a fan, to actual enhancement of the experience while in e.g. the stadium of the sports entity.

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Nurture the fan base through meaningful and inspiring stories

More and more companies understand the power of story-telling. Consumers do not want more information. They are washed over with it. Storytelling is one of the most powerful tools that we can use to present the truths of our products, services, or company. Stories stick into the minds and hearts of people. Stories create buzz – and brand advocates. Customers share opinions and experiences. We can fuel this buzz with great stories, authentic and real.

Sports offer the perfect ingredients for authentic story-telling. Stories about heroes of flesh and blood with a clear goal, who are usually very successful but sometimes also suffer hardships.

Q for sports entities

- *Do you have an actual strategy in place – from clear objectives to activities – to nurture authenticity through fuelling meaningful and inspiring stories to your fans?*
- *What are the inspiring stories of your sports entity that really capture the pillars of its mentality, roots and authenticity?*

SOME STORIES THAT ARE AT THE CORE OF A SPORTS ENTITY AUTHENTICITY AND BUILD THE FAN BASE

- Manchester United track record does not quite match up with their top ranking when it comes to annual revenues. Manchester United is heroic stories. Think the Busby babes, the tragic plane crash that killed 22 among others 7 talented players, how Busby created a new great team with players like Bobby Charlton, Dennis Law, Nobby Stiles and George Best, charismatic and artistic players like Eric Cantona and David Beckham, the epic Champions League final against Bayern Munich with two goals in injury time to win 2-1. The stories constitute the authenticity. The authenticity constitutes the fan base.
- The New Zealand All Blacks bring mystique and fierce determination to the already big emotions of the game of rugby. The intensity with which they perform their Haka before every game adds an unique component reminiscent of ancient times. This dance originating from the country's Maori surely attracts spectators to the stadiums.
- The roots of the Olympic Games go back over 2,000 years. The Olympic values add to the identity. And each four years new heroic stories enrich the authenticity. Abebe Bikila who set a world record while running barefoot at the 1960 Olympic Games in Rome. Hermann Maier winning the gold medal in the giant-salom and super-G at the 1998 Winter Olympics in Nagano only a few days after a death defying crash in the downhill race. The US ice hockey team that won the gold medal in the 1980 games in Lake Placid, against all odds. Stories that made movies.

BEST PRACTICES

- The Royal Dutch Field Hockey Association KNHB initiated the making of 'Gold!', a documentary that followed the national women team from preparation to winning the world championship in Argentina. The documentary is made at a very personal level, registering the hard work, the doubts, the perseverance, disappointments and euphoria.
- Puma calls it heritage marketing, although this gives it quite an artificial constructed twist. Puma leverages legendary players that all wore Puma, such as Maradona, Pele and Cruyff, with a specific line of 'iconic boots' and apparel that refers to these eras.
- The cameras of French broadcaster TF1 love rugby player Sébastien Chabal. The story of Chabal helps TF1 to grow its market share. With his long hair and bushy beard he has many nicknames such as The Caveman or l'Homme des Cavernes, Atilla, Rasputin and even Jesus. He is feared for his immense power and drive. His destructive tackling as well as his runs scare the toughest opponents, which has led to many stories throughout his career and massive popularity on YouTube as well as in the stadium: hundreds of fans wear fake beards and wigs in his honour. At the same time he is known for his softer side, for instance when he was in tears after France's defeat to England at the 2007 Rugby World Cup semi-final. It is this kind of player that has a proven impact on sales of tickets and popularity of the game.
- Ajax Amsterdam features a series of videos on its website called 'the 10 most beautiful goals of...' Johan Cruyff, Marco van Basten, Dennis Bergkamp, etcetera. This series is of course about reliving old memories and honouring Ajax signature players. Ajax TV features loads of similar video material. A great example of using The Long Tail.
- When visiting Asian countries and zapping



Photo courtesy of FC Barcelona. Heroic victories captured in cartoons



Photo courtesy of KNHB. The Dutch national women hockey team's journey to the world championship victory was captured in the documentary 'Gold'. Great storytelling, that contributes to the authenticity of hockey

Sports entities possess proprietary media to nurture its community fan base

Proprietary media will play a key role in the strategy to grow the fan base. Building and nurturing the fan base requires a dialogue. Bonds are built through dialogue, not through sending one way messages. The media that sports entities will develop will do just that: engage fans, reinforce the feel of authenticity through among others long tail content (through e.g. sharing and reliving old memories), invite them to participate through user generated content, content syndication and active promotion of fan sites - whatever it takes to build and nurture a community that revolves around the sports entity.

Other significant benefits of these proprietary media include (1) the opportunity of additional propositions to sponsors, (2) a new revenue stream that is potentially more profitable because of disintermediation (cutting out the media middle man), and last but not least (3) complete control because all collecting, producing, packaging and distributing content is in ones own hands, including long tail products.

With the promise of such benefits there is a huge temptation to enter into as many media initiatives as possible. This is where the big picture should help select: the objective of these new proprietary media is to reach, to communicate and to grow the fan base.

Rights are an asset to grow the fan base. Not only a source of direct income

This kind of initiatives clearly will also change the landscape for rights holders. And is still an issue for most sports entities, as they do not yet have a clear vision on how to deal with this. This currently leads to for example no live coverage of big events on the internet yet to avoid conflicts with television channels that hold rights, permitting athletes to blog but with restrictions on showing videos (while spectators upload a multitude of movies). Clearly the organisation of rights was created with the idea to keep the different media separate from each other. The blending of media, growing online environment, the extensive usage of social networking sites and the increasing co-creation by non professionals surely will require new business models in which the current media have to be very innovative to maintain a raison d'être.

Any sports entity will need to be aware of its assets and organise them so that they can use them to the max.

Create rich databases. Rich in content and value

In the process of exploiting these proprietary media the sports entity needs to turn its fan base in something tangible to prospective sponsors, e.g. capture actionable fan data in databases or act as an affiliate providing traffic of prospective buyers to the web presence of sponsoring companies.

Q for sports entities

- What are your proprietary media to reach out to your fan base, and what is the game plan behind the portfolio?
- How do you leverage your proprietary media for sponsors?
- Did you anticipate the blending of media when organising rights?
- What is your database strategy, to create an important extra asset for sponsors?
- Do you proactively approach media with interesting editorial formats that feature the sports entity?
- Do you use The Long Tail?

◀ Screen dump www.uk.youtube.com/chelseafc features loads of consumer generated content. Active fan involvement



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BEST PRACTICE

Many football clubs have followed forerunners such as Manchester United (with MUTV) by creating their own television channels. Offering their fans highlights, press conferences, training images, historical games, stories about their heroes etc. Via various channels: online on demand, mobile phone and television (e.g. via a cable network).

PSV Eindhoven for example offers PSV TV for several years. In the beginning of 2008, PSV however started testing a new technology that cuts the traditional broadcasting stations out of the business model. PSV offers consumers High Definition broadcasts of football games via fibre optic cable. Objective is to offer consumers high quality images at the same time allowing PSV to have a one on one relationship with the audience. Collecting, producing, packaging and distributing your own content surely will give complete control over how to reach and grow the fan base.

BEST PRACTICE

Professional water polo clubs in Italy decided to produce their own live reports and offer them more or less turn key to local and regional TV stations. This resulted in increasing popularity of the clubs in their local region, and the exposure attracted a range of regional sponsors.

The Royal Dutch Field Hockey Association KNHB did something similar. It leveraged its expertise of the game to come up with additional camera positions and was able to offer a much more attractive TV-product to public broadcasters.



Photo courtesy of FC Barcelona

BEST PRACTICE

In view of the 'authenticity' and 'fan base' perspective it was a wise decision by the IOC to allow athletes to blog during the Olympic Games. Athletes are real people and being in such a great tournament evokes authentic emotions. Personal expression is part of that. People are not looking for puppets in sports. On the contrary, the attractiveness of athletes lies in the fact that they are real, and have their own opinions.

BEST PRACTICE

Williams initiated a BBC documentary series on the Formula 1 industry. The documentary addresses 'everything you always wanted to know about ...' such as how do you run a team, what is the drill in the pits, how does the management of the drivers operate, what goes about at the sponsors.

Obviously, the documentary offers ample opportunity for communication in a relevant context for interested viewers.

We already see similar concepts for newspapers and magazines: sports entities creating interesting editorial formats that also favour its sponsors. Sports entities and sponsors pay newspapers and magazines for editorial space.



Photo courtesy of Philips

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Sports entities get close to their fans

Back from the old days: tours with the sole purpose of offering fans the opportunity to see their favourite athletes compete in real life. Or retired athletes, past heroes, doing tours to meet and greet with fans, thus reinforcing the bond with old fans, while creating new ones.

Please note that the two top priorities for sports entities, authenticity and fan base, also shed a different light on selection of sponsors. Ideally, a sponsor contributes to both strategies: the sponsor should reinforce the feel of authenticity, and the sponsor should accelerate the growth of the fan base, for instance through access to its own database.

Q for sports entities

- *What are your efforts to continuously connect to your fans in real life situations?*

BEST PRACTICE

Bringing the sport closer to the fans clearly does not have to be rocket science. What about Chrysler cutting the Le Mans winning engine into pieces and providing this to fans? Or Alinghi using the sails of the America's Cup winning team to produce goodies, such as business card holders. This is not about earning money of merchandise. This is how you create and nurture brand lovers. By bringing fans as close as possible to one of their deepest fantasies...being part of a winning sports team and brand. And even better, by giving fans a reason to talk about it with their family, friends and colleagues.

BEST PRACTICE

A different yet very effective approach is followed by Major League Baseball. Its All Star Fan Fest comprises a five-day event for baseball fans of all ages, offering interactive clinics, historical exhibits, and souvenirs. Here fans can find treasures from the baseball hall of fame right alongside state-of-the-art batting and pitching cages. Fan Fest is now in its 17th successful year, providing a companion to the much-anticipated All-Star Game and giving fans an experience to remember.

BEST PRACTICE

Reverse tours are also an option. Each year FC Barcelona and Nike invite promising players from developing countries for a two week pre-season training camp. Although these players are only allowed to train with the second team or top youth team, this creates massive positive publicity in their home countries.

BEST PRACTICE

The traditional hospitality character of sponsorships can be improved with some subtle additions as well. Business people will always be interested in how other companies organise themselves and how they use management techniques to grow their business. Being a company as well, sports entities can provide great experiences in showing the exclusive behind the scenes picture of their organisation.

