INTERVIEW

Trends in sport sponsorship evaluation and measurement: insights from the industry

With sponsorship spending surpassing $60 billion on a global basis, more emphasis is being placed on the application of advanced methodological approaches to improve understanding of the returns firms receive from their investment in sponsorship.

To that end, within this issue are several innovative, novel papers that break new ground on the topic of sponsorship return on investment (ROI). The papers featured in this issue utilize several cutting-edge experimental and quantitative approaches in investigations of sponsorship ROI across various international perspectives, including Germany, Norway, Spain, and the US.

For example, electroencephalogram and eye tracking were utilized by researchers in Spain and Germany to evaluate the influence of color and congruence. Innovative experimental designs were employed by researchers in the US to better understand the impact that implicit memory and identification have on the effectiveness of sponsor exposure on television. Advanced quantitative approaches were used to ascertain the impact that doping scandals and ambush marketing have on returns for sponsors.

Given the journal's focus of bridging the gap between academia and industry, we also thought this was an opportune time to empanel a distinguished group of industry experts to provide the latest perspectives on sponsorship measurement, evaluation, and ROI, including:

Rick Burton
David B. Falk Endowed Professor of Sport Management, Syracuse University

Todd Fischer
Senior Vice President, Global Sports & Entertainment Consulting, GMR

Michael Goldstein
Vice President and Senior Business Leader, Global Sponsorships, Mastercard

Katherine Johnson
Vice President, Head of Global Sponsorship Marketing, Visa

J.D. Lubenetski
Vice President Marketing, Brands, Wasserman Media Group

Scott McCune
Founder, McCune Sports & Entertainment Ventures

Together with the papers included in this issue, this approach provides those interested in the advanced academic study and practice of the assessment of return on investment in sponsorship with insights from a variety of divergent perspectives, including brands, agencies, and properties.

For example, prior to joining the academy Burton served as the Chief Marketing Officer with the US Olympic Committee (USOC), Commissioner of Australia's National Basketball League, and in various marketing and advertising roles with Miller Brewing Company. Johnson, a 2004 Olympic Silver Medalist in rowing, spent seven years with International

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Management Group (IMG) before joining Visa in 2013. While in global agency roles at present, Fischer previously served as the Manager of National Sponsorships & Media with State Farm Insurance, while Lubenetski has worked with several global brands at Wasserman Media Group, including American Express and Nationwide.

Goldstein, who previously served in sponsorship-related roles at Octagon and LG, currently oversees MasterCard's global sponsorships of The Open Championship, Rugby World Cup, and UEFA Champions League. McCune, who began his career with Anheuser-Busch, spent 16 years overseeing Coca-Cola's global marketing of the Olympics and FIFA World Cup as the Vice President, Global Partnerships and Experiential Marketing.

Jonathan Jensen previously served in sponsorship consulting roles with leading global sport marketing agencies in Publicis Groupe and Omnicom Group, where he evaluated and negotiated sponsorship investments for clients such as McDonald's, Miller Brewing Co., Morgan Stanley, and Sharp Electronics Corporation. Jensen provided our distinguished panel with a number of questions related to their own varied experiences, in an effort to glean insights and perspectives on current trends in sponsorship ROI.

Jensen: On a scale of 1-10, how important do you believe it is for the collective sponsorship community to continue their work towards solving the sponsorship ROI puzzle?

Fischer: 8 – It is important for the partnership business community to continue placing importance on investment accountability and refining measurement/ROI approaches, but no more important than any other part of business and/or marketing. All business investments warrant accountability and diligence in delivering measurable results and the sponsorship industry has the opportunity to continue being a leader in developing forward-thinking practices in capturing the impact of integrated marketing and sales platforms.

Lubenetski: A nine. It will always be important, but the current solutions and approaches should be able to keep the industry healthy, while innovation in the measurement space continues to be pursued through new techniques, tools, and methodologies. As the fragmentation of content distribution increases and creates blurred lines between partnerships and exclusivity, brands and properties need to continue to co-create more value than just the traditional equity borrowing of intellectual property.

