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## Event Sponsorship: The Case of International Front Runners

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## Event Sponsorship: The Case of International Front Runners



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## Abstract

Sponsorship management is activities that an event organization engages in to secure support from sponsors and manage the interests of sponsors at the event. The organizer and sponsor are jointly interested in successfully operating events for their mutual benefit. This section provides an overview of sponsorship management for events. The differences between sponsorship and advertising were compared for their strengths and weaknesses. The sponsorship management of a social event was discussed from the perspective from the perspective of organizers and sponsors. A case study on an LGBT+ event provided a case problem for how to construct a social media sponsorship package.

## Key Topics

Sponsorship vs. advertising, sponsorship benefits, fit between sponsors and event, event sponsorship strategy, sponsorship management

## Target Audiences

Students enrolled in an event management, hospitality, tourism, and/or a sponsorship course.

## Pedagogy

This case study has been designed for use in an active learning pedagogy, such as team-based learning, case studies, peer teaching, debates, just-in-time teaching, and other active learning pedagogies.

## Learning Objectives

1. Understand the definition of sponsorship in the context of special events.
2. Distinguish the pros and cons between sponsorship vs. advertising
3. Identify the different sets of sponsorship benefits that the event management and sponsors seek
4. Understand the role of perceived fit between the event and its sponsors in sponsorship decision making
5. Apply sponsorship management to social media sponsorship campaign

## Teaching Plan

	Element	Suggested Time
1	Reading of Case Study	45-50 minutes
2	Development of Sponsorship Plan	45-60 minutes
3	Application Questions	15-20 minutes
4	Debriefing	30-40 minutes

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**Disclaimer**

This case study is to be solely used for educational purposes and is based on both factual and fictional information.

## The Definition of Sponsorship

Sponsorship is defined as an in-cash or in-kind investment in an activity or event by a partner unrelated to the event, in return for access to a publicity opportunity or other benefits associated with the activity or event (Meenaghan, 1991). In this sense, sponsorship is a strategic marketing investment on the part of sponsors who expect a positive return on their support for events. The type of return sponsors seek from their sponsoring can vary in nature, from a positive brand image to promotion of public messages. For example, a commercial sporting goods brand decides to sponsor a popular college football event to foster connection with college-aged consumers as prospective consumers. This type of sponsorship is called corporate sponsorship. By contrast, a non-profit sponsor may wish to raise public awareness about a social cause it supports by sponsoring local events around a target region. Sponsorship of non-profit entities is called cause marketing.

## Use of Sponsorship vs. Advertising

Sponsorship is a marketing tool by which entities promote their brands or messages, and form relationships with stakeholders and consumers. According to a recent industry report, global sponsorship spending rose by 4.5 percent to \$62.8 billion in 2017 from \$60.1 billion in the previous year (IEG, 2017). Events and festivals held in public serve as an ideal platform for sponsors to reach out to consumers in the organized environment. That is, the venues provide unique social environments in which commercial brands “blend in” with attendees via their promotions. An increasing number of companies are turning to sponsorship as an alternative avenue to traditional advertising channels, in order to raise their profile with target markets, while others resort to sponsorship to complement their existing marketing mix.

Table 1 shows the differences between commercial sponsorship and advertising in the four key comparative areas (Meenaghan, 2001). One major distinction is goodwill. Goodwill is the consumer’s understanding of a sponsor’s motive. The consumer appreciates the goodwill of the sponsor especially when he/she recognizes the benefits of its sponsorship to the activity or event he/she/they supports. Sponsorship also lowers a consumer’s defense mechanism against commercial sponsorships compared to advertising. Consequently, sponsorship tends to be perceived by event attendees as a form of support for the event. Even if it is viewed as a type of advertisement, the effect is rather subdued and causes fewer adverse reactions to the display of sponsorship at the venue. This form of promotion is considered a disguised persuasive tactic. In addition, the sponsorship of major national corporations for the event can raise public awareness of the event profile. By contrast, advertising tends to put consumers on high alert status; it may be perceived as a selfish, direct, and overly persuasive attempt.