Great example is the movie FC Barcelona Confidential (2004). In 2003 FC Barcelona was in a crisis with poor sportive results and increasing debts. Directors Webster and Hernandez were allowed to film a year at the Nou Camp documenting the new board under the leadership of Joan Laporta. The exclusive access to the boardroom and open coverage of the meetings and discussions give a very frank insight into how the management turned FC Barcelona from a club in trouble into a global football business. Including the club's reorganisation, from players, to administrative staff. Cameras in the boardroom, directors' homes and even during negotiations with great players create a unique experience surpassing the regular football emotions.

In previous paragraphs we demonstrated that sports entities are so much apt to help sponsoring companies with their business challenges. Whether it is (1) answering the decreasing effectiveness of traditional marketing communication, (2) the need for breakthrough innovations, (3) the difficulty in making CSR tangible for consumers or (4) nurturing company pride.

Sports are an unexpected platform for businesses to instantly add growth in innovation and sales. In order to fully capture this opportunity – and moreover, turn this into additional, longer and larger sponsorship deals – a sports entity must proactively develop solutions that contribute to top and bottom line growth with sponsors.

This entails a drastic revolution. Sports entities must grasp the market dynamics, strategy and business challenges of potential sponsors, and become creative in coming up with practical and effective ideas that leverage its own assets for the business objectives of sponsors. Turning a fan base into a accessible database, creating communities with ample commercial opportunities, thinking joint innovations, and last but not least breaking away from traditional thinking (would Opel, the sponsor of AC Milan, really mind if a video with Kaka is viewed 20 million times at YouTube?).

This also means that meeting each other once a year, when signing or renewing the contracts, is by far not adequate enough. A mutual strategic plan is needed, which entails regular preset meetings to evaluate, develop and redesign the strategy and related activities.

One of the issues across board rooms of sponsoring companies is how to conquer emerging markets, in particular China.

Various football clubs recruit talented Chinese players (e.g. Manchester United's Fangzhao Dong) or visit Asia during the season preparation to play friendly's. Question is if this is to assist international sponsors with their emerging market strategy or for additional merchandising revenues and finding local Asian sponsors.

Please note that opinions vary when it comes to European football clubs conquering Asian markets. Question is if Asian fans stay loyal over a long period of years. If not, this would of course affect the return on investments in acquiring a position in Asia.

Q for sports entities

- *Do you understand the business of your ten most important sponsors and the market dynamics that they face?*
 - *Are you aware of the top 10 business challenges of your 10 main sponsors?*
 - *When signing the sponsorship contract did you formalise the mutual challenges and objectives?*
 - *Do you meet the sponsors on a monthly or quarterly basis to discuss how you can contribute to their strategies?*
 - *Do you proactively come with business ideas that leverage your assets and contribute to the strategy of the sponsor?*
 - *Is internationalisation, in e.g. emerging markets, on the agenda of top management of your sponsors?*
- If yes, do you have an actual strategy in place to support their international ambitions?*

BEST PRACTICE

Chelsea is one of the few examples of sports entities that have a sound strategy to grow their fan base in the Asian market. They recently announced a partnership with the Asian Football Association AFC. On a superficial level this partnership includes offering talented Asian players the opportunity to spend time at Chelsea, but the overriding objective, as Chelsea made clear, is to develop an Asian fan base (Chinese fans for example make up for 20% of football's worldwide audience). What Chelsea did not mention, but what will definitely be part of their Asian game plan, is that a strong position in emerging markets is making Chelsea even more attractive for potential sponsors.

BEST PRACTICE

Ajax Amsterdam already put this into reality. Director Maarten Fonteijn, with a strong Unilever background in China, initiated collaboration with the Chinese Football Association CFA, Chinese top club Beijing Guoan FC and the Chinese State Television. Financial service company AEGON, with ambitions in China, became the new shirt sponsor, a deal worth 85 million Euros, making the Ajax jersey one of the 10 most valuable shirts in the world to put a logo on.

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Photo courtesy of FC Barcelona. Barcelona president Joan Laporta signs a contract with Unicef and introduces a paradigm shift in shirt sponsorship, thus living the Barcelona brand: 'Més que un club' (more than just a club).

Sports entities embrace their role in society and profit from it through increased attractiveness for sponsors

Sports entities take their corporate social responsibility not as a cost or an obligation, but as a privilege and an opportunity.

We see different options to put this into action

- The overarching sports association facilitates its members with sports wide initiatives or off the shelf programmes that can be deployed in the local community of the sports entity. The KNVB More than Football Foundation is an example here.
- The sports entity takes the initiative to contribute to a certain societal issue, perhaps in corporation with some governmental body (what in turn could release a new revenue stream).
- The sports entity can engage with a well established charity, such as War Child or the Johan Cruyff Foundation.

Q for sports entities

- *What role does corporate social responsibility play in your sports entity?*
- *Do you have enough scale to organise for CSR yourself, or do you join forces with an overarching body?*
- *Do you team up with a well established charity that is logically related to sports, such as the Johan Cruyff Foundation, Right to Play or War Child.*
- *Do you have a proposition in place how you can leverage your CSR approach for current and potential sponsors?*

BEST PRACTICE

FC Barcelona should be considered the benchmark. Not only did they apply professional business methods to link their sports activities to sound business activities and link growth of their global fan base to sponsorship value. They are pioneers in social engagement. Choosing for the Unicef logo on their signature shirt and contributing to the charity for this defied the rules of the game (which basically is 'huge sum of money in exchange of ad space on shirt'). Yet it showed the vision of the club 'more than a club' which is made tangible in concrete projects around social themes such as education and health care. At the same time offering values which attract even more potential sponsors who are looking for opportunities to take their corporate social responsibility.

This new business model diminishes the dependency for the FC Barcelona brand on sport related successes. The brand is worth more than only the results of yesterday's game. According to Pedro Parada, professor at Esade business school, this model is viable even if FC Barcelona wins a title only once every four years. Of course, as long as FC Barcelona's other important brand value is filled in: 'attractiveness' of playing style.

BEST PRACTICE

Already back in 2000 the NFL (American Football League) launched its AskCoachMike concept. AskCoachMike helped young kids in the projects to acquire so-called life skills - respect, team spirit, fair play, perseverance etcetera - through an interactive learning programme while practicing and playing football that not only involved the kids but also their parents and coaches. The objective is to prepare these kids better for life.

BEST PRACTICE

The 'More than Football Foundation' of the KNVB (Royal Dutch Football Association) recently launched a programme to fight obesity. Children actually signed a contract with their favourite players of e.g. Ajax and PSV Eindhoven with regard to their leisure activities and weight. And since no child wants to disappoint its idol, the results are stunning.

BEST PRACTICE

The Honda Formula 1 Racing Team sort of copied the approach of FC Barcelona: no sponsor logos on the car but a huge picture of the globe and the name of their CSR programme Earthdream instead. The objective of Earthdream is to contribute to a range of environmental initiatives, which seems quite a leap for a Formula 1 team. Nevertheless, all sponsors of the Honda Team - representing approximately 150 million Euro - agreed with the removal of their brand names and logos.

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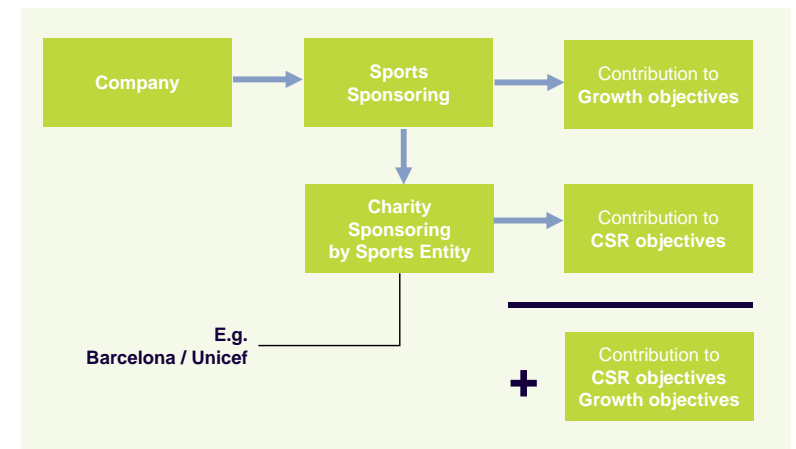
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Photos courtesy of the More Than Football Foundation. Philip Cocu signs a contract with a young fan. End goal: fight obesity. Edgar Davids visits kids with such a contract to see whether they stay on track



AskCoachMike taught life skills to children in different age groups through a programme that targets also parents and teachers. The programme was sponsored by among others the NFL (National Football League)



The four previous points - (1) build authenticity, (2) expand the fan base, (3) grasp the business of sponsors and anticipate proactively, and (4) embrace their role in society - actually require competences that are currently non-existent at most sports entities.

To fully profit from the increase in sport sponsorship budgets sports entities need to build these competences yesterday, since in fact they will be essential core competences of the future.

Building these new competences should start at sports entities board level, be part of any strategy or war plan, and include creation of and appointments for new senior positions that take on this challenge.

If a sports entity does not build these new competences, it will only marginally profit from the increasing sports sponsorship spending and surely parish as competing sports entities will take up this challenge.

Q for sports entities

- *Who in your organisation can be considered the specialist in building authenticity?*
- *Who in your organisation is experienced in and dedicated to growing the fan base?*
- *Who in your organisation has the business experience to discuss with board level of sponsors what challenges they face and come up with ideas proactively to face these challenges?*
- *Who in your organisation has a vast track record in CSR?*

BEST PRACTICE

Real Madrid started the development of a new management model already in 2000. Main objective: the transition from a football club mainly earning money from the exploitation of the sporting event into a modern sports company with a valuable brand offering new commercial opportunities. Essential for this strategy was the implementation of a professional management structure in three main areas: sporting, marketing and corporate-economic. This basis has led to increasing the marketing income four-fold in four years, using business type marketing techniques such as customer segmentation, even developing a separate brand Hala Madrid to reach new markets and utilise different alternative distribution channels.

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Photo courtesy of NOC*NSF

19.

Sports entities organise and cooperate to match the scope and scale of sponsoring companies

In turn sports entities commercial management need to be substantially upgraded and professionalised. Sports entities are becoming increasingly dependant on sponsor funds. Volume and deal size increases. They need to have thorough understanding of how sponsors select the sports entities (see also the ING case presented earlier).

