

SPONSORSHIP WORKS

A MARKETING
DIRECTOR'S GUIDE
TO THE POWER OF
SPONSORSHIP
Issue #3

ESA
European Sponsorship Association

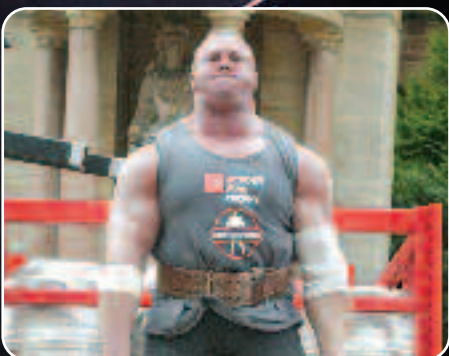
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EXTENDING SPONSORSHIP

BY **NIGEL CURRIE**, CHAIRMAN OF THE EUROPEAN SPONSORSHIP ASSOCIATION (ESA) AND DIRECTOR OF ASSOCIATIVE MARKETING AND SPONSORSHIP AGENCY, BRANDRAPPORT.



The first two editions of Sponsorship Works were an outstanding advert for sponsorship, showing off in detail how major domestic and global sponsorship programmes are developed and run.

Of course they featured many of the high-profile, big money sports sponsorship programmes which tend to dominate the market and are seen as the premier examples of sponsorship in action. However, sponsorship as a marketing discipline covers a much wider range of activities than this, and it is on sponsorships away from sport that this edition of Sponsorship Works will focus.

Over the years, Sponsorship has been used to perform different tasks to meet different objectives and its versatility and adaptability is never more apparent than when it is not involved in its most familiar surroundings – the sports arena. Indeed some of the very best and most effective sponsorship programmes have involved the Arts, music, the environment, education, corporate social responsibility (CSR) and media.

Sponsorship's effectiveness at enabling companies or brands to reposition themselves or improve the way they are perceived is without question. In the 1960s and 70s several of the major oil companies created very high-profile environmental sponsorships, which were essentially ground-breaking in terms of what they achieved. They were specifically designed to highlight the positive impact these companies were making to the environment as a counter to any damaging publicity resulting from their ongoing oil exploration activities.

CSR sponsorship had arrived and with it came a raft of opportunities to enable major companies and brands to reposition themselves in the eye of the consumer. CSR is an essential consideration for most major companies in today's world. In particular, listed companies with an obligation to shareholders need to be seen to be fully aware of their social and environmental obligations. Sponsorship has provided a ready-made solution and its impact over the years has been immense resulting in some outstanding campaigns and also some very long-running programmes.

The effectiveness of sponsorships such as these, enabled marketers to realise the potential of sponsorship to deliver different sorts of messages and more importantly reach different audience groups. Indeed it is these audience groups which provide the key. For those involved in sports marketing and sponsorship it is sometimes hard to appreciate that there is a world outside sport. Over the years major arts sponsorships in particular have delivered outstanding benefits for sponsors. These benefits have not necessarily come through awareness or huge levels of media coverage but in a number of other guises.

Hospitality and the business-to-business networking opportunities that the arts deliver are vitally important to many, particularly at a corporate level. The arts has always had an unrivalled ability to attract personnel at the very highest levels of major corporations.

Music too has answered the needs of many brands desperate to reach the youth market and capture the vital 14 -18 age group market.

The arts and music both require a different strategic approach as well as different activation techniques. However, over the years and probably as a result of not receiving as much "natural" media exposure as sport, music and the arts have been responsible for some of the most innovative and creative sponsorship programmes.

The emergence of so many sponsorships which involve the arts, music, environment and education has played a vital role in enabling sponsorship to develop and position itself as the most rounded and varied of all the marketing disciplines. It has enabled a much more subtle message to be conveyed and has switched the emphasis away from branding and awareness which has traditionally been seen as sponsorship's main tool. Also, a greater understanding of the needs of commercial partners in the modern world and closer working relationships between rights holders and sponsors have significantly improved the benefits available and this is reflected by the way the sector has flourished and continued to grow in recent years.

This edition of Sponsorship Works contains some excellent examples of outstanding sponsorships in action and is the perfect showcase for the range and scope of sponsorship – the marketing discipline.



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European Sponsorship Association

**sport
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Sponsorship isn't just about sport and it's not only rock 'n' roll. But, as **Andy Fry** reports, whatever the property genre, the key to a successful programme is creativity.

WHY CREATIVITY COUNTS

The Stones...started it up years ago Getty Images Sport

There are plenty of factors which separate a good sponsorship strategy from a bad one. Clear objectives, a good fit between client and property, targeted support budget, meticulous execution and thorough evaluation all spring to mind.