Table 1.

### *The Comparative Factors between Sponsorship and Advertising*

<b>Comparative Factors</b>	<b>Sponsorship</b>	<b>Advertising</b>
Goodwill	Beneficial	Selfish
Focus	Indirect/Subtle	Direct/Forceful
Intent to Persuade	Disguised	Overt
Defense Mechanism	Low State of Alertness	High State Alertness

## Sponsorship Benefits for Events and Sponsors

Successful sponsorship of events hinges on a careful consideration by event management of what benefits potential sponsors want to achieve through sponsorship investment. The event organizers determine the specific needs and objectives that a prospective sponsor seeks through its support for the event, and based on that determination, a compelling package of sponsorship offers should be designed and pitched to the sponsor. Once the pledge of support from the sponsor is secured, the financial resources can be funneled into event preparations and planning. Table 2 provides a detailed list of different benefits that sponsors and event management relatively seek from sponsorships.

Table 2.

### *Sponsorship Benefits of Sponsors and Event Management*

Sponsors	Event Management
<ul style="list-style-type: none"> <li>• Increase sales and market share</li> <li>• Enhance general awareness and positive publicity</li> <li>• Extend the reach to a new customer group</li> <li>• Enhance/alter the sponsor's brand image through association with the event</li> <li>• Showcase service products</li> <li>• Build/enhance the network of trade relations</li> <li>• Promote social responsibility and corporate philanthropy</li> <li>• Gain access to the event audience's data</li> <li>• Displace the competition from participating</li> </ul>	<ul style="list-style-type: none"> <li>• Gain financial support and/or In-kind service</li> <li>• Improve marketing and media expertise</li> <li>• Strengthen the position and reputation by winning major corporate sponsors</li> <li>• Offer sponsors' giveaways/services to event attendees</li> <li>• Secure the opportunity to form/maintain strategic partnership with sponsors in the future</li> </ul>

## Sponsorship Fit

In the context of sponsorship management, perceived fit between a sponsor and the event it supports is a key factor in sponsorship decisions. The event-sponsor fit is defined as relatedness perceived by attendees between the event and its sponsoring partner (Kwon, Ratneshwar, & Kim, 2015). The "meanings" of the event become attached to the sponsor's brand in the attendee's mind. Before a sponsorship decision is made, a potential sponsor wants to maximize the effect of its investment by assessing its fit (relatedness) to the event it considers sponsoring. For example, major sporting brands like Adidas have a strategic sponsor partnership with the FIFA World Cup organization. Perceived fit has been shown to increase the audience's ability to recall the sponsor and create a positive attitude toward the sponsor (Olson & Thjøømøe, 2011).

Figure 1 below depicts a graphic representation of the elements that influence the perception of fit between the event and sponsor, with the subsequent effects of the fit on consumer attitudes and purchase intentions (Ko, Chang, Park, & Herbst, 2016). The factors that affect perception of the event-sponsor fit can be classified into internal (attendees' perceptions of the event and sponsoring entities) and external

(event size and type). The combination of the internal and external gives rise to the perceived fit between the event and the sponsor. The positive fit between them can lead to the attendees' positive attitudes toward the sponsor and future purchase intention of the sponsor's brand.

It is prudent for the event organizers to appraise how the event it is planning will potentially fit with prospective sponsors by considering the three elements, shown in Figure 1, influencing the fit. In a sponsorship proposal, the organizer can tailor its sponsorship pitch by highlighting how the event fits the sponsor's strategic goals.