Upgrading is essential, to look further than the obligatory advertising boards and hospitality events which sponsors grew bored of long ago.

Matching sponsoring multinationals relates to three areas

- Match expertise: upgrade, bundle, aggregate.
- Match international scope and centralised decision making.
- Match continuity: long term and year round.

Match expertise: upgrade, bundle, aggregate

Cutting great deals require that one is on equal footing with these large businesses.

Most sports entities are just too small for a balanced relation with prospective sponsors. The solution is fairly simple: upgrading and professionalising through bundling of expertise, e.g. on competition or association level. Basically, a level that allows a professional commercial staff, act as professionally as on the sponsor's side of the table.

As a consequence, further professionalisation at the levels where deal making will take place needs to accelerate. At the end of the day the benefits for each individual sports entity must be bigger than what each could have arranged on its own. The proof of the pudding is in the eating. Concepts like the Premiership, the Champions League and the Formula 1 prove beyond any doubt that aggregation results in a larger size of the prize, in terms of sponsor revenues for sports entities. The opposition against the UCI Pro Tour can be considered as short sighted, short term focused.

Q for sports entities

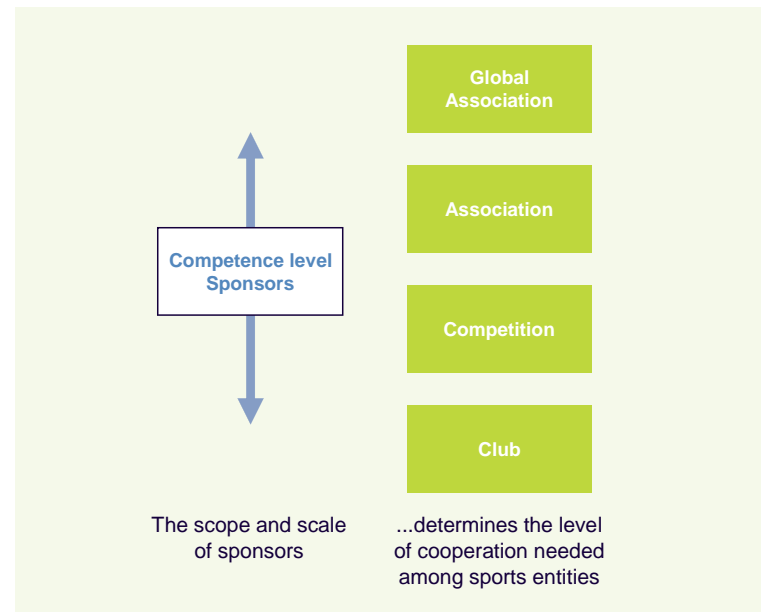
- *Do you and your peers have a shared vision on how to organise to a black belt level, that can deal with black belt corporations?*
- *Is it clear what each sports entity can do in the framework of multi level deals?*

Despite their respective associations golf (PGA) and tennis (ATP) miss out on the real big sponsorship deals. The golf European tour is for example sponsored by companies such as Titleist, BMW, Unisys, MasterCard and Rolex. But we are talking here about website sponsors mainly. Reason is that sponsors have to negotiate on a local level with individual promoters who have their own rights. This means that wanting to claim the golf sport worldwide or even nationally, involves having to deal with many organisations, all with their own ideas and qualities. Hardly a global platform for a multinational's sponsorship strategy.

Sponsoring individuals in these sports surely gives more worldwide exposure and often also provides good possibilities for great storytelling. But obvious disadvantage lies however in this case also in lack of strategic continuity.

Please note that all of the above does not disqualify local sponsors. Sports entities are in search of instruments that emphasize their roots and authenticity. Local sponsors can provide that.

Current local sponsorships do not have to restrict sports entities from thinking internationally either. FC Barcelona's international fame allows for a main sponsorship by Spanish beer maker Estrella Damm, while the club is also sponsored by Tiger beer in Asia. If you understand the business and competitive dynamics of your sponsors, you can start filling the world map.



Match international scope and centralised decision making

Obviously, not every sports entity will operate internationally, but if one intends to acquire blue chips as sponsors, that all operate internationally these days, one needs to make ones international ambitions concrete to be able to contribute to the international strategy of the sponsoring company.

It is about how to make this small boy in Tokyo called Reo Miyagata, a FC Barcelona fan for life instead of a Manchester United fan. Or 'how to enter the US market with less football tradition, but an enormous sponsorship potential?'

In terms of international structure multinational companies prefer top-down deals that are closed centrally, but that can be seamlessly implemented across countries without re-entering into new negotiations with local organisations.

ING spending 100 millions on F1 sounds like a huge sum. But if you divide it by the 50 ING markets reached, it is placed in a completely different perspective compared to regular marketing expenditures. Providing ING a global platform with centralised deal making is therefore a good move. This centralisation is picked up perfectly by for instance the Champions League as well.

On the other hand, we see that intrinsic valuable sports entities such as golf, marathon running and tennis, still have room for improvement.

Match continuity: long term and year round

Multinationals do not only look for global or at least international platforms but also more and more for long term and year round platforms for their sponsorship.

Sponsoring a team, competition, association or even complete sport ensures more continuity than sponsoring an individual player. Surely Real Madrid will be a more consistent performer and longer existing entity than an individual player. Continuity offers better alignment of sponsor strategies with the long term corporate strategies.

Every day is a business day. And ideally sports entities offer a year round platform that is in sync with this business reality and contributes year round to doing business. (The more a sports entity offers just a seasonal or once-every-four-year platform, the less it is a platform one can really build a business on.) Due to their nature the use of such platforms is almost restricted to promotional levels. Sponsors find it hard to activate and utilise their sponsorships in between the events. How do we bridge the four years in between the Olympic Games? Obviously this is not a plea to change these time intervals, but rather a challenge for these sports entities to come up with solutions that offer opportunities to maintain momentum in between the events and propositions that provide sponsors a more continuous impact (and turn this increased attractiveness into additional sponsorship revenues).

Q for sports entities

- *What governance and processes are in place to seamlessly implement centrally made sponsorship deals across countries?*

Q for sports entities

- *Do you have a long term and year round proposition in place, to stay in pace with the business cycle of sponsors?*

Chapter 1 Key observations

Chapter 2 The vision

- 2.1 The single most important point of departure: the consumer, the fan
- 2.2 How companies will respond to changing consumers and context
- 2.3 How sports entities can assist companies in facing their challenges
 14. Sports entities priority 1: identify, build and nurture core asset 'authenticity'
 15. Sports entities priority 2: build and nurture core asset 'fan base'
 16. Sports entities grasp the business challenges of sponsors, and anticipate proactively
 17. Sports entities embrace their role in society and profit from it through increased attractiveness for sponsors.
 18. Sports entities need to build new competences. Yesterday
 19. Sports entities organise and cooperate to match the scope and scale of sponsoring companies
 20. Sports entities innovate, taking their roots as a point of departure
- 2.4 How the nature of cooperation between sport entities and sponsor will change

Chapter 3 The benchmark

20.

Sports entities innovate, taking their roots as point of departure

Innovation is essential to stay contemporary, to stay relevant. This is not only true for companies. It is also true for sports entities.

To grow a fan base and to enhance the relationship with fans it is important to stay in tune with that fan base and anticipate new needs and desires. Innovation merges these new needs and desires with the roots of the sports entity. This implies a deep understanding of these roots, rather than using the word 'tradition' as the excuse every time one is invited to engage in something new.

Pressure is not only coming from consumers. Sponsors are actively looking for new sports activities - create sports or variations of sports themselves - to bring something different and attractive to the market. In comparison with the last decades, sports entities will need to turn proactive when it comes to innovation. If not, sponsors will pick up opportunities themselves - which basically is a missed opportunity for the sports entity.

Q for sports entities

- *What innovations did you introduce over the last three years that tap into new consumer needs?*
- *What innovations do you consider for the coming five years that will further build the fan base?*

Chapter 1 Key observations

Chapter 2 The vision

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 20. Sports entities innovate, taking their roots as a point of departure

2.4 How the nature of cooperation between sport entities and sponsor will change

Chapter 3 The benchmark



Photo courtesy of NOC*NSF. Wakeboarding. Example of a new spin off of a traditional sport

2.4 How the nature of cooperation between sports entity and sponsor will change

21.

Sponsors add business competences to the sports entity

76

When treating a sponsorship investment like a business partnership, and realizing that both parties are in it for the long run, the whole nature shifts from just transferring money and getting the usual advertising boards, promotions and hospitality events in return, to securing that business objectives for both parties are realized and that the required competences are in place at both ends to do just that. Most sports entities, due to lack of scale, simply lack sufficient competences in the field of strategy and business development compared to their corporate counterparts.

Sponsoring contracts involve tens of millions of Euros over a several year period, apart from additional investments in so-called brand activation. Sponsors can create significant extra leverage if they would actively assist the sports entity with manpower/ actual competences to close the competency gap. Placing seasoned marketers in the sports entity organisation. Talent with broad experience in strategy and business creation, that have in depth knowledge of the business challenges of the company, that can easily use their contacts and tap into resources at the company, that have the ability to upgrade the level of professionalism at the sports entity. In view of the deal size the extra costs of such allocation of resources is virtually zilch.

Q for companies

- *What specific competences are you bringing into the partnership?*
- *How many of your seasoned marketers are currently working at a sports entity as part of the partnership, and part of their career plan?*
- *Do database analysts of your company and the sports entity team up to accelerate technology development at the sports entity?*



Photo courtesy of NOC*NSF. Perfect example of complementary competences

Chapter 1 Key observations

Chapter 2 The vision

- 2.1 The single most important point of departure: the consumer, the fan
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- 2.3 How sports entities can assist companies in facing their challenges
- 2.4 How the nature of cooperation between sport entities and sponsor will change
- 21. Sponsors add business competences to the sports entities**
- 22. The business case is the key for long lasting and thriving sponsorship relationships**
- 23. Sponsorship deals should be closed as if they were business partnerships

Chapter 3 The benchmark

22.

The business case is the key for long lasting and thriving sponsorship relationships

Soft goals such as, 'improvement of brand awareness' or 'offering a positive association', are at the end of their lifetime. Like any other investment sports sponsorship should deliver top and bottom line. On a deal level as well as on individual project level investments will be weighed against real business growth; from innovation of products and service to the volume of extra sales.