But the thing that makes a great campaign stand out is that spark of creativity – a lateral thought or innovative idea that brings a sponsorship to life and makes it memorable.

Innovation can take many forms. What's innovative in one country, for example, may be standard practice in another. And the kind of creativity that stands out in sports and media is not necessarily going to work in arts or community-based sponsorship. But the purpose of this piece is to look at the way sponsorship – almost irrespective of budget – has become a hotbed of original communications planning.

Sport is undoubtedly one of the most inventive sectors – for two reasons. The first is that it is so competitive that it takes something special to cut-through. The second is that fans are so in love with sport that they have no time for brands which just badge events. Only those companies which can demonstrate that they are on the same wavelength as fans stand any real chance of achieving their objectives, unless they are simply interested in corporate hospitality – in which case different success criteria apply.

Down the years examples of clients coming up with creative new ways of achieving cut-through have been numerous.

Nike, for example, was one of the first brands to show how official event sponsors could be challenged on their own turf through the endorsement of top talent. Player and team sponsorship may not seem like such a big deal now – but it created an alternative route to market for brands

which were prevented from sitting at the high table because they lacked funds, were too new into the market or because the offer on the table wasn't right.

Similar considerations led to a boom in event creation. With the likes of IMG pulling together playing talent, production skills and high-class venues, it suddenly became possible for sponsors to take ownership of high-class sports inventory.

“OF COURSE, INNOVATION BEGETS INNOVATION. AS FAST AS COMPANIES FIND A GAP IN THE MARKET, THEIR RIVALS SEEK TO PLUG IT. NIKE, FOR EXAMPLE, WAS THE PRIMARY REASON WHY RIGHTS HOLDERS BECAME OBSESSED WITH ENSURING THAT THEIR REAL ESTATE WAS PROTECTED FROM SO-CALLED AMBUSH MARKETERS”

HSBC, for example, has done a great job of establishing its presence in the global golf market by throwing in its lot with IMG. Most recently, it was title sponsor of mainland China's biggest-ever golf event (The HSBC Champions Tournament). Not only did the event attract the likes of Tiger Woods and Vijay Singh, it gave eight Chinese golfers a rare chance to play the world's best.

TALENT

Alongside talent endorsement and event creation, TV sponsorship also opened up a new form of association. When Sony backed ITV's coverage of the Rugby World Cup in 1991 it achieved higher recall figures than any official

partner – prompting the emergence of a dynamic new subset of sports sponsorship.

Of course, innovation begets innovation. As fast as companies find a gap in the market, their rivals seek to plug it. Nike, for example, was the primary reason why rights holders became obsessed with ensuring that their real estate was protected from so-called ambush marketers.

Meanwhile, the growth of TV sponsorship led to a reappraisal of the way commercial rights are sold to broadcasters – with some rights holders now selling TV sponsorship centrally as part of the event package and others insisting networks offer event sponsors first look at TV sponsorships.

More recently, the sports sponsorship stage has become extremely cluttered. But that seems to encourage even more innovation.

In the UK, for example, there has been a growth in the number of stadia naming rights deals with the likes of Emirate Airlines (Arsenal), Ricoh (Coventry), Reebok (Bolton), McAlpine (Huddersfield), Britannia (Stoke), Walker's (Leicester) and JJB (Wigan) all pursuing this route. While naming rights are more developed in the US and mainland Europe, deals of this nature underline the way in which both buyers and sellers of sponsorship are constantly on the lookout for new ways to raise their profile.

Other good examples of clients spotting exposure opportunities include UK opticians chain Specsavers – which pounced on the chance to sponsor soccer referees. Not only is this a smart (and funny) fit but it gives the brand great presence on the field of play.

As these examples suggest, the shifts in sponsorship have been around for some time. So it's more common for innovation to come in the form of incremental advances... interesting evolutions based on pre-existing sponsorship structures.

Sponsors and rights holders, for example, have become much cannier about manipulating media to increase exposure. Npower for example had one glorious summer sponsoring English Test Cricket when it hit upon the idea of branding cricket stumps. The result was a huge uplift in branded coverage in the press.

Then there's the way sports have started to package content in a way which fits the needs of broadcasters. The ATP Men's Tennis Tour, for example, does not garner huge amounts of live coverage on free-to-air terrestrial TV. So it produces short action sequences and player interviews that can fit neatly into mainstream schedules. When doing so, it ensures clear branding for its major sponsor Mercedes Benz – thereby generating extra media exposure.

This echoes developments in sailing – where it is not uncommon for yachts to be branded differently on port and starboard so that two sponsors can benefit. A classic example was Ellen MacArthur's successful attempt to become the fastest person to sail solo and non-stop around the globe. In this case, sister companies B&Q and Castorama shared livery on the boat so that relevant footage could be fed back to their respective territories (UK and France). During the race, B&Q/Castorama secured £100 million in media value. That's not bad when you consider that the two brands paid out around £3 million for the cost of building the boat and supporting the operation.