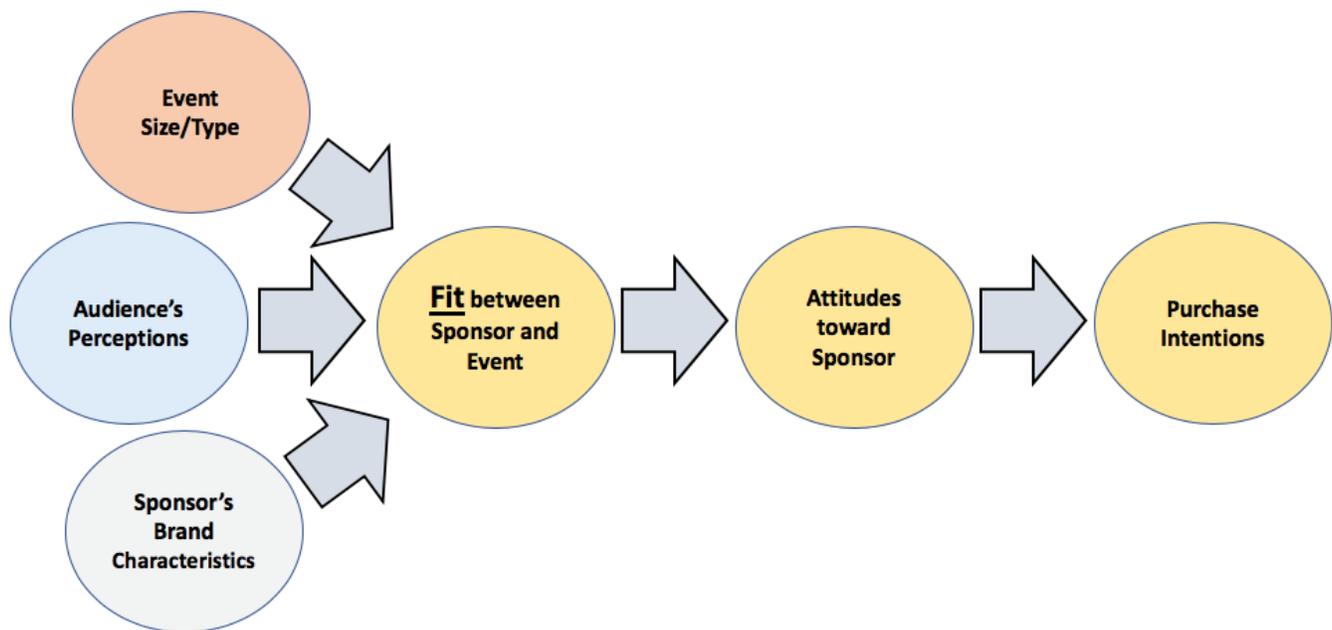


Figure 1. The diagram of the effect of sponsorship fit

### Sponsorship Policy

Sponsorship is a form of partnership between an event organizer and a sponsor. The sponsor enters into the partnership in order to purchase the benefits and rights derived from being associated with the event. Sponsorship policy serves as the criteria for how sponsorship is evaluated for a sponsor's approval. Thus, the policy governs sponsorship decision-making for an event organizer. The policy also helps the organizer to determine what should be communicated to prospects in the sponsorship proposal. For a potential sponsor, this document aids them in making a decision for sponsorship by assessing the aspects of sponsorship it considers entering into. Although the content of a policy can vary from one proposal to another, it generally contains information such as mission statement, purpose of policy, the sponsorship decision process, confidentiality policy, benefits and recognition sponsorship levels, glossary of sponsorship terms- just to name a few.

### Social Media Sponsorship Package

Social media return on investment (SM ROI) is the measure of the return a sponsor expects to achieve on its investment in an event. Two key considerations guide the formulations of SM ROI for the event sponsorship:

1. Determine the monetary investment of a sponsor in social media marketing for the event.
2. Assign a dollar amount to the social media goals that the sponsor aims to achieve from its sponsorship. One tangible way to help the sponsor see the monetary value of its sponsorship is to provide the SM ROI for its investment in the sponsorship package.

The formula for SM ROI as a percentage is  $SM\ ROI = [(Sponsorship\ Benefits - Costs)/Costs] \times 100$

In order to determine how much a sponsor should invest in the event, the first step is to establish a set of measurable goals that the sponsor can gain from sponsoring the event.