Johnson: I think it is imperative that the sponsorship community does continue to work towards a tangible way to value these investments. But, at the same time, I view the sponsorship market in large part similar to the real estate market, in that demand is driven by the market itself a lot of the times, and the value in terms of rights fees.

Goldstein: Very important. There is more emphasis than ever before on ensuring that our sponsorships spend is really driving the business. If you can't measure what you are doing, you probably shouldn't be doing it in the first place.

McCune: I think understanding how sponsorships create value is critical, so 10.

Burton: It's an 8, in the sense that CEO's and COO's still need to know they are making good decisions, but my sense is that analysis (or analytics) are going well beyond ROI. I still like the concept of ROO (Return on Objectives), but doubt very many firms are this disciplined. ROI is probably still sacred, but the industry is shifting in its approach to segmentation, defensive blocking, and other factors that contribute to sponsorship measurement, and that might not be considered ROI.

Jensen: What do you perceive to be the main obstacles in the ROI challenge facing brand marketers, properties, and their agencies?

Goldstein: The biggest challenge is isolating the variable that is sponsorships. For example, if you are in a retailer and sell more products during the week or month of an event…how much of that is tied to the sponsorship? 100%? 50%? Did you have any other consumer-facing activity happening during that time period? Also, what about B2B leads that then have deals close after you host someone at an event? Is that because you were able to showcase your products and services or would that deal have closed even if you didn't have the sponsorship at all?

Burton: That it is very difficult to isolate all factors and say that a sale is due solely to a sponsorship. I think sponsorships can be made cost-neutral (i.e. self-liquidating), but it is very hard to suggest a sponsorship drives 100% of a sale or absolutely generated an ROI of x. Residual advertising, promotions, PR, etc., all contribute and should be part of the algebraic computation.

Fischer: The biggest challenge in ROI measurement and tracking is the amount of simultaneous inputs and variables in the marketplace for a respective brand. Organizations investing in major partnerships are typically diversified with investments across the sales, marketing and communications mix, making it extremely challenging to isolate the impact of any individual variable, including sponsorship tactics. The willingness and ability of a brand to provide proprietary sales data and other internally controlled inputs is also critical.

Lubenetski: Patience is the main obstacle. Most partnerships are built to solve both short and long-term marketing needs and objectives. The lack of patience in society (and marketing executives) puts more pressure on short-term returns – which are sometimes harder to prove pure causality around. Therefore, if short-term wins are the main or only objective that will resonate internally, the partnerships should be built with that in mind from the onset. Partnerships are ultimately a relationship between a brand and a fan base and, just like all relationships, it takes time to develop trust and deepen commitment.

McCune: First, is ensuring brands have clear and measureable objectives and that they work with the properties to ensure they measure the outcomes, vs just outputs.

Johnson: An example of where sponsorship gets really challenging for us is that because we Visa as a payment network live behind the scenes so much more with the Ubers and Starbucks. The category protections within these sponsorships and our ability to, for example, do an Uber promotion around the Olympics has major value for us as an Olympic partner. The problem is for us to do that and to pull ourselves out in front of the Uber app, we would have to work in tandem with Uber and the International Olympic Committee (IOC) would have to be comfortable with that. Those are friction points that we're seeing in the context of sponsorship.

Jensen: What are some of the newest trends you have seen in sponsorship metrics, measurement, and return on investment?

Lubenetski: One of the largest gaps in measurement continues to be identifying causal return on lower funnel metrics. Therefore, the biggest trend is the creation of opportunities to test sponsorship ROI against control variables. The ability for brands to cancel out "other marketing noise" to correlate partnership activity to a change in consumer perception or business lift is imperative, and something more brands are doing better in conjunction with their internal measurement partners and/or agency support. Most brands are attempting to input sponsorship metrics into their marketing mix models to test the correlation of marketplace activity to short-term sales. This can be a great way to understand short-term business impact, but shouldn't be used in isolation as it often ignores the longer-term brand lift received from the fan base or direct business back from the partner.