This kind of sleight of hand barely scratches the surface of what is now possible thanks to developments in digital technology. Virtual imaging, for example, means it is possible to marry sports sponsorship messages ever more closely with audiences – and make them stand out more. Already, it is possible to switch perimeter board messages during televised sports events to ensure brands are visible to the right audience at the right time. Increased use of moving animation means brands can also be brought to life in a way which is more memorable than a static panel behind a game.

Of course, boosting exposure is only one facet of the sports sponsorship story. With so many companies competing in this space, it's important to stress the need for creativity and innovation right throughout the process of leveraging rights.

EMOTIONAL CONNECTION

Exposure is of little value if you don't establish an emotional connection or find ways to get buy-in from staff and business partners. Similarly, a sponsorship is probably under-utilised if it doesn't attempt to achieve multiple goals or provide some kind of added value to the rights holder (other than cash).

Companies that operate in the stadium sponsorship field, for example, often look for some tangible connection with the site they are backing. Invariably, this will take the form of a ticket allocation for key events or branding on marketing materials and advertising placements within the site itself – in order to ensure branding is visible to visitors. But increasingly, it also involves more than this.

In the case of the current Wembley development in London, partners such as npower and Microsoft are both actively involved in providing the stadium with its energy and IT infrastructure. This means that they have both exposure and a state-of-the-art showcase to present to other potential clients. Meanwhile, Emirates' support for Arsenal contains a form of reciprocity designed to benefit fans back home in Dubai. Of particular interest are plans for a soccer school to help develop soccer talent through top-class training methods and exposure to international players.

By sector, mobile phone companies have been some of the most innovative arrivals in the sports sponsorship space – linking basic sponsorships to mobile content and licensed product. Although it has just ended its association, Vodafone's sponsorship of Manchester United was a case in

point – since it also encompassed the use of video content and the sale of branded handsets. Another Manchester United partner, Wilkinson Sword, also explored the licensing route by using its partnership with the club to rollout branded grooming kits for the gift market. In both cases, the goal was to try and make the sponsorship wash its face (to some degree) by attempting to generate new revenues streams.

Mobile phones companies are, of course, in a strong position to establish an emotional connection with fans – since they are desirable consumer items and a medium in their own right. For less sexy sectors such as financial services, innovation takes different forms.

Insurance brand Norwich Union for example was quick to spot the potential link between its title sponsorship of UK Athletics and the growing concern about child obesity. Its response was to integrate a cause-related marketing component into its overall sponsorship strategy based around health and education. Currently around £1 million a year is allocated directly to grass roots schemes which encourage children to be more active.

“MOBILE PHONE COMPANIES ARE, OF COURSE, IN A STRONG POSITION TO ESTABLISH AN EMOTIONAL CONNECTION WITH FANS – SINCE THEY ARE DESIRABLE CONSUMER ITEMS AND A MEDIUM IN THEIR OWN RIGHT. FOR LESS SEXY SECTORS SUCH AS FINANCIAL SERVICES, INNOVATION TAKES DIFFERENT FORMS”

Margarine brand Flora made a similar connection between its long-running title sponsorship of the London Marathon and rising concerns about heart disease. As such, it adapted its communications strategy around the Marathon to fit in with its strategic move into the cholesterol-reduction spreads sector. In scenarios like this sponsorship innovation is often a driving force in repositioning a brand.

CAUSE-RELATED

The NU and Flora sponsorships are about linking sport to cause-related marketing (CRM) – a growing trend which has also seen major UK supermarket chains such as Tesco and Sainsbury's introduce voucher schemes which allow schools to purchase sports kit. These are hard-working examples – where the innovation is in identifying social trends, adapting the core message and making the sponsorship graft until the CRM spin sticks.

But there are other scenarios where the innovation lies in the creative spine of the campaign. A strong recent example of this is MasterCard's long-running Priceless campaign – where a funny, heart-warming series of ads positions credit cards as facilitators of dreams. In this case, the innovation lies in the way sponsorship and advertising are used to amplify each other's effect. While the spot ads provide the creative focal point, MasterCard's high-profile soccer sponsorships endow the client's core proposition with fan credibility.

Some clients have an unfailing sense of how to endow sponsorships with emotional connectivity. Carling, for example, did such a good job as title sponsor of the FA Premier League that echoes of its association lingered on well after it had quit the association in 2000/01. It then took over as sponsor of the English League Cup (The Carling Cup) and the Scottish Old Firm (the name given to Scotland's top two clubs Celtic and Rangers).

Carling's success has always been rooted in its ability to deliver added-value to all of soccer's stakeholders – whether consumers or business partners.