Social media goals for ROI can be measured with any of the five metrics below:

1. **Reach:** the number of people who actually see a sponsor's content
2. **Site Traffic:** an increase in the number of visitors to the sponsor's website
3. **Leads:** the number of people joining the sponsor's site as a result of sponsorship marketing (e.g., Twitter, Facebook, LinkedIn or Instagram)
4. **Revenues:** leads turning into actual consumers
5. **Audience Engagement:** the level of attendees' engagement level on social media such as sharing content or responding with tweets or likes

### Example

Below is an example of how to create SM ROI for a prospective sponsor. In the sponsorship benefits package, the sponsor is offered the benefit of 200 followers added to its Facebook page converted from leads generated from the event's site.

1. Calculate value per follower on Facebook

The sponsor states that the average consumer lifetime value (CLV) per social media follower is assessed at \$200. For more information on CLV, you may consult an article from Harvard Business Review listed in the references (Gallo, 2017). Upon investigating the performance of the sponsor's Facebook channel, it was also determined that 1 in 20 leads can become a follower generated on the Facebook platform. Based on these findings, the value of adding one follower to the sponsor's Facebook page is calculated as follows:

Value per follower on Facebook for the sponsor  
is  $\$10 = \$200\ (CLV) \times 5\%$   
 $5\% = 1/20$

2. Calculate benefits

Thus, the benefit is \$10 per follower on the Facebook page for this sponsor.  
The total value of the benefit for the sponsorship is \$2,000 (200 followers x \$10).

### 3. Calculate costs

To determine the costs associated with the benefits

Promotional account fee	Labor fee per hour (Industry average rate for social media analysts)	Labor hours	Cost per platform
\$200	\$50	30	\$1,700

$$\$1,700 = [\$200 + \$1,500 (\$50 \times 30 \text{ hours})]$$

### 4. SM ROI = (Benefits – Costs) 100/Costs

The social media ROI on the Facebook platform for a sponsor is 76% ROI

Benefits	Costs	ROI
\$2,000	\$1,700	18%

$$18\% \text{ on ROI} = (\$2,000 - \$1,700) \times 100/\$1,700$$

## Case Study

### International Front Runners: Pride Run

International Front Runners (Frontrunners) is an organization of LGBT+ running and walk clubs around the world (<http://www.frontrunners.org/EN/index.php>). The first club was formed in San Francisco in January 1974 to serve members of gay and lesbian communities in the area. The second club was assembled in early 1980 in New York. It was called Frontrunners New York. Inspired by the first Gay Games, held in San Francisco in 1982, other Frontrunners clubs sprang up across the United States and around the world. The expansion has grown to more than 100 Runners' clubs, with New York being the largest chapter. The New York club has more than 800 members year to year, running as a club in many local races. The 2018 run is its 37th Front Runners run, officially named The New York LGBT Pride Run. The Pride Run is staged as a parade of people from diverse races and backgrounds, attracting more than 4,000 people to Central Park.

The concept of social media ROI in event management has become a critical component of the event sponsorship package. The conversion of social media consumer followers into brand enthusiasts with the prospect of future sales drives much of the sponsors' motivation in the sponsorship decision-making. Despite the explosion of their interests in this area, the challenge with social media ROI for potential sponsors is to see measurable benefits on their investment as promised in the sponsorship package. For some of the event planners, social media ROI is still a concept distant from their daily operations. This year, however, the Pride Run organization committee has decided to include social media ROI in its sponsorship package. Facebook and Twitter are the two main platforms on which marketing efforts are concentrated for sponsors. As a chief event planner, you are asked to develop social media ROI on the two platforms for potential sponsors of the 2018 Pride Run.

### Case problem

Based on the previous illustration on SM ROI, calculate SM ROI for a potential sponsor of the Pride Run event. In the tiered sponsorship package of the proposal, the social media marketing campaign is broken down into the two levels of sponsorship as shown in Table 1 below. Compute SME ROI for each sponsorship level for the sponsor.