Goldstein: The most common trend I see is a slew of boutique new agencies have sprouted up that claim to have a great ROI model. I think people realize there is a need and therefore a business opportunity. From the brand side, it's important to dig a bit into the "new" models before using them.

Fischer: The best approach to sponsorships metrics, measurement and return on investment is typically grounded in a shared solution between the brand and respective agency and/or property resources. Agencies and other outside entities often bring fresh perspective, industry benchmarks/best practices, and objective perspective to the measurement process. Meanwhile a brand's ability to integrate proprietary sales data and consistent brand tracking methodology is a critical and non-replicable part of a holistic solution.

Burton: The concept of ROO (mentioned earlier), plus some activity to make sponsorship administrators prove that the sponsorship is worth the investment. ROI implies there will be a positive return. My sense is that many sponsors just want to block competitors and break even, thus minimizing career damage by having green-lit a sponsorship that did not at least break even. Straight ROI may be too safe for what people need to show today, and that means other metrics will get introduced.

Johnson: Our future is changing at rapid speed, payments is one of the fastest-changing industries there is right now. I think the role of our sponsorships within that has changed. We've been doing our due diligence over the last year. We've been in the Olympics for 30 years, we've been in FIFA for 10 years, we've been in the NFL for 20 years. Are we in the right sponsorships? We're spending a lot of money on these in terms of rights fees, are they doing for us what we need them to do? Is this the best use of our money? Also, if not this, then what? To get to that point we also have to be able to run the valuation on do we feel that we are getting out of these things that we need today? The conversations, especially as we broaden to the planning team and our data and analytics team, is the question around this ROI model with sponsorships, which as you and I both know, has never existed. If anyone can figure it out, they get the money.

Jensen: Given the current sponsorship landscape, are there some new categories that you would recommend sport organizations should be targeting as potential sponsors, given their enhanced ability to track ROI metrics?

Burton: Yes. E-gaming, VR (virtual reality) and AR (augmented reality) activities, fantasy leagues, and self-designed and promoted activities such as what we see Red Bull doing on a regular basis.

McCune: The tech sector.

Lubenetski: It is less about the ability to track ROI dictating new target categories and more about the macro business evolutions that are creating new businesses or industries that would benefit from a partnership approach to their marketing mix. The enhanced ability to track and prove ROI will make these new business leaders' decisions to enter the sponsorship space easier to implement.

Fischer: The two macros areas to watch and pursue are B-to-B companies and endemic providers of needed goods and services. B-to-B companies are finding unique experiences highly differentiating in hosting key customers and creating engaging business environments. They typically have less external marketing variables to account for in measurement and can take a focused path in measuring ROI from customer programs/client hospitality. Meanwhile, endemic companies are able to see immediate ROI from partnerships if the property is buying goods and services back from the sponsor. This helps the ROI with direct revenue, while providing compelling use case studies and storytelling for the sponsor.

Jensen: Taking a global approach, are there differences in how this issue is approached where you sit in the US compared to Europe or other markets?

Johnson: In the US, so many of us are held to the shareholder bottom line. I really do think about that a lot and I ask our team to think about that a lot when it comes to the investment. Is this the way our shareholders would be most proud of us to spend our money? Is that where we think the best value is going to come back to them? That's a scary different way of thinking about that conversation than even Visa before the IPO. You see that actually in terms of the sponsorships we used to have and how much we used to spend against sponsorship vs what we have now. We still are a major, major player in sponsorship, but the bottom line is we have to drive value to the shareholder. That just changes things. You're not able to these "nice to do" properties as favors anymore.