Aside from consumer and trade promotions and slick PR, the kind of things that have always typified its approach are a definitive football statistics service for the media and supporters, the provision of football news to match day programmes and regional charity events. Emblematic of innovation in action was the time Carling laid on free coaches to get travelling fans to games during the UK fuel crisis. Not only did this get a warm reception from fans, it achieved significant coverage in the national media. Above all, it demonstrated the benefit of having a sponsor that thinks like its fans.

Coca-Cola is another brand which has shown itself adept at tuning into the fans' wavelength. Its sponsorship of the English Football League – the governing body responsible for Divisions One, Two and Three – underlines the point. The sponsorship, which involved a bold rebranding of Division One (now the Coca-Cola Championship), has worked well because of Coke emphasis on putting the fans first.

Some of Coke's success was down to clever showmanship. For the first time ever, it changed its corporate colours – putting up Coca-Cola perimeter boards in the colours of the home team at every one of 72 FL grounds. It also accompanied its sponsorship with strong advertising campaigns. Firstly, there was an eye-catching poster campaign which listed the names of every team in the Football League. A simple mechanic, maybe, but one which gave even the smallest clubs some profile. This was reinforced by a TV ad which does a neat job of capturing the atmosphere of expectation around grounds as fans turn up for games.

In terms of practical, on-the-ground activity, Coca-Cola introduced mechanics like the million pound goal challenge – a promotion through which Coke agreed to pay out a £1million to the Football League clubs if they scored a total of 4,500 goals during the season. Although they didn't hit the target, the initiative appealed to fans because of its emphasis on rewarding entertainment value. Even better was an on-pack promotion which gave fans the chance to win their favourite club a player. All fans had to do was register online or via text for the chance to win £250,000 for their club to spend on players and £10,000 for themselves. The lucky team was Brighton – which bought a striker.

Many of the themes outlined above are also relevant in the entertainment world. In music, for example, event creation and venue sponsorship have long been entry points into the market for sponsors.

But a recent surge of interest in all forms of musical entertainment has made it an attractive alternative to sport.

In England and Wales alone, there are reckoned to be 1.7 million live concerts a year. Currently the UK live music industry is worth around £487 million a year – up 50 per cent since 1997. When you add that to popular award franchises, pan-regional music channels like MTV, proactive promotion by music companies and the growing importance of music in the new media sphere, it makes this one of sponsorship's most dynamic arenas.

Among converts to the music sector is MasterCard – which put its toe in the water with the Mobo Awards before going mainstream by backing the BRIT Awards. Alongside soccer, the BRITS have developed into one of the key communications vehicles for MasterCard – which is now in its seventh year of backing the event (1999-2005).

MAXIMSING IMPACT

As in soccer, maximising the impact of such an association depends on a combination of both media exposure and customised promotional activity (which is handled by MasterCard's consultancy The Big Group).



Specsavers...Serious humour Getty Images Sport

In terms of media, MasterCard taps into a multi-million audience on broadcaster ITV – which airs the event “as live” on the same night and runs a series of preview shows beforehand. In addition, there are retail offers, promotions with key media partners, exclusive offers to win tickets and activities which tap back into MasterCard’s “priceless” theme. The kind of things the company did for last year’s 25th Anniversary of the BRITS were a joint-promotion which allowed MasterCard users to get a 10 per cent discount on Brit Awards-nominated artists in Virgin shops and a link up with Daily Telegraph to give readers the chance to win prizes such as tickets to the Awards

PROMOTIONAL TOUR

Other aspects of the campaign included a promotional tour of train stations and shopping centres, featuring BRIT Awards 25th anniversary Mini Coopers which could be won. Perhaps even more significant was MasterCard’s effort to reach audiences via an online “buzz marketing campaign”. In a digital strategy devised by Big Group, online users took part in a competition called PicQuiz. Winners could win two tickets to The Awards.

Another music-based sponsorship which is notable for its sheer staying power is Tennent’s T in the Park – a Scottish summer festival which launched in 1994 after research showed the lager brand was perceived as old and tired. Although still No.1 beer in both the Scottish on-trade and

off trade, there was a realisation that Tennent’s position was under threat from premium and international brands and a decline in loyalty to local brands.

The beauty of the T in the Park strategy – which is handled by KLP Euro RSCG – is that it has allowed Tennent’s to evolve its brand communication strategy every year. While music always retains a universal and shared appeal among the target audience, the fact that talented new bands burst onto the scene means it’s possible to keep refreshing the core message – giving the impression that Tennent’s is a youthful, vibrant, contemporary brand.