Such concrete business objectives are not only in the interest of the sponsoring company, but also of the sports entity. Concrete results open the door for further continuation and further deepening the sponsorship relation.

Monitoring systems to measure the contribution – continuous and fact based - should be in place when a sponsorship is initiated and results in complete transparency with regard to accountability during the lifespan of the cooperation. Modern techniques in marketing intelligence will help to support fact based decisions. Reciprocally, similar monitoring systems can also be deployed to determine the contribution of the sponsoring company to the objectives of the sports entity, e.g. growth and loyalty of the fan base.

Q for companies and sports entities

- *Is the sponsoring contract based on a clear business case with top and bottom line targets and ROI figures, just like in regular business when you invest millions in a business opportunity (or soft objectives like brand awareness)?*
- *Are clear measures in place to continuously monitor the success of the sponsorship?*
- *Are these business measures (revenues, growth, profit, market share) or communication measures?*
- *Are the scores on these measures structurally used as input for progress meetings with both partners?*



Advertisement courtesy of Puma

Sponsorship deals should be closed as if they were business partnerships

One of the most abused nouns in sports sponsorship is ‘partnership’. Or maybe we feel this word is abused because there is such a difference between a so-called partnership in sports sponsorship and a partnership in ‘usual’ business.

In ‘usual’ business we see a rapid rise of partnerships between companies to drive innovation. Partnerships open up new competences, give access to new groups of consumers, new distribution channels – and all this at a much lower risk than through own investments. Success stories include Philips/Sara Lee’s Senseo coffee maker and the distribution of Bank of Scotland financial products through Tesco. Both examples changed the rules of the industry game.

However, quite a number of these partnerships fail. Main reasons are that the partnership is too shallow (just marginal benefits), too imbalanced (one partner benefits significantly more than the other), too short term (so why put effort in it), too poor embedded in the organisation (limited to no management commitment and attention).

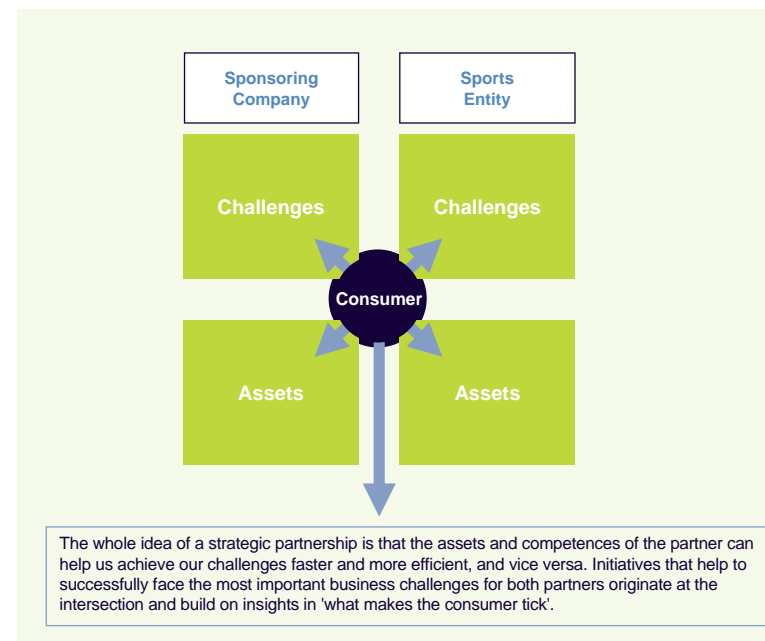
Please note that if one would, in the sentence above, replace ‘partnership’ by ‘sponsorship’, the sentence is still valid. In our opinion this is a major hurdle for continuation of contracts and increase of deal size.

Successful partnerships all originate from the notion that at the end of the day the partnership should open opportunities to accelerate growth for both parties, short term as well as long term. Mutual business benefits rather than just a swap of money. This notion is the single most important point of departure in the way partners should be selected, the management level that should be addressed and involved, the opportunities and issues that should be discussed and the way partnerships should be actually implemented.

Such a strategic approach to partnerships starts with ample knowledge of assets and competences on the one hand, and the challenges that are faced on the other hand.

The whole idea of a business partnership is that the assets and competences of the partner can help us achieve our challenges faster and more efficient, and vice versa.

Consequently, thorough analysis and discussions on the challenges that each party faces, and the assets and competences that can be leveraged by the partner, are the corner stones of a true partnership with long term perspective.



Chapter 1 Key observations

Chapter 2 The vision

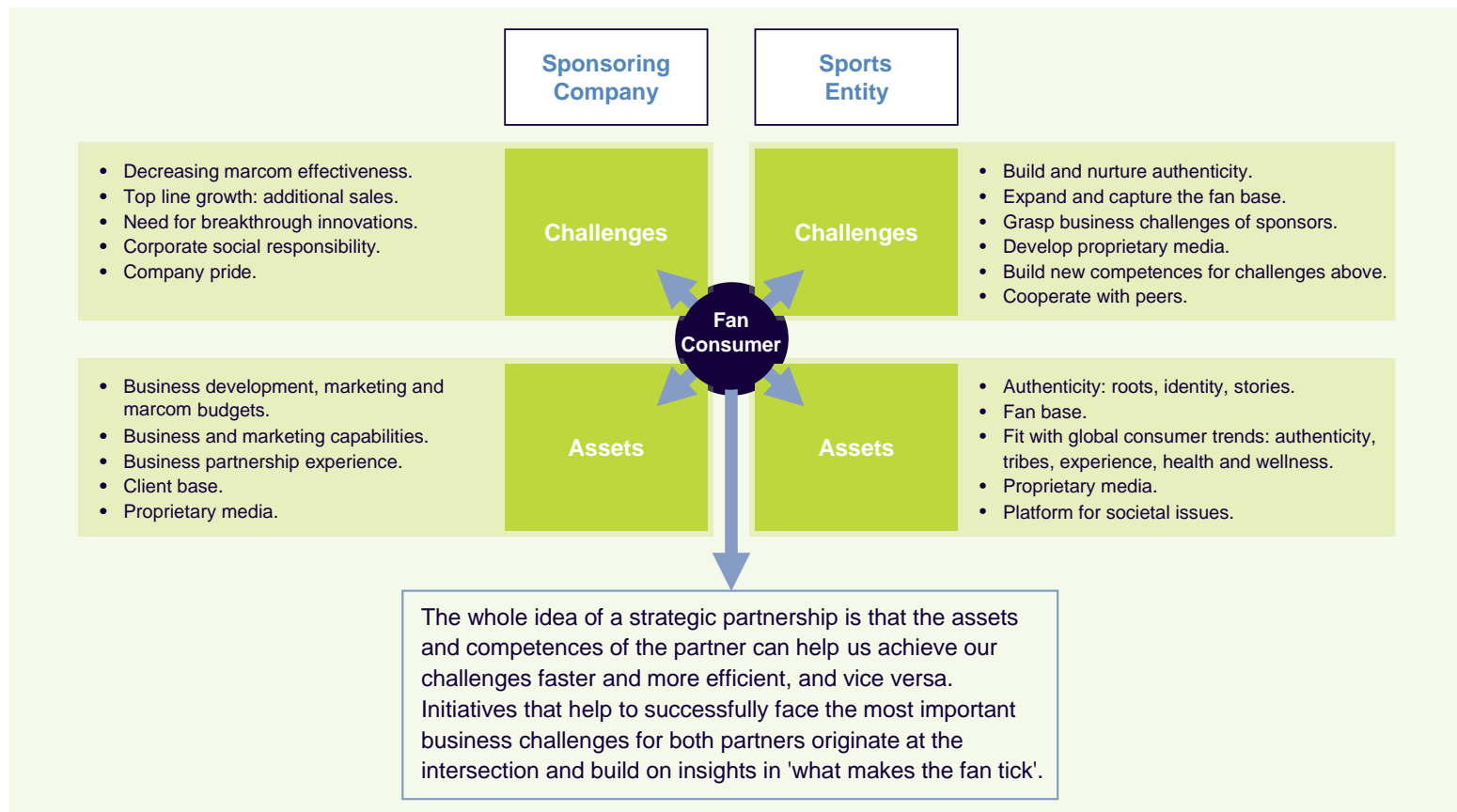
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Chapter 3 The benchmark

Basically, what we say here is that also the sports entity needs to create a clear picture of the assets and competences of the partner (sponsoring company) and determine how these can be leveraged to contribute to the growth objectives of the sports entity. Think of the client base of the company (especially their B2B clients and relations since these are potential partners; think 'sponsor gets sponsor'), specific strategy and marketing competences, the company's distribution channels, and any other asset or competence that can help with the challenges of the sports entity, e.g. understanding and growing the fan base.

Ultimately, understanding the sponsoring company supports building a network of sponsors that not only partner with the sports entity, but also with each other, e.g. because they complement each other, face similar challengers or have shared target groups.

Closing sponsorship deals as if they were business partnerships results in a well balanced and planned portfolio of joint initiatives that will be undertaken in the coming years. And as a consequence this secures longevity of the partnership, continuous innovation and continuous benefits for both parties.



As a result we see a new era in sports sponsorship.

	'Old School' Sports Sponsorship	Current Situation	Sports Sponsorship 2.0
Objective Sponsoring Company	<ul style="list-style-type: none"> No explicit objectives No policy 	<ul style="list-style-type: none"> Brand awareness Relationship management 	<ul style="list-style-type: none"> Top and bottom line objectives: sales and innovation Alternative to advertising Corporate sustainability Company pride
Objective Sports Entity	<ul style="list-style-type: none"> Additional income 	<ul style="list-style-type: none"> Additional income 	<ul style="list-style-type: none"> Additional income More fans Additional competences
Example Sponsorship Execution	Cash for brand exposure	Pick and mix model: money for <ul style="list-style-type: none"> Brand naming Tickets and hospitality Joint promotions 	Tailor made <ul style="list-style-type: none"> Match of assets and challenges Initiatives that touch fans Business creativity
Scope	Ad hoc	Short term	Long term, integrated, partnership <ul style="list-style-type: none"> Accountable Performance based

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Chapter 3 The benchmark

Chapter 3 The benchmark

Introduction: achieving the vision

As the best practices in the vision chapter illustrate, several companies and sports entities already deploy certain elements of the vision.

