



Tap into the Rising Flood Of Sponsorship Revenue

with Mel Poole

Club Managers Association of America
World Conference on Club Management
Golf Industry Show

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Mel Poole bio

- Founder, President of SponsorLogic, Inc.
- Sponsorship management consulting & sales for properties & sponsors
- Founded in 1997, located in suburban Charlotte, N.C.
- Managing, servicing & selling national sponsorships 20+ years
- Valvoline, Ingersoll Rand, Verizon, LPGA, Mercedes-Benz, Kraft Foods, Sears
- Motorsports, golf, tennis, Olympics, causes, trade show industry
- Leading sponsorship initiative with some of the biggest US trade shows and United Way of Central Carolinas
- *SportsBusiness Journal* columnist since 1999
- Author of first ever sports sponsorship textbook, due Q1 2008
- Managed or sold national sponsorship programs accounting for more than \$115 million in rights fees

Or, Let's call this...

How to get sponsors to
pay you to help them deliver
more value to your
patrons and members!

Sponsorship is not...

- A tee marker on the golf course
- A banner on the tennis courts
- A deal with a company in which you get a commission based on sales to your members and patrons

Those are examples of
advertising and cooperative
sales promotions in search of
(hopefully) interested buyers

Sponsorship is a cash fee paid to your club(s) in return for access to the commercial potential associated with companies doing business with your members, patrons and staff

Sponsorship is a vibrant, validated proactive marketing solution that provides...

- Visibility to the sponsors
- Value to your members
- Sponsor communication with new customers
- Sponsors the ability to make sales
- Bottom-line measurability for clubs & sponsors
- Scale-ability so it will succeed at any scale
- A seamless marketing-centered partnership with your club

Sponsorship is the
fastest-growing
form of marketing because
consumers invite sponsorship
into their lives

Consumers Trust Sponsorship More than Advertising

- Consumers believe that sponsors add value to their lifestyles & interests
- Consumers are open to relationships with companies that compliment their lifestyles

Sponsorship is one-to-one marketing on a mass scale

Sponsorship Spending Trends

North America Sponsorship Spending

- 1995 rights fees: \$4.7 billion
- 2000 rights fees: \$8.7 billion
- 2006 rights fees: \$13.4 billion

Sponsorship spending is growing
at about 10 percent annually

Sponsorship Industry stats courtesy of IEG, Inc.

'Big Spender' Consumer Categories

- Non-alcoholic beverages
- Automotive
- Banks
- Beer
- Telecommunications
- Specialty Retail
- Food
- Financial Services
- Hotel
- Airline

North America Sponsorship Spending, Including Activation Expenditures

- Recap 2006 rights fees: \$13.4 billion

But...

- Average additional activation (promotional) spending is \$1.70 on top of each dollar spent on rights fees
- 2006 activation spending: \$22.8 billion
- Est. 2006 total sponsorship spending: \$36.2 billion

Associations and Membership Organizations 2006 Sponsorship Rights Fee Revenue

- Recap: 2006 industry-wide North America sponsorship rights fees: \$13.4 billion
- Associations & membership organizations: 3 percent, or \$40 million
- Total association & membership organization sponsorship spending, including activation & promotion: \$108 million
- Associations & membership organizations are the most under-leveraged sponsorship property category!

Key Sponsor Objectives

- Drive sales (through direct sales & lead generation)
- Enhance/create brand awareness
- Showcase/sample/display/demonstrations
- Enhance/create/extend relationships with customers (via database capture & two-way communication with prospects)
- Product/brand/service differentiation

Baseline monetized expectation of \$1.30
returned for every \$1 spent

What Sponsors Expect From Properties

- Right to repetitive communication with customers
- Media presence wherever possible, through print, web, TV, radio, banners, ads, merchandise, etc.
- Hospitality, tickets, special access
- 'Favored' designation & access to property marks
- Access to personalities/spokesmen/celebrities/leaders
- Physical space
- Protection from competitors where possible
- Enthusiastic assistance with implementation of sponsorship
- Enthusiastic assistance with measurement, post-event reports

Automotive Manufacturer Sponsorship Examples

- Honda – Indy Racing League, Indy 500, F-1
- Infiniti – Indy Car & sports car racing
- Toyota – NASCAR & NHRA drag racing

These sponsorships make sense
for car companies

But What do These Sponsorships Have to do with Cars?

- Honda – Aquarium of the Pacific, Los Angeles Marathon, New Orleans Jazz & Heritage Festival, Honda Civic Tour 2007 featuring Fall Out Boy
- Infiniti – Sonoma Jazz Festival, Taste of Rhode Island, Chicago Symphony Orchestra
- Toyota & Lexus – Lifetime Fitness Triathlon, USA Swimming, Paul McCartney USA tour, Avant Guardian Fashion Photography competition, Variety Screening Series Los Angeles

More Sponsorship Commitments to Events Outside Sponsors' Core Product and Sales Areas

- FedEx St. Jude Classic (PGA Tour): 75 percent of FedEx hospitality guests with purchasing authority said they'd increase their FedEx spend after a weekend as FedEx's guests at the tournament
- Qwest Communications increased 2006 product-specific market-area share 36 percent over two months with sponsorship of USA Speedskating
- BMW's 2005 total sponsorship spend: \$3 million
- BMW 2007: \$11 million, huge golf commitment

What Do These Sponsorships Have in Common?