Like Carling, Tennent’s/KLP have realised the importance of backing the event with high-profile activity. Aside from headline sponsorship, Tennent’s has title sponsorship of a new talent stage (T Break Stage), management of all PR and use of logo on festival-related communications. KLP has also developed a sophisticated media/promotions programme for the brand. In addition to news and competitions on national media, T in the Park secures televised coverage on BBC2. Elsewhere, it leverages the event via on-pack promotions, CD cover-mounts, bar promotions and retail promotions in HMV and Virgin.

Of similar status to T in the Park is the V Festival – which is a great example of how – for the right brands – music can provide the basis of an integrated sponsorship programme. In this case, V is owned by Virgin – which has a vested interest in the music business thanks to its

prominent role as a music retailer and a national radio broadcaster. The headline sponsor is sister company Virgin Mobile.

Virgin is not alone among mobile brands in targeting music. Vodafone, T-Mobile, Samsung, O2, Orange and Nokia have all made music festival a key element of their communications portfolio. There are two main reasons for this. Firstly – because the profile of festival-goers is perfect for mobile brands. Secondly because music downloads are now a key growth area for the mobile market.

Increasingly, mobile companies have realised that access to exclusive music content is a way of differentiating their product from rivals. T-Mobile, for example, has a deal which gives it exclusive access to a range of Robbie Williams content. Nokia, meanwhile, is able to offer its customers exclusive content from ITV UK hit entertainment show The X Factor as a spin off of its TV sponsorship deal with the network.

Among mobile companies, O2 has been particularly high-profile in recent times – joining forces with radio station Capital FM and the Prince’s Trust to host a series of seven live events under the Party in the Park banner.

In 2005, a key element of the sponsorship involved trying to drive fans into an O2-designated area called the Bubble – where visitors could check out O2 Music offers and services. Partly this was achieved by providing visitors with the chance to win competition prizes, such as backstage concert passes. But one of the more innovative elements of the 2005 strategy involved O2 teaming up with mobile technology company Hypertag to devise a way of rewarding all the visitors to the Bubble. “We needed something which would be valued by concert goers,” says Matt Stevenson, Music Sponsorship Manager, O2, “Whatever we came up with, it was important that it was easy to manage and cost-effective due to the sheer numbers of people involved.”

ELECTRONIC TAGS

Hypertag’s solution was to embed electronic tags in interactive walls at the exit of the Bubble. Each tag was programmed to allow visitors exiting the Bubble to download a free ringtone from the likes of McFly, Busted and Fat Boy Slim to their phone. Simple to use, this was a way of rewarding fans for visiting the Bubble and inspiring word of mouth.

O2’s interest in music doesn’t end with Party in the Park. In May 2005, it was revealed that London’s Millennium Dome is to be refitted as a state-of-the-art music venue and renamed as the O2 (with backing from Anschutz Entertainment Group). With an indoor arena capable of holding 23,000 people, an 1800-seat theatre, a 10-screen cinema plus restaurants, bars and exhibitions, it’s a big opportunity for O2 to make its mark on London’s landscape.

Due to open in 2007, the venue’s aim is to host 150 events in its first year. Indeed, the current plan opens up the possibility of The O2 hosting sports events as well as music – with boxing, gymnastics, tennis and figure skating currently mooted. There’s even talk of the Dome playing a part as a London 2012 Olympic event venue – though it’s clearly the music that appeals most to O2. The company has gone on record to say that sports sponsorship is overcrowded while music provides more opportunity to offer relevant products and differentiate their brand.

There’s certainly something in this claim. Many sponsors outside the mobile sector have used music events to build unique experiences. While a sports sponsor’s most attractive fan-based proposition is often money-can’t-buy tickets, music festivals give brands a platform to provide tangible experiences. The V Festival, for example, attracts sponsors like JJB Sports, Volvic, Sony, Duracell, Braun, Nintendo, Bacardi Rum and Strongbow Cider.

In the case of the latter two brands, the Festival provides the venue for mini music events like the Bacardi B-Bar and

From p.6

Strongbow Rooms. Nintendo's approach in 2005 was to run its own dedicated Nintendo DS comedy tent while Braun came to the event with the world's best BMX riders and a stylist to groom people with its latest new products. In other words, music provides the platform for the consumer interaction brands desperately need.

The kind of emotional connectivity sought by sports and music sponsors is just as important in the arts sector. In recent times, the arts have been accused of elitism. But the reality is that a number of high profile deals have shown that it is possible to connect art with audiences in ways which are both innovative and effective.

In part this is because clients are using their imagination. But it's also because arts bodies have become more flexible. Increasingly, they are willing to build solutions around clients' objectives – rather than offering standard packages. There's also much greater buy-in from the artistic side – which increasingly sees the value of a partnership with commerce. This is not just in terms of the money that can be raised – but the cross-fertilisation of ideas.