However, fact is that no multinational or sports entity already implements the vision in a 360 coherent fashion.

To support participants in the sports sponsoring arena, VODW Marketing created a simple and concrete tool for self assessment and benchmarking against the best performing cases in sports sponsorship.

By using this benchmarking tool, companies and sports entities alike can determine their improvement potential and priorities. Furthermore, looking at the benchmark tool that is meant for the counterpart, also contributes to a clear idea about how a preferable counterpart should look like.

(E.g. a potential sponsor can see how best-in-class sports entities should approach sponsorships by looking at the benchmark tool for sports entities.)

The benchmark tool for sponsoring companies

Companies can use the benchmark tool in 3.1 to benchmark themselves against the vision elements from three perspectives

- The consumer, the fan: the single most important point of departure.
- Responding to changing consumers and context, by leveraging on sports sponsorships.
- Partnerships, leveraging on the cooperation between the sports entity and the sponsor.

The benchmark tool for sports entities

Sports entities can use the scan in 3.2 to benchmark themselves against the vision elements from three perspectives

- The consumer, the fan: the single most important point of departure.
- Assisting companies in facing their challenges.
- Partnerships, leveraging on the cooperation between the sports entity and the sponsor.

How does the benchmark work?

Assess yourself on each question, with 1 being 'major improvement potential' and 5 being 'aspirational level'.

The benchmark items are numbered in line with the numbering of the elements described in the vision chapter, which allows you to look up more details or best practices when needed.

We wish you success with utilising your improvement potential and getting more out of sponsorships!

3.1 Benchmark for Sponsoring companies

Perspective

The single most important point of departure: the consumer, the fan

84

- 1 Major consumer trends make sports more than ever a cornerstone of our way of life

1

You do not research consumer trends.

2

3

You research consumer trends ad hoc.

4

5

You research annually which major consumer trends will have what impact across business lines.

- 2 TV as we know it disappears

1

TV and other traditional media dominate the media spendings. There is no written fact based vision in place, on how the changing media landscape will affect the media mix. You research consumer trends ad hoc.

2

3

There is no written fact based vision in place, on how the changing media landscape will affect the media mix. But multiple initiatives to learn are in place, with sufficient funding...

4

5

There is a written fact based vision in place on how the changing media landscape will affect the media mix. The current mix is already a mature mix of traditional and new (proprietary) media.



Photo courtesy of Nike



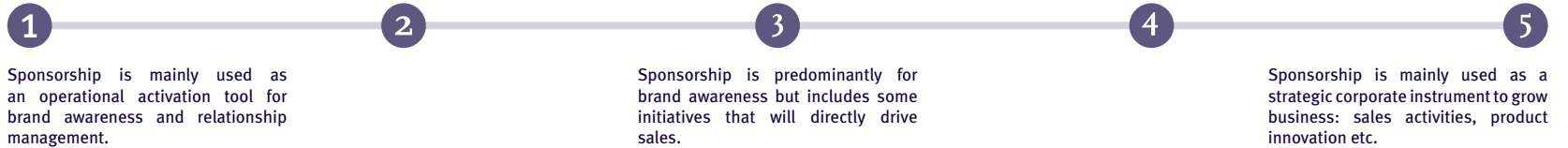
Photo courtesy of AC Management. Please note the luxury brand names that sponsor the prestigious America's Cup, like Louis Vuitton, Prada and Audemars Piguet might not want the sailing race to become too main stream

3.1 Benchmark for Sponsoring companies

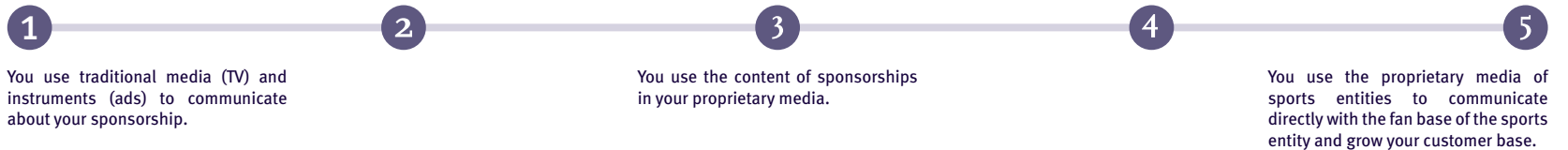
Perspective

Responding to changing consumers and context, by leveraging on sports sponsorships

3 From building brands to building business



4 Sports sponsorships will help companies counter the decreasing effectiveness of traditional marketing communication



3.1 Benchmark for Sponsoring companies

88

5 Sports provides angles for breakthrough innovations

1

Sports sponsorship is not used at all for product development or line extensions.

2

3

Sport is used for line extensions (labelled or cosmetically different versions of the standard product) which are mainly temporary promotional instruments to reinforce awareness and create a temporary sales success.

4

5

Sport is an innovation platform for truly new distinctive products and services which are possible thanks to the partnership, with clear top and bottom line objectives.

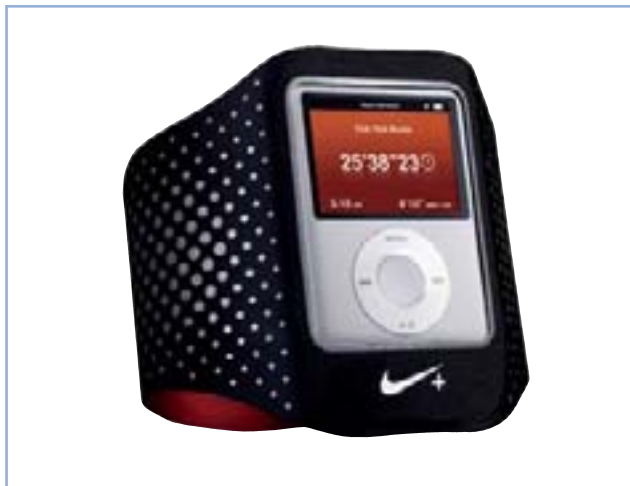


Photo courtesy of Nike



Photo courtesy of Philips



Screendump www.mad4mobilephones.com

6 Sports offer companies a platform to engage in society and take their corporate social responsibility

1

You do not use sports for CSR objectives.

2

3

You team up with sports related charities.

4

5

You use sports to combine business objectives and CSR objectives.

7 Sports sponsorships offer opportunities to nurture and reinforce company pride

1

Nurturing company pride is not part of the sport sponsoring plan.

2

3

Nurturing company pride is part of the sport sponsoring plan, with activities and budget.

4

5

Sport sponsoring is a chapter in the HR strategy, to nurture company pride and at the end of the day to retain and attract talent.

8 Sports sponsoring investments will explode in the coming five years

1

Sports sponsoring investments are decided upon ad hoc.

2

3

Sports sponsoring investments are decided on an annual basis, and more or less independent from trends.

4

5

You have a clear vision on the share of sports sponsoring in total marketing budgets for coming years. This vision reflects the added value of sports in a rapidly changing market space.

3.1 Benchmark for Sponsoring companies

9 Sports sponsoring will rapidly shift to long term commitments



11 Sponsorship implementation in analogy to corporate strategy implementation



12 Black belts play with black belts



13 Both the mentality and authenticity of a sports entity prevail over a winner track record

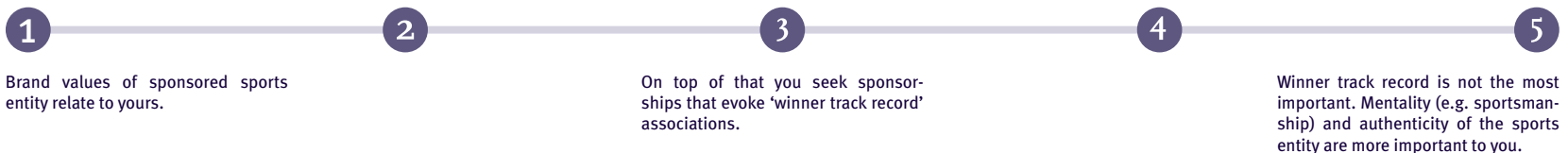




Photo courtesy of Volvo Ocean Race



Photo courtesy of AC Management

3.1 Benchmark for Sponsoring companies

Perspective

Leveraging on the cooperation between sports entity and sponsor

21 Sponsors add business competences to the sports entity

1

You do not add any of your marketing and corporate competences to the sports entity's organisation.

2

3

Some of your experts, e.g. database analysts, give advice to the sports entity's organisation on an ad hoc basis.

4

5

Seasoned marketers of your organisation (or other experts) work structurally in the sports entity's organisation as part of the partnership.

22 The business case is the key for long lasting and thriving sponsoring relationships

1

Business results of the sponsorship are not measured.

2

3

Sponsoring results are mainly measured as soft goals, e.g. improvement of brand awareness and not top and bottom line.

4

5

Sponsoring results are measured using continuous and fact based monitoring systems aimed at top and bottom line growth.

23 Sponsorship deals should be closed as if they were business partnerships

1

You do not have a clear insight into the assets/competences and challenges of the sports entity and how they fit your challenges and assets/competences.

2

3

Some of the joint initiatives that will be undertaken in the coming years follow from the intersection of your challenges/the assets of the sports entity, and vice versa.

4

5

The sponsorship is a true business partnership. The joint initiatives that will be undertaken in the coming years follow from the intersection of your challenges/the assets of the sports entity, and vice versa. All initiatives build on 'what makes the fan tick'. Business results are continuously measured and form (partly) the basis for a performance based deal.



Photo courtesy of NOC*NSF

3.2 Benchmark for Sports entities

Perspective

The single most important point of departure: the consumer, the client

- 1 Major consumer trends make sports more than ever a cornerstone of our way of life

1

You do not research consumer trends.

2

3

You research consumer trends every now and then to determine if you are still in sync.

4

Your annual strategy is fuelled among others, by researching major consumer trends.

5

- 2 TV as we know it disappears

1

You disagree that the media landscape is changing.

2

3

There is no written fact based vision in place on how the changing media landscape will affect your revenue streams. But multiple initiatives in new media with new business models to learn are in place, with sufficient funding.

4

Written fact based vision in place on how the changing media landscape will affect revenue streams. Proprietary media strategy in place. Rights are organised to anticipate just that.

