

# SPONSORSHIP MYTHS AND REALITY

## *HOW TO KEEP FEES LOW AND REVENUES HIGH*

Alberta Recreation and Parks Association  
Annual Conference – October 31, 2009



# Presenter

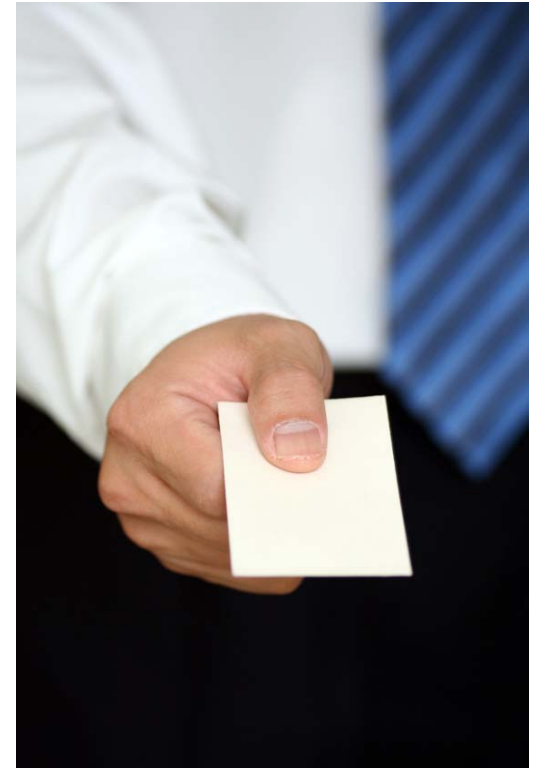
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# Introductions

- ✓ Name and organization you represent
- ✓ What sponsorship experience you have
- ✓ What you are seeking from this session



# Session Overview

- ✓ Different from Judy Haber's session
- ✓ Define what sponsorship is in today's world
- ✓ Define why it should be important to you at big and small levels



# Session Overview

- ✓ Discuss industry trends in sport, recreation, parks and facilities – story telling
- ✓ Discuss how you can avoid looking like NASCAR and still putting money to the bottom line



# Defining Sponsorship

## Confusing what sponsorship "is"

2009 Canadian Sponsorship Landscape Study:

- ✓ 34% those surveyed defined sponsorship as a promotional strategy to generate profit
- ✓ It is an alternate revenue channel outside product sales, government funding and membership



# Defining Sponsorship

## Confusing what sponsorship "is"

- ✓ 23% say it is a co-promotion to enhance reach
- ✓ 18% say it is a way to provide resources to those in need in exchange for recognition
- ✓ 13% say it is a donation



Young Peoples' Concerts  
Series Sponsor

# Defining Sponsorship

## Our Definition:



A cash and/or in-kind fee paid to a property (typically in sports, arts, entertainment or causes) in return for the exploitable commercial potential associated with that property.

# Defining Sponsorship

These are some key terms when discussing sponsorship:



- ✓ Property
- ✓ Assets or benefits
- ✓ Inventory
- ✓ Activation
- ✓ ROI

# Defining Sponsorship

## **Why do companies sponsor properties?**

- ✓ Differentiation from competition
- ✓ Unique ability to interact with target audience
- ✓ Client entertainment
- ✓ Merchandising opportunities
- ✓ Showcase new or existing products

# Defining Sponsorship

## **Why do companies sponsor properties?**

- ✓ Combat larger budget competition
- ✓ Drive sales or leads
- ✓ Create loyalty to a brand or product
- ✓ Deliver better ROI than traditional advertising

# Defining Sponsorship

## Why the big Fuss in Today's World

- ✓ Competitive marketplace
- ✓ Properties getting more professional
- ✓ Need to differentiate
- ✓ Parks and Facilities and Recreation need the additional revenues



# Defining Sponsorship



## Why the big Fuss in Today's World

- ✓ Budgets are tighter
- ✓ Sponsors seeing better results than traditional advertising
- ✓ There is \$1.4B out there

# Industry Update – Climate Change

Canadian Sponsorship Industry (*as reported by the 2009 Canadian Sponsorship Landscape Study – produced by the University of Ottawa and Laurentien University*) is a:

**\$1.4 Billion industry (Fees and activation)**

**Up from last study**

# Industry Update – Climate Change

## Canadian Sponsorship Revenue Allocation:

49% Sport

12% Causes

11% Arts

22 % Festivals, Fairs and Annual Events

6 % Entertainment, Attractions & Tours

*(Reported by the 2009 Canadian Sponsorship Landscape Study  
produced by the University of Ottawa and Laurentien University)*



# Industry Update – Climate Change

- ✓ The “big sponsors” were spending more
- ✓ “Small” and “Medium” level sponsors were spending less
- ✓ The 2008 average sponsorship was \$125,000

*(Reported by the Canadian Sponsorship Landscape Study –  
produced by the University of Ottawa and Laurentien University)*

# Industry Update – Climate Change

## Canadian Sport Organization Details:

- ✓ 43% of their money come from Government
- ✓ 14% from corporate sponsors
- ✓ 13% from membership fees

## Can sponsorship grow?

- ✓ 54% of Canadians say they are a sports fan
- ✓ 41% of Canadian women say they are a sports fan

# Industry Update – Climate Change

- ✓ On average, companies are dedicating 22.5% of their marketing budgets to event marketing
- ✓ 55% of companies surveyed expect this number to increase in 2009



# Industry Update – Climate Change

- ✓ A recent Canadian non profit study showed that 67% of nonprofits surveyed claimed sponsorship to be very important to their revenue mix



- ✓ 76% of these non profits identified sponsorship as one of their biggest revenue sources

# Industry Update – Climate Change

Private facility moving forward with valuation



# Industry Update – Climate Change

Winners engages in a multi year soccer sponsorship with CSA as title sponsor of women's soccer and women's youth (under 20) soccer



# Industry Update – Climate Change

Enerflex Systems invested with the MS Society of Canada – Calgary Chapter and Alberta Division \$135,000+ per year for 5 years and \$50,000 per year with **AJHL** for 5 years!

**ENERFLEX**

**MS WALK**


EVERY STEP MATTERS.



# Industry Update – Climate Change

Parks Canada just undertook a sponsorship  
inventory audit and valuation



Canada 



# Industry Update – Climate Change

Remember the Trans Canada Trail?



WELCOME TO THE TRANS CANADA TRAIL

# Industry Update – Climate Change

ScotiaBank follows RBC into cricket

Last year we reported how RBC invested heavily into cricket to focus on a New Canadian target audience

ScotiaBank wants a piece of this action too...they are now the official bank of Cricket Canada



# Industry Update – Climate Change

ScotiaBank secures  
150,000 new  
accounts through  
ScotiaBank Scene  
Card and ScotiaBank  
Cineplex Theatres

Decreases turnover  
rate in key 18-34  
demographic to 3%  
from national  
average of 17%



# Industry Update – Climate Change

Wascana Centre Authority – Learned for  
Canada Games and now growing the  
opportunity



*Wascana Centre*

# Industry Update – Climate Change

In 2009, sponsorship in Canada  
will grow by 2-3%

Average timeline from initial  
discovery to closing in  
Canada...24 months!



# ORGANIZATIONS THAT ARE TAKING THE NEXT STEPS TO BE SUCCESSFUL

Organizations we have or are serving:



**MAC EWAN**



# WHY INVEST IN SPONSORSHIP?



- ✓ Grow your revenue base outside of membership fees, government revenues and product sales
- ✓ Ensure long-term stability through an ongoing revenue source
- ✓ Build internal capacity for long term success

# WHY INVEST IN SPONSORSHIP?

## **You need to know what you have to sell:**

- ✓ Determine what your assets are and what they are worth
- ✓ Can you ... do you want to name your property?
- ✓ There is lots more than just naming rights
- ✓ Signage at arenas, events, memberships, access to facilities



# WHY INVEST IN SPONSORSHIP?

## **You need to know what you have to sell:**

- ✓ Access to parents and users
- ✓ Direction signage in parks
- ✓ Booth and retail space – branded concessions
- ✓ Sampling – Edmonton Fringe Festival



# WHY INVEST IN SPONSORSHIP?

**You need to know what you have to sell:**

- ✓ Saskatchewan Roughrider inventory
- ✓ Build as a group, brainstorm, never work in a silo
- ✓ What Gallagher Centre is going to do



# WHY INVEST IN SPONSORSHIP?

## **What belongs to you... your partners/stakeholders / government?**

- ✓ A good inventory of benefits will determine this and also value this to enable any level to sell appropriate benefits that a sponsor needs and the applicable organization is paid accordingly
- ✓ GO Community Centre / Gallagher Centre