The National Portrait Gallery's two-year relationship with Deloitte around the theme of photography is a good case study of how arts can work for a company. While the primary motivation for the deal is corporate hospitality and media exposure, the two sides have found ways to bring the ethics of the art world into the workplace. Curators, for example, are invited into Deloitte's offices to talk about the NPG's major art works. Upcoming photographers, meanwhile, are commissioned to take the photos for Deloitte's annual report. Such activities can play a part in motivating staff and making them feel part of a creative organisation which values their achievements.

For those who are interested in art sponsorship, there's a tendency to think of it primarily as a corporate hospitality vehicle. But there are plenty of current examples which show it can have a broader impact. Telecom giant BT's relationship with Tate Online, for example, saw seven million people log on in search of artistic inspiration last year. Not only is this great exposure – but it's a showcase for the kind of multimedia services that the company sees as being pivotal to its future growth.

RAISING PERFORMANCE

Other arts sponsorships which have raised the performance benchmark include BP's link up with The Royal Opera House to show live performances via large screens in Covent Garden, Traveler's support for cut-price tickets at the National Theatre, Sage's naming rights deal with the Sage Centre in Gateshead and Gordon's Gin's backing for the UK's major modern art award – The Turner Prize.

FMCG giant Unilever meanwhile has had a breakout success by paying for new works to be commissioned each year for Tate Modern's Turbine Hall. Last year's artwork The Weather Project by Olafur Eliasson achieved extensive national media coverage – while the sponsorship itself provided a focal point for communicating with stakeholders such as MPs, policy-makers, opinion formers, NGOs, the city, employees and community partners.

While the Tate association is a classic corporate sponsorship, Unilever has also been exploring the potential to leverage the arts at brand level with Persil. In this case, it has used the connection between getting dirty and being creative (freedom to play) as the basis of an arts equipment for schools strategy (equipment is available in return for on-pack vouchers). This link has also been carried through to current television advertising executions.

The attempt to link art to a wider community-based agenda is finding favour among numerous blue-chip brands. In 2005, for example, Lloyds TSB launched a musical education scheme called Note for Note which could be worth £10million over three years. Under the scheme, the bank asks its personal account customers to round down the pennies in their accounts each month. It then matches these donations. The money raised is used to



The Dome...focus for O2's programmes Getty Images Sport

subsidise Yamaha musical instruments, concert tickets and workshops. In support of the scheme, Lloyds TSB and Yamaha teamed up with EMI and The Prince's Trust to create a teacher support pack for every UK school.

“ARTS BODIES HAVE BECOME MORE FLEXIBLE. INCREASINGLY, THEY ARE WILLING TO BUILD SOLUTIONS AROUND CLIENTS' OBJECTIVES – RATHER THAN OFFERING STANDARD PACKAGES”

Interestingly, the bank's grass roots activity was announced at around the same time that it also signed up as headline sponsor of BBC Proms in the Park – a series of six outdoor concerts which takes place each September. The deal, which secures the bank 10 hours of TV exposure across BBC channels, underlines how the arts – just as much as sport – can offer grass roots to glory marketing opportunities.

Some of these examples show clients seeking to link sport and arts activity to a CRM agenda. This isn't so surprising given the emphasis consumers seem to place on good corporate behaviour. A recent survey by Business in the Community found that “83 per cent of finance directors believe a strong corporate reputation conveys a valuation premium”.

The fact that blue-chip brands like Tesco, Sky, British Gas, npower, Yell, Scottish Power, Debenhams, Vodafone, BT, Avon and Blockbuster Video have all run CRM campaigns in recent times underlines the breadth of CRM activity undertaken in the UK. In 2003, BITC reported a £58.2 million spend on UK CRM activity – up 15 per cent on 2002.

Charities, education, environmental concerns and community initiatives all benefit from CRM programmes. While charities as a sector probably attract the most revenue, education is particularly interesting – since the ability to put brands in front of children (and therefore families) is highly prized by brands. The problem of course is that it's easy to get it wrong – and come across as exploitative.

LESSONS LEARNED

Cadbury's learned this lesson the hard way when it attempted to link chocolate purchase to the provision of

sports equipment for schools – a dangerous game when so many people are concerned about child obesity. Safer is Tesco's long-running Computers for Schools campaign – which marries an uncontroversial brand (general retailer) with a worthy subject (IT).

A good current example of how to get the balance right is Woolworths Playground Partnerships – a scheme which awards grants to primary schools which want to improve their playgrounds. The innovation here lay in the thought process. Having identified the state of school play areas as an area of concern to teachers and parents, Woolworths managed to marry this up to a series of strategic goals.