- They're all about building customer relationships based on lifestyle-interests of largely affluent customers
- They prove that sponsorship works outside the core business categories of smart sponsors
- Guess what properties deliver affluent customers better than the PGA Tour, the Olympics, NASCAR, NBA, NFL, NHL – Clubs!

Demographics of Golf and Tennis Enthusiasts Who Belong to Country Clubs

- Mean income of multi-member households in U.S.: \$70,611 -- College grads & post-grad: 24 percent

Compared to club members who play golf & tennis:

- **Golf members: Mean HH income: \$122,662... Golf college grads & post-grads: 47 percent**
- **Tennis members: Mean HH income: \$142,305... Tennis college grads & post-grads: 67 percent**

The Good News

- Your members trust you
- Local businesses trust you as good business partners & valuable community members
- You have access to economic decision-makers in employed, affluent member & patron households
- You deliver prospective customers with clustered interests predisposed to the needs of your sponsors

The Really Good News – You and Sponsors Are Motivated!

- You own the real estate, communication channels, timing, amenities, access to customers
- You have the resources to create whatever's necessary for the benefit of sponsors
- Sponsors are tripping over themselves to establish relationships with the demographic profile of club members

Better News Yet – What's in it for You?

- Benefits that are valuable to the members
- New, renewable, long-term revenue stream
- Building stronger relationships with the business community, leading to more sponsorship support in the future
- Enhancing the membership experience, which translates to more loyal members, higher renewal rates, less expensive member recruitment, a more active membership and more positive club 'buzz'

Bottom Line

Club members are the most desirable, accessible demographic segment in America, and clubs control the marketable assets that sponsors are willing to pay for

But Keep In Mind...

The club must stay in complete control of all aspects of your sponsor relationships, including the means, the reasons, the timing and the tone in which they reach out to your members.

What Are the Assets That Clubs Have to Sell?

- Physical spaces that can be conformed to the sponsorship – green areas, lobbies, foyers, meeting & banquet rooms, entrances, exits, merchandise shops, bars, restaurants, playgrounds, golf course, tennis/handball/squash courts, etc.
- Events (sports tournaments, member parties, seminars, etc.)
- Publications – newsletters, Email notices, postings
- Permanent & temporary naming rights
- A sense of community among members
- Ability to segment and attract different groups of members through events such as wine tastings, film & book clubs, local speakers bureaus, political discussion groups, local civic & hobbyist club meetings, cooking classes, poker tournaments & athletic events.

Potential Sponsors That Are Attracted to Affluent Club Members

- Luxury Automobiles
- Banking & Personal Wealth Management
- Winemakers
- Jewelry & Watch Retailers
- Upscale Retailers (clothing, kitchen equipment, etc.)
- Home & Business Insurance Providers
- Business Brokers

Potential Club Sponsors, con.

- Builders
- Real Estate Services
- Luxury Home Furnishings
- Residential & Business Security Services
- Healthcare Providers
- Wireless Telecom Providers
- All Upscale 'Do it for me' Services
- All Luxury Goods Products

Typical Agreement Expectations

- Visibility, value, communication, behavior, measurement, scale-ability (sound familiar?)
- Category exclusivity
- ‘Ownership’ of a proprietary area
- ID in publications, digital & print
- Presence at club events
- Reasonable, tasteful signage

Typical Agreement Expectations, con.

- Display/demo/sampling space
- Right to host special events
- Three-year deal (two years with one option year)
- Payment schedule of 40-30-30 percent per year
- Ability to communicate value to, and network with, members/patrons
- Soup-to-nuts “Do it for them” full service

Why Sponsorships Succeed – Measurement, the Key to Longevity

- Install a mutually agreeable measurement mechanism, parameters & frequency early in the process
- Prioritize the measurement parameters
- Measure visibility, value to consumers, internal leverage, communication effectiveness & the means through which the sponsorship shaped consumer behavior
- Assign specific responsibility to property and sponsor
- But the property must take charge!

