



February 21, 2005
Volume 24, Number 3
Published biweekly by IEG, Inc.

IEG Sponsorship Report <<http://www.sponsorship.com/iegsr>>

Will It Play In Peoria? Selling Sponsorship In Small Markets

WHO

Selling sponsorship to properties in small markets

TAKEAWAY

Educating local businesses, providing data to national companies and leveraging role in community are keys to success. Making a sponsorship sale means answering objections, whether they are over price, fit with the brand, fear of competition or any number of other concerns.

Daunting as some of these objections can be, sellers of small-market properties regularly face even more fundamental obstacles. When pitching local businesses, they often must dispel basic misconceptions about sponsorship. When presenting to regional or national players, they often must overcome the idea that their reach is too small. It may seem at times as if a small-market property is the wrong fit for everyone.

Whether a small-market seller is making a property's initial deal or adding another partner to a roster of long-time relationships, those who have been successful in such arenas agree there is a method to turning a small-market location from liability to asset. The process revolves around educating local prospects; having the right information available for bigger companies; leveraging the property's role in the community; and, perhaps surprisingly, narrowing the pool of prospects rather than trying to broaden it.

Schooling Those Unfamiliar With Sponsorship

In general, small-market sellers' plan of attack will be different for local businesses than it will be for a regional or national player. That is because local sponsors often base decisions on "softer" reasons such as supporting the community, while larger companies are more likely to be focused on bottom-line ROI.

"At the end of the day, local sponsorships are less of a solid numbers game in which the sponsor is scrutinizing every cost per thousand," said Byron Quann, president and CEO of the Whitaker Center for Science and the Arts in Harrisburg, Pa. "They sponsor in part out of interest in the subject or to be supportive of a certain concern."

This means that while larger prospects need to be educated about the property and the audience, the pitch to local businesses often will take the form of educational sessions about sponsorship itself.

Many small businesspeople consider "sponsorship" to be an underwriting or donation in return for some presence and recognition. Although they make the connection between support of the property and a good public image, they likely have not considered how a sponsorship can deliver more direct business-building benefits.

"Local sponsors are getting more sophisticated and starting to look for proof of ROI, but they still have a long way to go, and sellers need to help bring them up to speed," said Kathleen Alter, executive director of the Three Rivers Festival in Ft. Wayne, Ind.

According to Emily Rogers, senior vice president of IEG Consulting, key elements to a successful pitch of local businesses include:

Eliminate common misconceptions such as sponsorship equals signage.

Draw distinctions between sponsorship and other forms of marketing and philanthropy.

Come prepared with several ideas for activating the sponsorship.

Explain how to calculate a sponsorship's ROI.

Sell the sponsorship as a way to make new connections with other local businesses by including a sponsor summit.

Reassure potential sponsors that you will have their needs top-of-mind for the length of the sponsorship.

Although the deal may be on your property's lowest tier, for many small businesses even a sponsorship at that level is a major expenditure.

Creating The Right Perception For National Sponsors

The first challenge in pitching non-local sponsors is tracking down the right contact to speak with. Finding a targeted contact, whether in a regional office or through a local dealer or distributor is crucial, as they are the ones with a vested interest in building local sales and business.

However, even with a local contact, it is likely that at some point in the decision-making process of a larger company, a small-town property will have to overcome skepticism about the value of concentrating resources in a non-major market. The best answers are hard numbers: attendees, economic impact, detailed forecasts of ROI, results achieved by other sponsors, etc.

Local government or chamber of commerce statistics can be helpful in this area. Several years ago, Newport Harbor Corp.'s efforts to find a title sponsor for the now-named Born Family Skating Center were complicated by the perception that the picturesque Rhode Island town is only a summer vacation destination.

Research uncovered a number that put that misconception to rest—1.1 million visitors sign in at Newport's visitors center between November and April—and went a long way to signing H.H. Brown Shoe Co.'s Born footwear division as title sponsor, said Gail Alofsin, Newport Harbor Corp.'s director of corporate partnerships.

"We know that Newport is not dead in the winter," she said. "But without the number, that just sounds like a sales pitch and nothing more. Having the number, particularly because it's from a third party, made the point for me."