5



Photo courtesy of Puma

3.2 Benchmark for Sports entities

Perspective Assisting companies in facing their challenges

14 Sports entities priority 1: identify, build and nurture core asset 'authenticity'

1

Marketing equals merchandising. No consumer research that gives insight into 'what makes the fan tick'.

2

3

Ad hoc consumer insights research has delivered insight into the drivers of the identity, the roots, the authenticity and the bond. But there is no strategy in place to actively build and nurture authenticity.

4

5

You have a sound strategy in place (including clear objectives) to build and nurture authenticity and continuously 'live the brand', throughout the fan experience. This strategy is based on structural research in 'what makes the fan tick'. What are the drivers of the identity, the roots, the authenticity and the bond between the sports entity and its fan.

1

You select sponsors that bring in the most money.

2

3

You select sponsors whose brands and business do not conflict with your brand.

4

5

You also select sponsors that contribute to your authenticity and/or to the growth of your fan base.

15 Sports entities priority 2: build and nurture core asset 'fan base'

1

You do not have a strategy in place to actively build and nurture the fan base. The focus is on selling (season) tickets.

2

3

You team up with sports related charities.

4

5

You use sports to combine business objectives and CSR objectives.

1

You do not possess or utilise meaningful or inspiring stories that capture your roots and authenticity.

2

3

You do use inspiring stories, but there is not really a scheme behind it.

4

5

You consistently and coherently use inspiring stories to nurture your authenticity as a sports entity, including using the opportunities of the long tail.

3.2 Benchmark for Sports entities

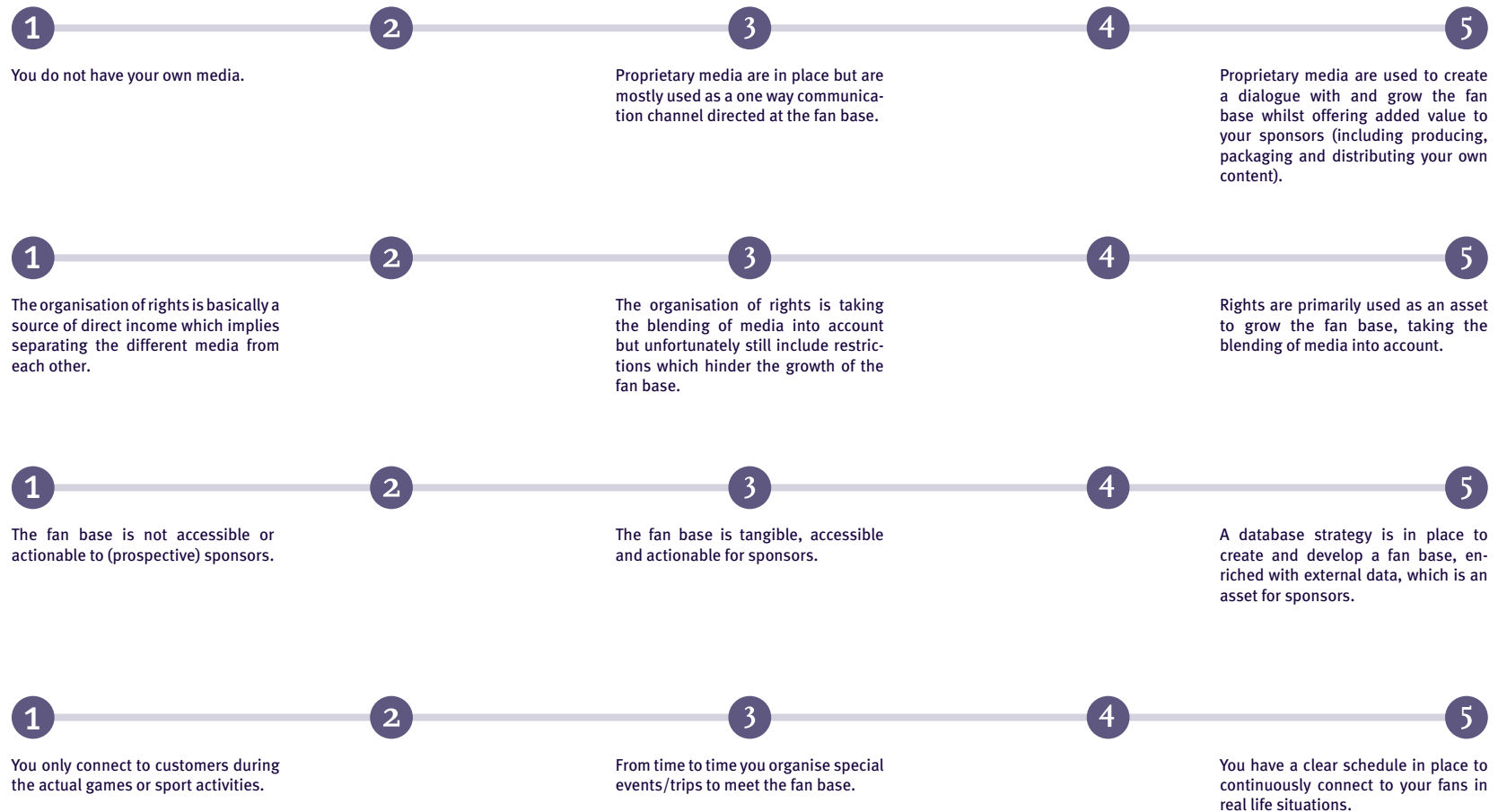
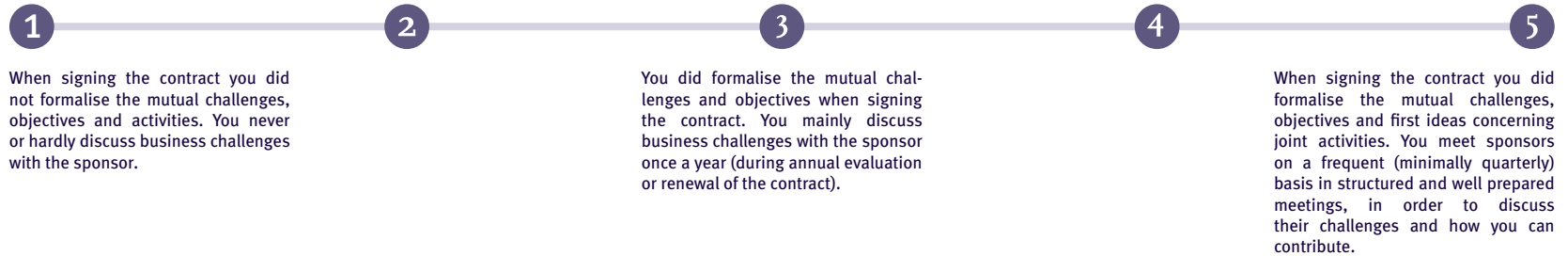
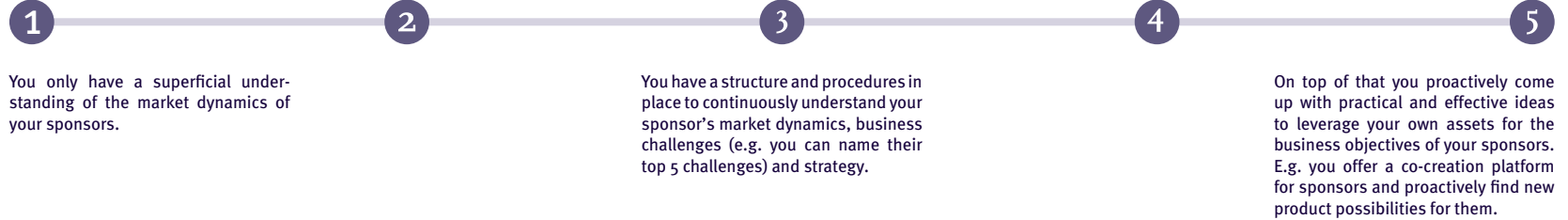




Photo courtesy of NOC*NSF

16 Sports entities grasp the business challenges of sponsors, and anticipate proactively



If internationalisation is on the agenda of top management of your (potential) sponsor



17 Sports entities embrace their role in society and profit from it through increased attractiveness for sponsors



18 Sports entities need to build new competences. Yesterday.



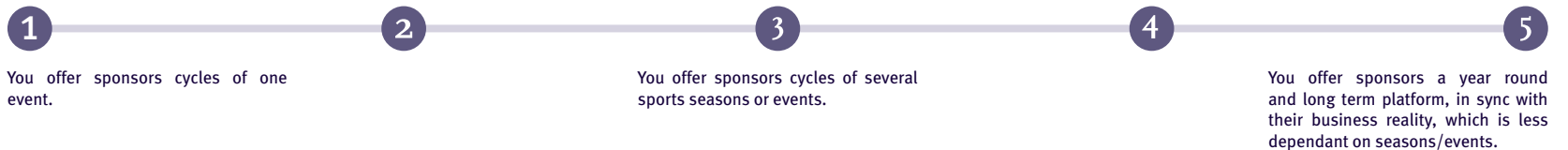


Photo courtesy of NOC*NSF

3.2 Benchmark for Sports entities

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19 Sports entities organise and cooperate to match the scope and scale of sponsoring companies



20 Sports entities innovate, taking their roots as point of departure





Photo courtesy of NOC*NSF. Beach volleyball. Evolved into a truly new sport with its own culture and lifestyle associations



Photo courtesy of NOC*NSF

3.2 Benchmark for Sports entities

Perspective

Leveraging on the cooperation between sports entity and sponsor

22 The business case is the key for long lasting and thriving sponsoring relationships

1

Sponsoring results are mainly measured as soft goals, e.g. improvement of brand awareness and not top and bottom line.

2

3

Sponsoring results are measured by the sponsoring company, using continuous and fact based monitoring systems which measure top and bottom line.

4

5

You attract new sponsors by proactively making fact based business cases showing top and bottom line forecasts. These business cases build on monitoring systems of both the sports entity and the sponsoring company.

1

The contribution of the sponsoring company to your own business objectives is not measured/clear.

2

3

The contribution of the sponsoring company to your own business objectives is measured on an ad hoc basis.

4

5

Monitoring systems are used to structurally determine the contribution of the sponsoring company to your objectives.

23 Sponsorship deals should be closed as if they were business partnerships

1

You do not have a clear insight into the assets/competences and challenges of the sports entity and how they fit your challenges and assets/competences.

2

3

Some of the joint initiatives that will be undertaken in the coming years follow from the intersection of your challenges/the assets of the sports entity, and vice versa.