Why Sponsorships Fail

- Number one reason: Failure to measure & report (80 percent of \$1m+ sponsors spend less than \$10,000 per year on measurement)
- Lack of understanding by sponsors & properties
- Lack of proper administrative support by sponsors & properties
- Changes in executive leadership (both sides)
- Failure to evolve sponsorship to meet new business challenges
- Complacency, laziness, lack of communication & cooperation

The (Hypothetical) Cadillac Golf Championships at Bushwood Country Club

The largest local Cadillac dealer makes a deal with Bushwood CC to become
“Official Sports Luxury Car of Bushwood Country Club”

- Naming rights to the club championship, member-member and member-guest tournaments, and right to provide one-year car lease to winners
- Naming rights to the driving range, practice & teaching complex
- Permanent on-site display rights
- Privileged parking section close to clubhouse for Cadillac owners
- Access to special clubhouse events for Cadillac owners & prospects
- Right to host new model intros & test drives at the clubhouse
- Tasteful, low key presence & recognition at all Bushwood CC events
- Title sponsorship of club newsletter
- Pre-paid course rental for dealership’s annual charity golf tourney
- Right to add Bushwood CC members to opt-in newsletter

The (Hypothetical) Cadillac Golf Championships at Bushwood Country Club

presented by

Bank of America and Nationwide Insurance

Bank of America becomes the “Official Bank of Bushwood CC”, and gets the club’s banking business, clubhouse display rights, the right to hold members-only seminars on wealth management, estate planning, investing, business management, online banking, mortgage planning, home equity leverage, plus opt-in Email privileges to communicate with members, presenting status at clubhouse events and parties, and more.

Nationwide Insurance becomes the “Official Insurance Provider of Bushwood CC”, and gets the club’s insurance business, clubhouse display rights, plus the rights to hold members-only seminars on residential and business insurance, disaster planning, identify theft, automobile insurance for young drivers, defensive driving, evaluating insurance coverages, plus opt-in Email privileges to communicate with member, presenting status at events and parties, and more.

The (Hypothetical) Cadillac Golf Championships at Bushwood Country Club

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Hypothetical Rights Fee Structure

- Cadillac pays \$74,500 per year to Bushwood CC
- Bank of America and Nationwide Insurance pay \$18,500 each per year to Bushwood CC
- Sponsors pay all hard costs such as food & beverage, signage, etc. over and above rights fees
- Total annual rights fees: \$111,500 per year plus added F&B
- Three-year deal equals \$334,500 in cash rights fees to Bushwood, requiring no additional capital expenses or employees

The Sales Process

- Identify assets (including demographics), create packaging
- Get signoff from stakeholders
- Opt-in or not?
- Validate rights fee pricing, terms
- Understand how sponsorships must be serviced by your staff
- Develop targeted list of prospects
- Sell
- Service, measure & report
- Get out of sales and into renewals

Drilling Into the Sales Process

- Package your assets in a way that makes sense to the buyer
- Create a demographic picture of your members
- Make sure members know what's coming, and that they welcome it (and engage your board & members in the sales process)
- Watch local TV, print and radio media – Consider the companies spending the most money, and their no. 2-3 competitors, and companies new to the area trying to make a splash
- Call to set the meeting with the economic decision maker
- Use this call as an opportunity to find the sponsor's pain
- Create killer sales materials -- informative, concise & graphic
- Create a written proposal that provides confident solutions to sponsors' needs
- Present, follow up & close!

'Must Have' Template for Sales Proposals

- Situation Overview – “I feel your pain”
- Program Objectives – “We will accomplish the following for you”
- Measures of Success – “We’re confident you’ll drive \$X in business as a result of this relationship” (But never guarantee results)
- Expression of Value – “You will pay us \$X in rights fees annually and provide \$X worth of free products to our members”
- Activation Options – “Here are the tactics and activities we’ll use to accomplish our goals”
- Timing – “The contract begins in 90 days”
- Joint Accountabilities – “We’ll do this, you’ll do that”
- Terms and Conditions – “A three-year deal, with payments due at these dates”
- Acceptance – “Here’s where you sign on the dotted line”

Sales Meetings Must-Do's

- Do your homework. You must go into the sales meeting firmly knowing exactly how your proposition is going to help your prospect solve his biggest sales challenges.
- In the presentation, make the value proposition crystal clear. Remember: When value is clear, the decision is easy.

Make the presentation meeting not much more than a formal acknowledgement of the deal – The key is good communication BEFORE the presentation!

Summary

- True sponsorship marketing is a validated, credible, welcomed, reciprocal marketing model
- You're in complete control of activation terms
- You have what sponsors need – affluent, trusting, pre-qualified consumers, physical space, arms & legs
- Sponsors will respond with vigor if your presentation demonstrates respect for their business goals, and opens the door for them to measurable new sales in a way that adds value to your members and patrons

The Club Sponsorship Solution

May 1-Aug. 7, 2007

Club Sponsorship Learning Series

- Drill much deeper into successful sponsorship practices for clubs, from concept to preparation to sale to service
- Eight-part teleconference series with 12-15 hours of live, custom instruction
- Expert guest speakers, including sponsorship decision-makers who spend millions locally, regionally and nationally
- Transcripts, templates, Q&A, private online forum, industry leads & resources all customized to the club sponsorship environment
- 100-percent satisfaction guaranteed

More information at www.SponsorLogic.com



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Q&A

Download this presentation at SponsorLogic.com