Table 1

	Target Number of Followers	Breakdown by Platforms
Exclusive Reusable Bag Sponsor	200	Facebook 60%
		Twitter 40%
LGBT Price Run Festival Sponsor	150	Facebook 50%
		Twitter 50%

#### 1. Calculate value per follower on social media channels

Customer lifetime value (CLV) per social media follower

Customer lifetime value (CLV) per follower \$500 for Facebook

Customer lifetime value (CLV) per follower \$300 for Twitter

Potential number of leads

1 in 20 people who visit Facebook’s site is expected to become a follower of the sponsor’s brand

1 in 25 people who visit Twitter’ site is expected to become a follower of the sponsor’s brand

Monetary value per lead

Monetary value of adding a Facebook follower: \$25

Monetary value of adding a Twitter follower: \$12

For Facebook:

For Twitter:

**2. Calculate benefits**

Benefits for Exclusive Reusable Bag Sponsor:

LGBT Price Run Festival Sponsor:

**3. Calculate costs**

	Promotional account fee	Labor fee per hour	Labor hours	Cost per platform
Facebook	\$200	\$50	40	
Twitter	\$100	\$50	30	

**4. SM ROI = (Benefits – Costs) 100/Costs**

	Target Aims	Breakdown by Platforms	Social Media ROI
Exclusive Reusable Bag Sponsor	200	Facebook 60%	
		Twitter 40%	
LGBT Price Run Festival Sponsor	150	Facebook 50%	
		Twitter 50%	

	Benefits	Costs	Social Media ROI
Exclusive Reusable Bag Sponsor			
Twitter	\$1,850		

### Specific questions/choices

1. Commercial sponsorship is perceived by event attendees as different from commercial advertising on the following four factors: Goodwill, Focus, Intent to Persuade and Defense Mechanism.

Fill in the blanks underlined in the table that characterize the differences between sponsorship and advertising on those factors.

<b>Comparative Factors</b>	Sponsorship	Advertising
<b>Goodwill</b>	a. _____	Selfish
<b>Focus</b>	Indirect/Subtle	Direct/Forceful
<b>Intent to Persuade</b>	b. _____	Overt
<b>Defense Mechanism</b>	c. _____	d. _____

2. Select all of the benefits that you would pitch to a potential sponsor for sponsoring your event.

- a. Raise brand awareness and positive publicity
- b. Extend the sponsor's reach to a new customer base
- c. Enhance the sponsor's brand image through association with the event
- d. Open up the opportunity for emotional connection to be developed with the brand
- e. Compete with other brands at the same event

3. What are the components that affect the perceived fit between the sponsor and the event? Select all that apply.

- a. Attendees' perceptions of sponsors
- b. Event size
- c. Event type
- d. Sponsor characteristics
- e. Sponsor's annual performance in the stock market

4. Which of the following is the least likely benefit that a sponsor would gain from its high level of relatedness to the event it sponsors?

- a. A positive attitude of the audience toward the brand
- b. The recognition of the brand
- c. Future intention to buy products from the brand
- d. Increase in the likelihood of a sponsor signing on to sponsorship
- e. None of the above

5. Which of the following is the formula for calculating social media return on investment (ROI)? Select all that apply.

- a.  $[(\text{Sponsorship Benefits} - \text{Costs}) \times 100 / \text{Costs}] \times 100$
- b.  $[(\text{Sponsorship Benefits} - \text{Costs}) / \text{Costs}] \times 100$
- c.  $[(\text{Sponsorship Benefits} - \text{Costs}) \times 100 / \text{Costs}]$
- d.  $[(\text{Sponsorship Benefits} - \text{Costs}) / \text{Benefits}] \times 100$
- e.  $(\text{Sponsorship Benefits} - \text{Costs}) \times 100$

6. Which of the following measures are sponsors likely interested in knowing about its social media return on investment? Select all that apply.