4

5

The sponsorship is a true business partnership. The joint initiatives that will be undertaken in the coming years follow from the intersection of your challenges/the assets of the sports entity, and vice versa. All initiatives build on 'what makes the fan tick'. Business results are continuously measured and form (partly) the basis for a performance based deal.

List of interviews

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Mr. Arjen Tamsma. Multiple management positions at Nike, from Ronaldo's minder in Italy, to Sports Marketing Manager Nike Northern Europe. Currently Global director Sports Marketing Football.

Mr. Bart de Vos. Director Positioning & Marketing Innovation at Philips. Instrumental in the Philips sponsorship of Williams Formula 1.

Mr. Bert Spaak. Founder of ProSport, a leading Dutch consultancy in sport marketing, and highly acclaimed for his deep understanding of the intersection of sports, media and the corporate world.

Mr. Daniel Schloesser. CMO at FC Barcelona, where he started in 2003 as Sponsorship Director. Previous work at Procter & Gamble Europe and Cluster.

Mrs. Ellen Kooij. Head of Marketing and Fundraising at War Child. War Child strives for the healthy mental development of children who have lived through war. War Child specialises in providing psycho-social assistance to children in former war zones, using sports and creative methods.

Mr. Edu Jansing. Managing Director at More Than Football Foundation, the CSR initiative of the Eredivisie (the Dutch Premier League Football). Initiator of powerful concepts to fight obesity among children.

Mr. Edwin Winkels. Journalist at El Periódico de Catalunya and reporter for Algemeen Dagblad in Spain. He has amongst others published in Hard Gras. His latest book is 'Het Barcelona gevoel' ('the Barcelona feeling'), about the ties between the Dutch (football players) and (FC) Barcelona.

Mrs. Els van Breda Vriesman. Member International Olympic Committee since 2001 and President International Hockey Federation FIH.

Mr. Eppo Vlugt. At the time of the interview Marketing Manager at Pepsico International.

Mr. Floris Cobelens. Marketing Manager at Heineken.

Mr. Freek de Wette. International Sport Sponsorship manager at Heineken International.

Mr. Guido Bouw. At the time of the interview Senior Marketer for KPN TV, Content & Broadcasting, and responsible for content partnerships with Ajax, Feyenoord and PSV. Currently Commercial Director Sport2Media.

Mr. Harry Dekker. Media Director at Unilever. Highly acclaimed for the innovations he brought to the marketing communication industry.

Mr. Hein Verbruggen. Member International Olympic Committee and Chairman of the Coordination Commission for the 2008 Beijing Olympic Games. Previously President of the International Cycling Union UCI and initiator Pro-Tour.

Mrs. Heleen Crielaard. Head of Sponsoring at Rabobank. Former player of the Dutch national volleyball team and participant of the 1992 Olympics in Barcelona. Rabobank's international sport sponsoring activities range from cycling to horse riding and hockey.

Mr. Jan van Houwelingen. Strategy Director at Kobalt, the largest media agency of the Netherlands. Heineken, ING Group, Ahold, ABN AMRO, Vodafone and Rabobank are some of its best-known clients.

Mr. Jan Driessen. Director Communication at AEGON, main sponsor of speed skating and for the coming 7 years of AFC Ajax.

Mr. Jean-Paul Decossaux. Commercial Director at Royal Dutch Football Association KNVB, and previously partner at a management consultancy firm.

Mr. Jeroen Stuart. At the time of the interview Sponsoring Manager at Nationale Nederlanden, the insurance arm of the ING Group. The company is among others the main sponsor of the Dutch national football team; partner sponsor of the Royal Dutch Football Federation (KNVB) and the UEFA Under 21 Championships.

Mr. Johan Wakkie. Director Royal Dutch Field Hockey Association KNHB as of 1993. Responsible for massive growth field hockey memberships. Also Chair of the Youth Sports Foundation.

Mr. Josep Lluís Cantós Amorós. Responsible for the sponsorships at La Caixa, one of Spain's leading banks and sponsor of amongst others the Spanish National Football team and FC Barcelona.

Mr. Lex de Rooi. Senior Vice President at Royal Wessanen and worldwide responsible for marketing communication and branding. Previously similar position at Philips, and involved in numerous global sponsorship deals.

Mr. Luuk Riesenbeck. Project Leader Sports sponsoring Ajax Amsterdam at ABN AMRO.

Mr. Miguel Blanco Callejo and Mr. Francisco Javier Forcadell. Professors at the department of Business Economics at Universidad Rey Juan Carlos in Madrid. Both have written various studies and articles for international publications concerning sport sponsoring in general and Real Madrid in particular.

Mr. Marc Haegeli. Manager of Sponsorships and Strategy at Zurich Financial Services. Zurich has a vast experience in sponsoring an array of sports such as golf, ice hockey and rugby.

Mr. Marcel Sturkenboom. Director of the Netherlands Olympic Committee and the Netherlands Sport Confederation NOC*NSF. Former player for the national volleyball team and former coach. Initiator of the plan to bid for the 2028 Olympics.

Mr. Mark de Klerk. Has filled several positions in Sports Marketing for Nike. Amongst others in Benelux, Northern Europe and UK & Ireland. Currently Associate Sports Marketing Director EMEA at Nikes European Headquarters.

Mr. Menno Renes. Marketing Manager at the Johan Cruyff Foundation. The Johan Cruyff Foundation supports sports projects for children with and without a handicap across the globe.

Mr. Michel Hodara. CEO at AC Management. In charge of the organisation of the 32nd and 33rd America's Cup. Former Director of Marketing & Communication at Alinghi. He has been active for sport entities such as the Winter Olympic Games Organising Committee and different sports events.

Mr. Mick de Haas. Managing Director at MDH Sponsorship Consultants. Former sponsorship director of Canon Europe and Guinness Distillers. Consultant to many multinationals and sports entities. Helped the ING Group to develop its global sponsorship strategy including the Formula 1 sponsorship.

Mrs. Milena van Not. Sponsor Manager at Unilever. Previously manager top sport at the Dutch Handball Association.

Mrs. Nancy Emmens. At the time of the interview Head of Brand and Marketing Communications ABN AMRO Group. ABN AMRO has a vast track record in sport sponsoring around the globe, including for instance the Volvo Ocean race.

Mr. Pascal Jorritsma. Managing Director at De Boer Structures Spain. He has been responsible for facilitating and accommodating major sport events such as the Olympic Games, 24 hours of Le Mans, Doha Asian Games, America's Cup and Volvo Ocean Race.

Mr. Pedro Salazar Hewitt. Manager Press & Communication at PSV Eindhoven. Previously staff member of the Australian national team during the 2006 FIFA World Championship in Germany. He held a similar position with the Dutch national team during the 2004 UEFA European Championship in Portugal.

Mr. Peer Swinkels. Director of Marketing and Member of the Executive Board at Bavaria Beer.

Mr. Perry Laukens. Marketing Manager for Puma Benelux.

Mr. Raymond Salomon. At the time of the interview Deputy Editor in Chief at AD and AD Sportwereld. Just appointed Manager Communications and Media at Feyenoord.

Mr. Rik Van Vliet. At the time of the interview working at Eyeworks Sport. Previously positions at the International Tennis Federation (ITF), the Royal Dutch Lawn Tennis Association (KNLTB). Currently founder sports marketing consultancy FleetSport.

Mr. Rob Okhuijsen. Partner Maes and Okhuijsen Communication Consultants. Among others advisor to NOC*NSF and involved in the launch of AD Sportwereld Pro.

Mr. Steven Gelder. Partner Marlot Communications. Previously among others management positions with public and private broadcasters, Endemol and AEGON.

Mr. Ton Nelissen. Board member Netherlands Olympic Committee and Netherlands Sport Confederation NOC*NSF since 1998.



Photo courtesy of ING Group

About VODW Marketing

VODW Marketing is an international marketing consulting firm dedicated to helping clients dramatically improve their market performance: more revenues, more market share, more profit. Through the acquisition of new customers, sales, service and lifetime value improvement of current customers, and innovative new products and services.

VODW Marketing was founded in 1983, and evolved into most probably the largest specialised marketing consultancy firm in Europe. The company currently employs 150 marketing professionals of seven different nationalities.

VODW Marketing is based in The Netherlands and operates worldwide.

In the last few years, we concluded assignments in over 40 countries across the globe, for a range of Fortune 500 companies.

Our experience with blue chip corporations also helped us assist sports organisations such as KNVB, KNHB and NOC*NSF with strategy and sponsor strategy development.

What sets VODW Marketing apart from other consultancies is our company DNA, which is embedded in the way we work

- Involving consumers - deep consumer understanding is at the core of everything we do.
- Fresh thinking - compelling and distinctive value propositions that strike the right chord.
- Creating value - advising, but also getting things done. Fact based actionable strategies and an entrepreneurial attitude, add to the top and bottom line of our clients.

Typically, our clients invite us to work with them on various challenges:

Market strategy

Some of the key challenges faced by our clients that relate to market strategy include:

How do we stay in sync with changing consumer needs and what areas of opportunity should we focus on to pursue growth? What business positioning and marketing strategy will yield success in the key markets in which we compete? And how do we turn strategy into action?

We assist our clients in defining winning strategies and propositions that disclose full market potential and improve competitive market position in both short and long term. We have ample experience in creating true lasting partnerships that leverage all assets of both partners.

We help companies create and implement sponsorship strategies that fully anticipate the business challenges the company faces: top line growth, innovation, brand, CSR and company pride. We also assist sports entities in developing and implementing strategies to identify and build their authenticity, membership and fan base, and to create distinctive sponsor propositions.

Market innovation

Some of the key challenges faced by our clients that relate to market innovation include:

How should we modify our current assortment, in order to anticipate current and future consumer needs, and what new innovative products and services will bring us a sustainable new revenue stream for the coming five years? What would be the most compelling value proposition and service concept for e.g. this particular market, this particular target segment, this particular channel etcetera?

We help our clients develop and launch breakthrough market innovations; ranging from new products and new target group approaches to new channels and even completely new businesses and brands. These innovations blend creativity with business sense.

We help sponsoring companies to use sports as a true innovation platform, and create innovations ranging from high profile special editions, to innovations that yield continuous revenues. Innovations that tap into deep consumer insights on the one hand, while leveraging the assets of the sport entity on the other.

