

SPONSORSHIP VERSUS PHILANTHROPY

What is the difference?

Alberta Association of Agricultural Societies

Annual Conference and AGM

Saturday February 8, 2014

10:30 am to Noon

PRESENTER

BRENT BAROOTES

President and CEO

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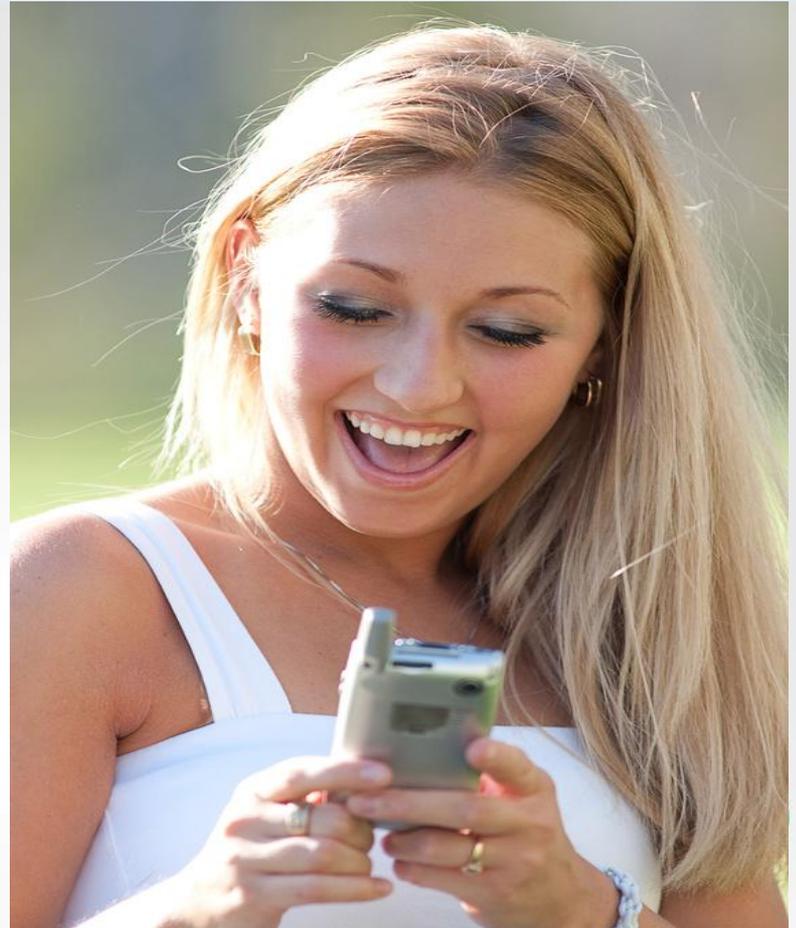
brent@partnershipgroup.ca

Mobile Devices

**Staying connected in
the session**

**Twitter:
@partnershipgrp**

#aaas2014



QUALIFICATIONS FOR PRESENTING

- ✓ Over 25 years in the sponsorship industry – buying, selling and consulting
- ✓ Over 35+ speaking engagements annually

Partnership Group – Sponsorship Specialists

- Over a dozen years serving the industry
- Serve properties and brands
- Team of 20 consultants and sector advisors

QUALIFICATIONS FOR PRESENTING

Partnership Group – Sponsorship Specialists

- Worked with EnCana, geoLOGIC, Toshiba, ReMax, Cooper Tires, AMEX, Potash Corp, Credit Unions, Mosaic
- Worked with municipalities, pro and amateur sport, charities, non profits, member associations,



QUALIFICATIONS FOR PRESENTING

Partnership Group – Sponsorship Specialists

- Olds Agricultural Society, Northlands, Royal Winter Fair, Canadian Finals Rodeo, Yorkton Agricultural Society, Canadian Western Agribition, Farm Fair International, K-Days



The Presentation Outline

- ✓ Defining sponsorship versus philanthropy
- ✓ What has changed and why?
- ✓ The industry trending
- ✓ How does this affect you and your organization
- ✓ Wrap up - Questions

Defining Philanthropy

- ✓ A gift with nothing in return
- ✓ Based on the cause, the linkage, wanting to help you and your exhibition, fair or event
- ✓ Delivers a feeling of doing good
- ✓ **This is what you sometimes do, but need to look at integrating this with sponsorship marketing**



Defining Philanthropy

- ✓ A great revenue channel with little work if donors are motivated – little stewardship or fulfillment
- ✓ Often some of your smaller “sponsorships are this”
- ✓ Can be corporate or individual
- ✓ Annual campaigns, major gifts and legacy giving



def·i·ni·tion n. 1.