Lubenetski: While the maturity of the sponsorship industry is different in certain global regions and each market has its inherent nuances that make it unique, we approach measurement the same. Our goal remains to create a measurement framework that can analyze the direct impact of sponsorship investments – no matter what geography in which the partnerships exist. Most of our clients operate globally, so having measurement consistency is critical to understanding (and comparing) business and brand impacts through sponsorship.

Fischer: I don't believe there are major differences in approach, as every brand has business objectives they want to achieve and measure, regardless of geography. The US continues to be a leader in this space, but Europe and Asia have grown in the discipline commensurate with the continued growth of sponsorship in those regions.

Jensen: Rick, having worked with a premier global property such as the USOC, what role do or should properties have in assisting their sponsors in working towards solving the ROI puzzle? Are there any successes you can share from the property side?

Burton: Properties have a huge responsibility/role and it comes from the fact that they are asking for increased amounts of capital. Properties are now virtually required to prove that the price they asked for delivered a multiplier of value. One of my favorite examples is the NFL and Gatorade. Long-standing relationship, presence on the field, and a proven track record of results. I think you could get similar stats to support Visa, McDonald's, and Coca-Cola with the IOC/USOC.

Jensen: Scott, you spent many years managing the sponsorship investments of two large-scale CPG (consumer packaged goods) brands, Budweiser and Coca-Cola. It seems more and more CPG brands are investing in sport sponsorship and leveraging them at retail, do you feel this trend might be attributable to the ability of these firms to better track their returns from these investments?

McCune: The reason for increased activation at retail, which has been very important throughout my 30-year career, is because that is where the product is sold. Yes, it is measureable, but also fundamental to CPG businesses.

Jensen: J.D. and Todd, being on the agency side serving as a liaison between brands and properties, what is your role in working with your clients on helping them better understand their return on investment? How has that role envolved over the years?

Fischer: My role with clients centers on being a business advisor and accountability partner. This typically entails responsibilities including defining/refining business objectives with the brand, ensuring the properties understand the brand's business and what they specifically need to achieve to be successful, being thought partners in the creative solution – going beyond traditional sponsorship assets, ensuring delivery of agreed-upon solutions and partnering with the brand on consistently measuring and applying learnings to optimize future success. The focus on driving return on investment continues to increase and therefore is necessary to weave into every part of planning and execution. Having an in-house research, insights & measurement solution is a distinct advantage for GMR and our clients, given the ease of integrating measurement into every phase of a partnership program.

Lubenetski: The role of the agency is to support our clients along every aspect of the sponsorship journey. This typically includes portfolio strategy, partner identification, negotiation, activation or amplification and, most importantly, measurement and understanding of ROI. We encourage clients to move away from merchandising programmatic or campaign successes to more of a holistic partnership return storyline. It is important that brands focus on clarity, not vanity, and metrics that enable them to understand true partnership and portfolio performance. As an agency, we utilize innovative data capture tools and models that can help inform this critical story. Therefore, our job remains to help our clients be aware and implement measurement techniques leveraging the latest technologies and methodologies to analyze brand and business impact of a sponsorship. These techniques need to go well beyond simply collecting and reporting data, but connecting the data to inform future action. The evolution is in the increased need as a trusted agency partner to create unique opportunities that drive intentional value – being proactive vs reactive. Properties are more sophisticated, more willing to co-create, and therefore the opportunities to develop compelling programming in the marketplace has never been higher. Long gone are the days of evaluating or executing the typical, off-shelf programs, so more agency time is spent on developing a story you want to relay to the market and finding a partner to help you deliver that vision.

Jensen: Scott, I read that in 2010 when the FIFA World Cup visited the African continent for the first time it allowed Coca-Cola to penetrate some key African markets and increase market share in that territory. Are there other successes you can point to from your time with A-B or Coca-Cola where a sponsorship has delivered in terms of market penetration, market share, or sales?