Firstly, it achieved buy-in from children who were given the task of developing proposals to improve their playgrounds. Secondly, it was structured in a way that meant it could be co-opted as part of the National Curriculum – thus gaining credibility with teachers. Thirdly, it engendered a sense of pride among the Woolworths plc workforce. And finally, it managed to hit a range of local stakeholders – such as parents, governors, local businesses and media – thereby reinforcing Woolworths' position at the heart of local communities.

The internal impact of the scheme was interesting – with the number of employees wanting to be involved with the project increasing by 50 per cent after year one. This is a useful reminder that innovation doesn't necessarily have to be consumer-facing.

One company which has recognised this point is Lane4, a performance consultancy headed by Olympic gold medal winner Adrian Moorhouse. In 2005, Lane4 launched a new division with the goal of helping clients do a better job of leveraging sponsorship internally.

Lane4 head of commercial strategy Matt Rogan says: “Sponsorship is often seen as a purely consumer-focused activity. But many multi-million dollar deals miss the point internally. If managed correctly, an internal leverage programme should energise employees and create a network of evangelists to spread the message to consumers.”

What's particularly important about this observation is that an energised workforce will be creative on the company's behalf. There's no better example of this than when staff at tour operator First Choice decked out more than 300 high street shops in jungle foliage as part of their commitment to the company's broadcast sponsorship of I'm A Celebrity...Get Me Out Of Here. As any smart CEO realises – some of the best innovation comes from the people on the shop floor. ●

EXTRAORDINARY CHALLENGE, EXTRAORDINARY MARKETING VALUES

The sports marketing arm of powerboat manufacturer XS Marine Group (XSMG) has exciting plans to exploit unique opportunities arising from the world of powerboat racing and world record breaking.

XSMG, possibly the only marine powerboat manufacturer in the world to have a dedicated sports marketing focus, is bringing to market the world's first 'Superboats' which are set for a major role in the sport of powerboat racing.

Group CEO Ian Sanderson says: "Everybody understands the dynamic for 'Supercars' – such as the McLaren Mercedes SLR, Ferrari and Zonda etc. – and what we've done is take the DNA of Supercars and put that in boats.

"We see sport as a communications platform to establish our brand DNA and product ethos. It's an extremely challenging proving ground for our product. Critically for XSMG it is a catalyst to stimulate awareness of our organisation cost-effectively."

In essence, XSMG is retailing a 'super luxury' product against some of the world's most prestigious brands in multiple sectors.

"XSMG is entering its first product – the 100mph-plus and 2,000bhp XSR 48 Superboat – in various forms of endurance powerboat racing around the globe, and challenging a series of distance speed with world records over the next 24 months," says Sanderson. "It is a programme that will redefine the boundaries of the sport, and, as importantly, the programme dynamic will help XS Sports Marketing attract sponsors."

SPONSOR VALUE

This is an environment where the challenge and product is extraordinary, and the ROI for sponsors and partners is equally exceptional according to Sanderson. "To provide sports marketing value and to be fully accountable to corporate partners, we needed to focus real expertise in-house and to talk the sponsors' language on all their marketing strategy issues. We also have to ensure the alignment works and drive total capitalisation of the sports media and entertainment platform – hence our need for a division of the business focused 24/7 on driving sponsor value," he says.

"We are investing our own XS marketing dollar in parallel to the sponsor, effectively underwriting the financial dynamic, so we take a very dispassionate view on sport as a business. In this context it is a tool, a catalyst to a business solution. But when it comes to the live event, the passion of XS is embedded in both our people and our product.

"In effect we have transposed the business model – we are a marketing

and communications company with an exciting retail and sporting product. Sponsor acquisition is a key element of our business. It helps that we have a track record in world-class sporting success and sponsor value."

XS, in its previous public-facing project as Sunseeker XS Racing, won at every level of endurance racing and broke 11 world endurance records. "More importantly we had a mix of blue chip sponsors who positively enjoyed the interface with the product, our people, and got an exciting return on investment," says Sanderson.

He adds that powerboat racing is "completely undercapitalised", yet compared to other sports there is more scope for access and interaction.

"For XSMG, our success has been driven by the opportunity to take the sponsor from a position of looking in from the outside, to being at the heart of the event. They effectively become a team member.

"The sport is highly photogenic, the events are in fabulous locations, the race boats look right, sound right and you have the ability to carry sponsors' guests in the boats during races or at bespoke sponsor events.

"This is the most interactive motorsport platform in the market. Where else can you take part live in a world record attempt as a sponsor? Where else can a sponsor be onboard in the race when a world championship is at stake?"