Market performance

Some of the key challenges faced by our clients that relate to market performance include:

How can we boost sales? How can we acquire more customers or sell more to existing customers whilst increasing their satisfaction and loyalty?

Our sales excellence programmes give clients a double-digit revenue growth guarantee within six months. Our customer contact programmes ensure that clients have more satisfied customers who buy more through intelligent customer contact systems.

We help sponsoring companies determine how they can turn the sport entity's fan base into an additional new revenue stream; how they can achieve seamless sales or increase their market share deploying the proprietary media of sport entities.

Marketing intelligence

Some of the key challenges faced by our clients that relate to market intelligence include:

How can we turn market and customer data into winning strategies?

What consumer groups should we focus on, what segments contribute most to our top and bottom line? Who are our loyal customers, and how can we further increase their loyalty?

How can we measure the effects of our marketing efforts, how can we decrease the cost of customer acquisition, and how can we improve the effectiveness of our marketing investments in general?

Our marketing intelligence specialists reveal the knowledge in customer databases, identify the highest-value customers, create rich profiles, and develop strategies to identify and acquire these same customers. This includes individual customer profiles, to make the strategy as actionable as possible (socio-demographics, lifestyle, actual behaviour, how to reach this customer and the maximum costs allowed for acquisition).

For clients with retention problems, we develop programmes that retain customers longer e.g. by using churn prediction models.

For businesses that are already market leaders, we maximise customer value through the implementation of cross-sell and upsell programmes.

This is done with the aid of company and third party databases.

We have extensive experience in measuring the ROI effect of sponsorships by taking a 360 degree approach: the effect on brand equity, the effectiveness of activation, the impact on relationship marketing, as well as direct additional revenues, are all taken into account in order to make the investment accountable.

We support sports organisations in acquiring new fans or members through fact based approaches (profiling and enriching current members in the database) which identify possible new members ('look-alikes'). Here, we build response models so that we achieve the highest response scores in marketing campaigns.

Marketing executives

VODW Marketing Executives are seasoned marketers that fulfil a range of marketing management functions on a temporary basis.

Our clients request the services of our marketing executives to manage a particular project that requires specific experience and expertise and/or capacity. Think of branding and positioning, product development, product launches, loyalty, ecommerce, CRM, sales, direct marketing, or even solving organisational issues. Clients also hire our marketing executives to fill in a temporary gap in their marketing organisation, due to e.g. a new hire that will arrive later than planned, or a maternity leave.

Marketing executives have ample experience to support sponsoring companies as well as sports entities within all the aspects of sports sponsorships. From policy development to activation and events for sponsoring companies. And from sponsor proposition creation to actually acquiring new sponsors and advertisers for sports entities.



VODW Marketing headquarters, at Leusderend Estate, The Netherlands.

About the authors

Roger Peverelli

Partner at VODW Marketing. Roger is an expert in innovation, partnerships and branding.

Over the last few years, Roger has been in charge of a large number of projects for multinational clients such as ABN AMRO, BAT, DHL, Philips, Royal Wessanen and Zurich Financial Services. He worked in virtually every European country, the United States, the Middle East and in Asia.

Roger is frequently asked to speak or chair at conferences or in-company sessions. He is currently writing a book with trend watcher Adjiedj Bakas, titled 'The Future of Finance'. Roger is an advisor to among others the More than Football Foundation and War Child.

His personal sports interests are playing football.



Reggy de Feniks

Managing consultant at VODW Marketing, based in Barcelona, Spain. Reggy is an expert in international marketing strategy, partnerships and sales performance improvement.

Reggy worked in more than 40 countries in Europe, South and North America, Asia and the Middle East, and was in charge of a large number of projects for multinational clients such as Daimler, Ford Motor Company, ING Group, KPN Telecom and Zurich Financial Services. In The Netherlands in particular he worked for sports entities such as NOC*NSF.

Reggy is the author of various publications, on e.g. international marketing and innovation. He was a speaker at various conferences and has given classes and workshops at MBAs in the Netherlands and Esade (Barcelona, Spain).

His personal sports interests are playing (beach) volleyball, golf and squash.

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Background

All of our blue chip clients invest considerable amounts in sponsorships, hundreds of millions each year. As consultants specialised in branding, innovation and sales, we think that the size of these investments asks for a clear vision on context and opportunities to maximise the return on these investments.

In over more than a year we conducted more than 40 interviews with multinational sponsoring companies, sports entities and media companies, in addition to other research activities.

In the course of this research programme we identified close to a hundred best practices. We identified for example, a sponsoring company that really approached its new sponsorship agreement as any of its other major worldwide business partnerships, leading to new top and bottom line growth.

The vision presented in this booklet, is the pattern and rationale that we see in all these best practices. A vision on how sport sponsorship could look like in five years from now.

Current growth figures in sport sponsorships can double or triple

According to Sport+Markt the overall volume of sport sponsorships in Europe has increased with approximately 15 percent. Ogilvy Action reports a 50 percent increase in Asia.

Sport sponsorship investments will explode in the coming five years. Current growth figures in sport sponsorships may double or triple, because there is so much unclaimed territory, so many untapped opportunities, and because sports' key assets are hardly utilised.

Companies face many challenges in business development, sports is part of the solution

1. *The weapons of mass marketing are losing impact*

Media are proliferating and consumers are harder to reach. The old adage - 'half my ads don't work, I just don't know which half' - has even worsened. It may be the case that 'even 80 percent of my ads don't work'.

Sports sponsorships will help companies to counter the decreasing effectiveness of traditional marketing communication, as well as generate direct sales. Alternative business models include (1) alternative communication channels, such as the proprietary media of sports entities, (2) adding true experience to marketing communication to increase impact, and (3) most important, turning the fan base into a distribution channel.

2. *Break through innovations are required for substantial growth*

Shareholders demand continuous growth. And with satirised markets, marginal product improvements alone will not create real substantial growth. Breakthrough innovations are needed. Innovation platforms that are explored include for example, partnerships (think Philips/SaraLee, Nike/Apple), convenience and health. Sports provide angles for breakthrough innovations that anticipate four key consumer trends: authenticity, tribes, experience, and health.

3. *Companies struggle with Corporate Social Responsibility (CSR)*

The social responsible behaviour of companies is becoming more and more important in the consumer buying process. Although companies invest heavily in CSR programmes, it remains difficult to

deliver a tangible proof that consumers can easily relate to. Sports offer companies an effective and efficient platform to engage in a society where both business and CSR objectives can be combined. Joining forces with charities that use sports as a platform (e.g. Right to Play), but also with sports entities with a clear CSR programme cuts both ways. While this fulfils CSR's objectives on the one hand, on the other, it includes sports as an authentic platform for the other business challenges described in this paragraph.

From building brands to building business

The deployment of sports will shift from building brands to building actual business. But to get there ten major changes are needed.

- 1. Companies need to recognise sports as an important platform** that can help them face some major challenges in business development, think beyond improving brand awareness etcetera, and basically look at sport sponsorships as a profit centre rather than a cost centre.
- 2. Sport sponsorships are too important to be left only to the sponsoring department,** and will move closer to board levels. If indeed sports will play a role in facing business challenges, the logical consequence is that sports sponsorship will be addressed head to toe at the level where the responsibility lay: business development, commercial, marketing. Sponsorship implementation will take place in analogy to corporate strategy implementation, with seamless translation of objectives, KPI's and activities for each level.

- 3. In all solutions companies leverage the two core assets of sports: authenticity and fan base.** Without authenticity no fan base. Without authenticity and fan base no sponsors.

The number one priority for sports entities is therefore to identify, build and nurture their single most important asset: their authenticity. And secondly to build and nurture the fan base. Both priorities require a sound strategy (currently mostly missing).

- 4. Deep understanding of 'what makes the fan tick' is the key** to identifying the drivers of authenticity: what are they proud of, what creates the bond that fans feel; the mentality, style and personality; the legendary events and defining moments; the heroes, stories and anecdotes.

The sense of what we are and what we are not, must be in every vein of the sports entity: in the way the game is played, in the choice of trainers and players, in how the fans are welcomed in the stadium, in how fans are involved.

Embrace marketing as a philosophy: take the fan as the single most important point of departure and gather deep insights. Move away from thinking marketing equals merchandising. Spend serious money on qualitative and quantitative research among fans.

5. Sports entities need to further develop proprietary media. Firstly, because these are important channels to nurture the community / fan base through storytelling: sharing and reliving old and new memories.

Other significant benefits of proprietary media include (1) the opportunity of additional propositions to sponsors, including proprietary databases, (2) a new revenue stream that is potentially more profitable because of disintermediation (cutting out the media middle man), and last but not least (3) complete control because all collecting, producing, packaging and distributing content is in ones own hands, including long tail products.

In this perspective, rights are primarily an asset to grow the fan base. Not only a source of direct income.

6. Sports entities must grasp the market dynamics, strategy and business challenges of (potential) sponsors, and become creative and proactive in coming up with practical and effective ideas that leverage their own assets for the business objectives of sponsors. Turning a fan base into an accessible database, creating communities with ample commercial opportunities, thinking joint innovations, and last but not least breaking away from traditional thinking.

7. Sports entities embrace their role in society and take their CSR not as a cost or an obligation, but as a privilege and an opportunity. They will profit from it through increased attractiveness for sponsors.

8. Sports entities need to build new competences. Yesterday.

Points 3 to 7 require competences that are currently non-existent at most sports entities. To fully profit from the increase in sport sponsoring budgets sports entities need to build these competences yesterday, since in fact they will be essential core competences of the future. If a sports entity does not build these new competences, it will only marginally profit from the increasing sports sponsoring spendings and will surely perish as competing sports entities take up this challenge.

9. Sports entities need to organise and cooperate to match the scope and scale of sponsoring companies. They are becoming increasingly dependant on sponsor funds. Upgrading is essential. Matching sponsoring multinationals relates to three areas: (1) match expertise: upgrade, bundle through cooperation with peers, aggregate at overarching levels with sufficient critical mass, (2) match international scope and centralised decision making, (3) match continuity: long term and year round. Cooperation is the way forward.

10. The nature of cooperation between sports entity and sponsor will change towards true business partnerships. This includes sponsorship deals based on challenges and assets of both partners, with a long term perspective, accountable and performance based. Sponsors adding competences to the sports entity, and thus actively helping sports grow. Initiatives that build on insights in 'what makes the fan tick'.