# WHY INVEST IN SPONSORSHIP?

## A Comprehensive inventory ensures:

- ✓ Ensures less “bickering” and “possessive sales” and “protectionism”
- ✓ Focuses on the sponsor and **NOT** your property



# WHY INVEST IN SPONSORSHIP?

**Is this just for big properties or how can smaller parks, recreation facilities benefit from the process?**

- ✓ All can benefit – look at “Summer Solstice”
- ✓ MS Calgary example, MS Alberta example
- ✓ Association of Canadian Mountain Guides
- ✓ Human Resources Association of Calgary



# Industry Update – Climate Change

Pump Hill Gardens  
Community Summer Solstice Block Party

(My wife's block party event!!)



# WHY INVEST IN SPONSORSHIP?

## Get professional assistance

- ✓ Have a company like ours or others in Canada provide assistance
- ✓ MS Society Calgary went from \$0 in BIKE to \$25,000



# WHY INVEST IN SPONSORSHIP?

## Get professional assistance

- ✓ YESS went from \$50,000 per year to \$100,000
- ✓ Airdrie Festival of Lights doubled in 1 year
- ✓ HRAC went from \$20,000 to \$80,000 per year



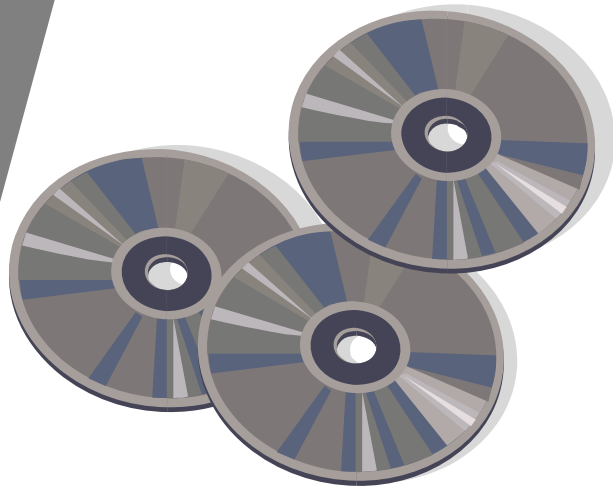
# DO YOU HAVE TO SELL THE FARM?

## No, never sell the farm

- ✓ Many have pristine properties, signage is wrong!
- ✓ Sponsors don't necessarily want signage
- ✓ It could be access, facilities like a hockey rink



# DO YOU HAVE TO SELL THE FARM?



## **No, never sell the farm**

- ✓ It could be access to your board members
- ✓ It could be to provide service or products
- ✓ It could be access to your data base

# DO YOU HAVE TO SELL THE FARM?

## **No, never sell the farm**

- ✓ It could be sampling opportunities - Fringe
- ✓ Wascana Centre Examples
- ✓ GO Centre Examples



# DO YOU HAVE TO SELL THE FARM?

## **No, never sell the farm**

- ✓ The big dollars are hard to replace
- ✓ The sum of the parts is greater than the whole



# Inventory Development

## Open discussion

- ✓ Lets look at assets for your properties / parks / facilities
- ✓ What do you have to sell?
- ✓ Look at intangible products versus signage

# Inventory Valuation

- ✓ **How do you place a value?**
- ✓ Where do the valuations come from?
- ✓ How are they justified?
- ✓ How do we as a company do valuation?



# Inventory Valuation



## Some basic values:

- ✓ Logo on a web site (1/3 of a cent)
- ✓ Sampling (2 cents)
- ✓ Signage (Impressions/traffic)
- ✓ Naming (Prestige, goodwill, traffic and impressions)

# Wrap Up



Everybody gets to play<sup>®</sup>  
Recreation without barriers

- ✓ The industry is changing rapidly and you need to look at sponsorship as a partnership, not an evil thing
- ✓ Sponsorship will provide the opportunity to generate a substantial revenue channel outside what you have at fee, government funding and rentals levels

# Wrap Up

- ✓ Sponsorship can support ideas, concepts and dreams that cannot be attained through existing budgets
- ✓ There are companies out there that will provide tools and internal capacity for you to succeed



# QUESTIONS



THANK  
YOU



This document is complimentary and is provided from the National Recreation Database by the [Lifestyle Information Network \(LIN\) www.lin.ca](http://www.lin.ca)