Leveraging The Small-market Advantage: Community Status Sophisticated sponsors will be more likely to sign on if they believe a sponsorship is going to help them "own" a market. And it is here that the prominent position a property plays in a small market can be useful.

For example, the National Cherry Festival attracts 500,000 attendees to Traverse City, Mich. during its eight-day summer run. The week before and the week of the festival are the area's top weeks for retail sales.

"We have such a significant impact on the region that it gives me a bit of clout," said Chuck O'Connor, the festival's director of marketing.

O'Connor parlays the festival's influence on behalf of his sponsors, thus providing them with a unique benefit. For example, he was able to open doors for Pepsi-Cola Bottling Group of Northwest Michigan—the festival's official soft drink sponsor—to get meetings with local hotels and casinos.

He also wrote letters and made phone calls emphasizing how the bottler's sponsorship of the festival demonstrates a commitment to the community and how that commitment is appreciated by local consumers. The result: two hotels have switched to pouring Pepsi products, and others are considering a similar move.

"Approaching these same hotels on our own, we likely would not have gotten the same response," said Mark Darrow, the bottling group's vice president and general manager. "But when you make yourself a part of such a signature event, and you can have a community leader like Chuck get you in the door, in a market

like Traverse City that makes the difference.” One way to enhance that influence, many small-market properties said, is to align with local nonprofits, including making them beneficiaries of event activities. Being an icon of the community can turn into a liability, though, if properties create sponsorship programs and activation planks that interfere with the feeling of public ownership that such properties convey.

“Smart properties recognize that they are a brand. The question each property’s leadership has to ask itself is how does it take the commercial component of sponsorship and apply it to their property without losing focus,” said Judy Haber, senior partner at Performance Sponsorship Group. “They have to discover the difference between assisting sponsors and compromising who they are.”

Narrowing The Playing Field

While many sellers want to cast a wide net and play the odds, some successful small-market sellers recommend going against the grain and targeting fewer prospects. Instead of relying on the numbers game, they use personal referrals and research to focus their efforts on a smaller pool made up of the most desirable prospects.

After its full-time sponsorship director left 30 months ago, the Three Rivers Festival did not fill the position. Instead, Alter added sales to her responsibilities as executive director. The dual role has not hurt the festival’s bottom line. It has continued to exceed its sponsorship revenue goals by \$25,000, equal to the minimum fee for title of one of the festival’s components.

Alter credits her success to limiting the number of prospects she pursues. She does so by first researching prospects on the Internet to know if her events meet their criteria. Most importantly, she gets most of her leads through her contacts in the community. The lead for the deal with the festival’s major sponsor, Anthem Blue Cross and Blue Shield, came from Alter’s serving on the board of a community organization with a local Anthem representative.

“If you just start making phone calls, it will take a long time to track down the right people,” Alter said. “The better you know people within the community, the more likely the leads will come to you and the more likely they will lead somewhere.”

For agencies selling small-market events outside their home areas, cultivating relationships with local leaders can be helpful in identifying top prospects. The goal of such a relationship is not to have them help you make a sale or even open doors, but to earn their trust so they will be your guide to the local market.

“The key is not to pitch them,” Haber said. “You want to introduce yourself and tell them what your agenda is. You are looking for them to coach you, maybe qualify prospects.”

Haber also has had success with thinking counter-intuitively. Instead of reaching out to established sponsors, she goes after new blood and tries to sign a business to its first sponsorship. The seller has the advantage of presenting a unique opportunity to a businessperson not inundated with proposals, she pointed out. One way to track down such prospects is to look beyond the community’s major advertisers.

“It’s almost as if you want to identify the companies with smaller marketing budgets,” Haber said. “The big guys can buy all the advertising and billboards they want. The other guys need the cost-effectiveness that you can provide.”

SOURCES

Pepsi-Cola Bottling Group of Northwest Michigan, Tel: 616/946-0452
National Cherry Festival, Tel: 231/947-4230
Newport Harbor Corp., Tel: 401/848-7010
Three Rivers Festival, Tel: 260/426-5556
Whitaker Center for Science and the Arts, Tel: 717/221-8201
Performance Sponsorship Group, Tel: 519/940-4442