McCune: The FIFA World Cup in Africa and specifically the FIFA Trophy Tour that Coca-Cola operated throughout Africa drove significant value creation. There are many other examples … Coca-Cola and the Beijing Olympics helped transform Coca-Cola's business in China. Anheuser-Busch and the creation of the Bud Bowl helped create a new "holiday" for the beer business.

Jensen: Are there any success stories in this area you can share? When you and your teams have had success with a particular program, are there any communalities or lessons that can be learned?

Johnson: Ultimately, if a company is going to spend money on rights fees it has to be willing to spend money activating against those rights fees. Where we've seen negative ROI has always been where marketing dollars have been cut and where the placement of those marketing dollars didn't ladder to the best use of the sponsorship, in terms of driving the desired outcome. When we've hit the sweet spot on using sponsorships where we know they work and where the company understands the level of investment that's needed to drive the desired outcome, sponsorships are one of the best ways to drive your KPIs.

Lubenetski: The commonality of success is the ability of the brand and agency partners to commit and focus on a few, distinct objectives. If partnerships fail, it is often because brands lose focus or pivot-strategy out of staleness vs need. This lack of focus or commitment can often result in a high-priced partnership because the brand wants more assets/rights than they will be able to execute against with excellence. Brands should only buy assets they intend to use or activate against. When this doesn't occur, the partnership is challenged from day one because you can't "boil the ocean" with all partnerships – focus and commitment is key to long-term success.

Jensen: Stepping back to take a bit of a broader viewpoint, philosophically do you personally view sponsorship and athlete endorsement as a part of the marketing mix that sits alongside investments in media (broadcast, print, OOH), digital, social media, and others, or do you view it as a marketing tactic that spans the entire marketing mix and makes investments in these various strategies better?

Goldstein: I view it as the latter – sponsorships is far more than just media and really span the entire marketing mix, although media integration and support is vital to bring sponsorships to life.

Lubenetski: Definitely the latter. Partnerships, at their core, should be built to amplify all aspects of the marketing mix. When done correctly, the partnership should help boost the performance of all tactics (broadcast, print, OOH, social, digital, events, PR, internal merchandising, etc.) by creating greater breakthrough and deeper connections to consumers through contextually relevant messaging across all touchpoints.

Johnson: I always say sponsorships are just one tool in your toolbelt as a marketer to figure out how to achieve your objective. We've got to be really clear about where sponsorships work to drive that objective and where they don't. Sponsorships are great in terms of awareness, but they're not necessarily the best tool in terms of enrollments and repeat enrollments. So I think getting clear with our business on where do you want to use sponsorships as your tool and where's the right place to use sponsorships as your tool and be clear about that, that's how we're able to channel the necessary dollars against sponsorships to get the most value out of them. A negative ROI doesn't help the cause.

Burton: Sponsorship and endorsements are always tactics inside a group of marketing strategies. They complement at times and lead in others, but they are all part of a broader marketing mix.

Fischer: Sponsorship and athlete endorsements are not part of the marketing mix but rather a unique association to provide exponential attribution, influence, and contextual relevance to a traditional sales, marketing, and communication mix. A number of marketing mix tactics (broadcast, digital, print, social, etc.) can come to life under or within a respective sponsorship or endorsement.

McCune: Sponsorships are ends to a means. They need to align and support business/ marketing objectives. I believe a common mistake is looking at "sponsorships" as a line item in marketing. Sponsorships, used properly, manifest themselves into value creators across the marketing mix.

Jensen: Despite an increased scrutiny on the allocation of marketing resources, in particular towards non-traditional marketing approaches (such as sponsorship), and a higher incidence of approaches such as zero-based budgeting, spending in sport sponsorship continues to rise, year after year. To what do you attribute this trend?