- a. Database of attendees' information
- b. The number of visitors to its website who are directed from the event's site
- c. The number of people who like the sponsor's social media page during the event
- d. The number of people who download the event schedule from the event's site
- e. How many visitors to its website would turn into its prospective customers in the future

**Teaching  
Note/Answers**

Question	Instructor Discussion
Question 1. Answers: a. Beneficial b. Disguised c. Low State of Alertness d. High Stage of Alertness	Students compare sponsorship and advertising for their comparable strengths and weaknesses.
Question 2. Answer: a, b, c, and d	Students apply their understanding of the benefits of sponsorship for a sponsor.
Question 3. Answer: a, b, c, and d	Instructor could ask the following probing question: Would the risk ratings from the residents be same?
Question 4. Answer: d	Students discern the different benefits a sponsor and the event organizer each gain from sponsorship.
Question 5. Answer: b, c	Students select the correct formula on social media return on investment
Question 6. Answer: e	Students select the measures relevant to social media return on investment

Case study

Based on the previous illustration on SM ROI, calculate SM ROI for a potential sponsor of the Pride Run event. In the tiered sponsorship package of the proposal, the social media marketing campaign is broken down into the two levels of sponsorship as shown in Table 1 below. Compute SME ROI for each sponsorship level for the sponsor.

Table 1

	Target Number of Followers	Breakdown by Platforms
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- Calculate value per follower on social media channels  
 Customer lifetime value (CLV) per social media follower  
 Customer lifetime value (CLV) per follower \$500 for Facebook  
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Potential number of leads

1 in 20 people who visit the Facebook’s site is expected to become a follower of the sponsor’s brand  
 1 in 25 people who visit the Twitter’ site is expected to become a follower of the sponsor’s brand

Monetary value per lead

Monetary value of adding a Facebook follower: \$25  
 Monetary value of adding a Twitter follower: \$12

For Facebook:  $\$25 = (\$500 \times (1/20))$  or  $(\$500 \times 5\%)$   
 For Twitter:  $\$12 = (\$300 \times (1/25))$  or  $(\$300 \times 4\%)$

2. Calculate benefits

Benefits for Exclusive Reusable Bag Sponsor:  
 $(120 \times \$25) + (80 \times \$12) = \$3,960$

LGBT Price Run Festival Sponsor:  
 $(75 \times \$25) + (75 \times \$12) = \$2,775$

Exclusive Reusable Bag Sponsor: Facebook:  $120 = (200 \times 60\%)$ ; Twitter  $80 = (200 \times 40\%)$ ; LGBT Price Run Festival Sponsor: Facebook:  $75 = (150 \times 50\%)$ ; Twitter  $75 = (150 \times 50\%)$ .

### 3. Calculate costs

	Promotional account fee	Labor fee per hour	Labor hours	Cost per platform
Facebook	\$200	\$50	40	\$2,200
Twitter	\$100	\$50	30	\$1,600

For Facebook: \$2,200 = \$200 + \$2,000 [\$50 x 40 hours]

For Twitter: \$1,600 = \$100 + \$1,500 [\$50 x 30 hours]

### 4. SM ROI = (Benefits – Costs) 100/Costs

	Target Aims	Breakdown by Platforms	Social Media ROI
Exclusive Reusable Bag Sponsor	200	Facebook 60%	80%
		Twitter 40%	
LGBT Price Run Festival Sponsor	150	Facebook 50%	16%
		Twitter 50%	

	Benefits	Costs	Social Media ROI
Exclusive Reusable Bag Sponsor	\$3,960	\$2,200	80%
Twitter	\$1,850	\$1,600	16%

Exclusive Reusable Bag Sponsor:

80% on SM ROI =  $(\$3,960 - \$2,200) \times 100 / \$2,200$

LGBT Price Run Festival Sponsor

16% on SM ROI =  $(\$1,850 - \$1,600) \times 100 / \$1,600$

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