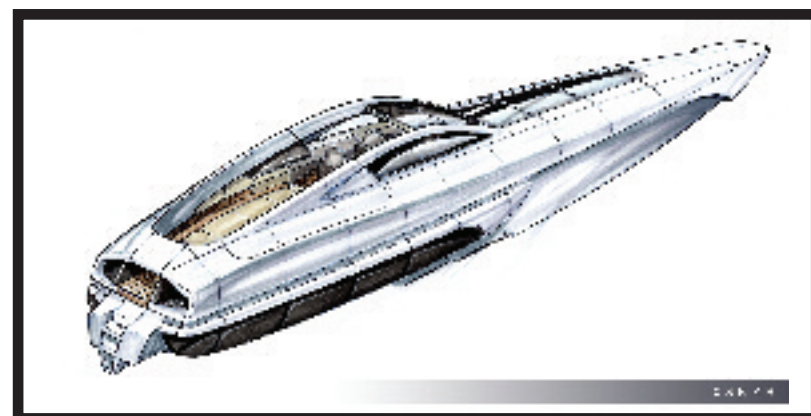
RECORD ATTEMPTS

XS is looking to deliver value to sponsors in keeping with international motorsport through a series of new events.

The first phase will see the company – under the team brand XS Racing – enter the P1 World Endurance Championship in 2006 and 2007, with seven 'Grand Prix' events around Europe.

"Racing is a fantastic environment for experiential entertainment and consumer interface, but we need to drive media value to our participating sponsors' brands," says Sanderson. "So, in what will be the ultimate challenge for the XS product and team, we are embarking on a programme of 30 world-record distance attempts, including London to St. Petersburg (2,000 miles) and around the USA, from New York to Seattle (7,000 miles).

"The oceanic conditions change hour by hour, the physical demands are very high and sleep deprivation challenges every sense of perspective. It makes great TV and therefore we invest XS marketing funds in production and



"THIS IS THE MOST INTERACTIVE MOTORSPORT PLATFORM ON THE MARKET. WHERE ELSE CAN A SPONSOR BE ONBOARD WHEN A WORLD CHAMPIONSHIP IS AT STAKE?"

IAN SANDERSON, GROUP CEO, XSMG

distribution, by design-driving sponsor exposure."

For the world-record breaking programme, the main exposure will be via television deals that should deliver content to 210 million homes. Further coverage is expected to reach 200 million homes via news releases.

XS is also planning an attempt at the world record for Powered Global Circumnavigation – a 50-60-day challenge fed to a live global audience across multiple media. XSMG's media partners believe coverage should reach more than a billion people.

To reflect the focus on sponsor value, the boat will go around the world again – in what will hopefully be a form of 'victory lap' – to give sponsors the opportunity to entertain guests for a few days at various locations. "By going back round the world again we can prevent manage the whole process," explains Sanderson.

NEW EVENTS

The second phase of XSMG's event programme will see the creation of four original competitions. They include an annual 'Le Mans on water' race series from 2007, where the world's best racing teams compete to beat the 24-hour endurance record (held by XS Racing at 1,220 miles).

There are also plans for a multi-stopover time trial race around the UK in 2007. Says Sanderson: "This is typical of our thinking to attract both sponsors, media and world-class competitors; the first event is very UK-centric, however, imagine a second event running from London, via Oslo, Copenhagen, Helsinki and Stockholm to arrive in St. Petersburg, or London to Monaco. These will be massive sporting challenges, and fantastic properties to extend the interactive entertainment concept. Imagine being invited to be in the boat to arrive in St. Petersburg or Monaco, as a guest of a sponsor – unforgettable."

XSMG will invest more than £4million in its own exclusive 'One-Design Class' race series, initially with 15 identical boats from 2009 that will involve a Formula One-style tour taking in Europe, North America, the Middle East and the Far East.

It is in discussions to line up franchise partners in the US, Middle East and Asia to help develop the series outside Europe. The series will have a title sponsor and other sponsor partnerships, while each boat will carry branding space. The race weekend will comprise six races, with each sponsor able to take three guests out for each race, meaning 18 people per sponsor get to sample the experience of being centre-stage.

XSMG's sports marketing subsidiary (XS Sports Marketing) has a number of staff with a strong marketing background, including Malcolm Crease, who has previously worked with MTV, ISL and the Premier League. He says: "The way that XSMG have been able to capitalise the programme, provides a level of return against investment that is very difficult to achieve elsewhere, as well as offering many unique new features and benefits.

"In many ways it goes beyond the excitement of F1, still on a truly international scale, yet built around a much more acceptable pricing structure. It is great to be an ambassador for a product and programme that partners are quickly realising the commercial value of an alignment with."

Crease has been in discussions about a world record attempt from Shanghai to Singapore, via Hong Kong and a 'One-Class' design series for the Chinese marketplace. "The appeal and value of hosting a completely new sports marketing platform is becoming increasingly apparent," he says.

To find out more about XSMG's sponsor portfolio, contact Ian Sanderson at iansanderson@xsmarinegroup.com