Fischer: Sport sponsorship investment continues to rise year-over-year in large part due to brands looking for ways to deliver relevant messaging, breakthrough connections, and effectively engage consumers in an ever-increasingly cluttered marketing environment. Traditional mediums are being filtered physically (DVR, etc.) and mentally by consumers, leaving brands searching for organic ways to connect with consumers within passion-filled experiences with valued enhancements. Increased investment is also a testament to measurable return on investment and objectives that brands are seeing from their respective partnership programming.

Johnson: Honestly, I think there are a lot of misguided brands that get in. Some of these brands don't realize just buying rights fees alone doesn't actually do anything. I need to spend three times that or two times that to actually make it come to life. I think a lot of what's driving the increase in rights fees is a misunderstanding from new brands and new partners in that space that haven't done enough to educate themselves on thinking about the bigger picture, both in terms of the investment you're making in terms of rights fees but then also the investment you'll have to make to drive value in activation.

Lubenetski: As long as the consumer remains harder and harder to reach, marketers will employ any and all tactics to surround them with messaging. The increased commoditization across categories will continue to require differentiation to impact consumers. Reaching and influencing this allusive consumer in unique, unexpected, and nimble ways will continue to rise in budget priority – and sponsorships are a great approach to deliver this desired outcome. Sponsorship also creates the ability to speak to audiences through the lens of the consumers' passions. Adding passion layers to marketing approaches creates messages that breakthrough at a higher frequency and resonate more with the target audience.

Goldstein: The fact that consumers actually care about sports (and entertainment), in a way that they do about very little else. There is a reason that people say sports is the only thing that people won't watch on DVR – people care too much and don't want to know the results ahead of time. The passion that consumers have here is strong and makes this an arena where companies can really connect with consumers in an impactful way. As long as this continues, you will see brands continue to invest.

McCune: Basic supply and demand, there continues to be demand for sport sponsorship. I'd like to think this is driven by strategic business needs and decisions and for the most it is, but there are still "emotional" buys out there, where a senior decision maker wants to be "a sponsor" because they personally love the sport.

Burton: Sport continues to be efficient. As such, capitalism rewards efficient suppliers. Sport is ingrained in American culture and available for use 12 months of the year, if not 24/7/365. Many have suggested the market can't sustain the types of increases we've seen or that the market will suddenly correct itself. Hasn't happened yet. It may be coming if TV suddenly falters, but advertising has grown during the last 100 years. No reason to believe sponsorship won't continue to follow the same trajectory.

Jensen: Do you foresee a day in which we will see a universal sponsorship ROI metric, such as targeted ratings points (TRPs) for advertising, or do you believe brands, properties, and their agencies will continue to take a customized approach to sponsorship measurement?

Goldstein: I think we may see things become a bit more standardized than they are now, but you will still see customization. How do Walmart vs Mastercard vs Nike all measure things in the exact same way? ROO – Return on Objectives plays into this as well and obviously different brands have different objectives when doing anything in the marketing space, including sponsorships.

Lubenetski: Not in the near future, as every business category and challenge is unique. The industry has achieved some consistency in the media equivalency space but mid to lower funnel objectives and measurement methodologies are too unique across brands and categories to have a one-size-fits-all approach.

McCune: No, because each sponsor has (and should have) different objectives.

Burton: I don't believe so. Organizations are vastly different by segment, geography, mission, corporate DNA, and culture. Companies in Spain will be different from those in Australia. I think many will move toward the middle (meaning a familiar style), but agencies will retain nuance to suit the differences of business and to differentiate themselves. That being said, there may be only so many ways to prove that a sponsorship works, worked, or will work.

Fischer: No, I do not foresee a universal sponsorship ROI metric, nor agree with the idea of one. There is not a one-size-fits-all solution that can address the personalized needs and objectives of each respective brand and its customer.

Johnson: I think everyone is going to take a customized approach. Even in the US, these companies all have different objectives, for the most part. For Visa, one year it might be brand awareness, for another year it might be product awareness and usage. I don't think there's ever going to be a uniform ROI model.

Jonathan A. Jensen and Darin W. White