The teacher gave definitions of the new words.

of an image (picture) on a TV screen

- ✓ Property
- ✓ Assets / Benefits
- ✓ Value
- ✓ ROI
- ✓ Activation

Defining Sponsorship Marketing

Our Definition:



A cash and/or in-kind fee paid to a property (typically in sports, arts, entertainment or causes) in return for the exploitable commercial potential associated with that property.

Defining Sponsorship Marketing

- ✓ Sponsorship can involve many approaches
- ✓ It is for companies and businesses, not individuals
- ✓ **It is a form of marketing – it is about helping your partner / sponsor with their overall marketing plan**



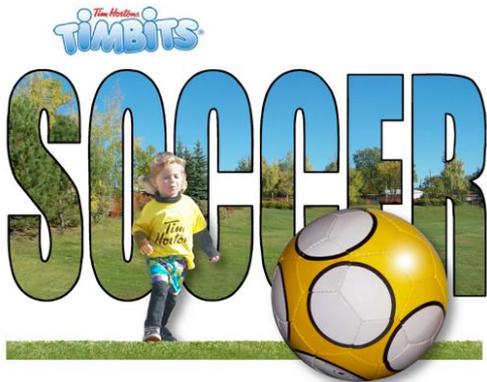
Defining Sponsorship Marketing

- ✓ It is integrating all they do in marketing with sponsorship
- ✓ Integrated into a multi-faceted plan – **not just a stand alone sign at an event**
- ✓ **It needs to deliver a measurable business objective and ROI versus a warm fuzzy feeling**



Defining Sponsorship Marketing

- ✓ Sponsorship links emotion with outcomes to upgrade a marketing and advertising plan –
- ✓ *Without emotion, it is just advertising*



ENERFLEX



MS. WALK

EVERY STEP MATTERS.



PARTNERSHIPGROUP
Sponsorship Specialists
www.partnershipgroup.ca

QUESTIONS?

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CSLS

Canadian Sponsorship Landscape Study

Since 2006 the industry has grown 41%

- ✓ Now **\$1.57 billion**
- ✓ Almost **22% of spends are on local** sponsorships and 72% have a community focus
- ✓ **51%** spent with “non profits and **charities**” (about \$800M)
- ✓ On average **42 properties per sponsor**
- ✓ **22% of brands marketing budgets** last year were spent in sponsorship and experiential marketing

- ✓ 50% of all sponsorship decisions are made in September and October annually
- ✓ 69% of all spending is in cash with 16% in product and 15% in services
- ✓ The average rights fee is \$82,819.23



Where the of money comes from :

- 18% Telecoms
- 14% Financial Institutions
- 8% Oil and Gas
- 6% Beer and Athletic Apparel (each)
- 4% Automotive, Energy, Packaged Goods, Food, Pharmaceuticals, Lotteries (Each)
- 2% Developers, Agriculture & Retail (Each)

Canadian Sponsorship Landscape Study

- ✓ The top three areas to measure ROI by sponsors are:
 1. Brand perception – **so yes, it is marketing**
 2. Brand value - **so yes, it is marketing**
 3. Brand Knowledge / profile - **so yes, it is marketing**

Revenue ranked 6th

- ✓ The report also showed that sponsors are not receiving a comprehensive wrap up report and this is critical for them
- ✓ The average property had 25 sponsors

Where does the money go:

- | | |
|---|------------|
| 1. Sport | 37% |
| 2. Fairs, Festivals and Annual Events | 17% |
| 3. Cause | 14% |
| 4. Arts | 12% |
| 5. Other (Education, Member organizations, municipalities) | 13% |
| 6. Attractions, Entertainment, Tours | 7% |

Canadian Sponsorship Landscape Study



- ✓ Average **small** sponsor / brand:
 - ✓ spent about \$23,000 on sponsorship
 - ✓ No ROI measurement
 - ✓ About \$1000 on activation
 - ✓ Largest sponsorship was about \$14,000
 - ✓ Allocated to 4 properties and 3 were NFPs

Canadian Sponsorship Landscape Study

- ✓ **Most influential consumer trends** were (almost 75% of areas of influential trends)
 - ✓ Technology
 - ✓ Consumers shift to healthier lifestyles and the environment
 - ✓ Cause based marketing issues
- ✓ The **top areas of concern** for sponsors and properties going forward are:
 - ✓ Showing ROI – **for every investment you must have measured ROI**
 - ✓ Budget concerns
 - ✓ Activating

QUESTIONS?

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for more information



What has changed in the marketplace?

IMAGINE study:

- 56% of corporations are engaging in sponsorship that used to be philanthropy
- 26% engaging in cause marketing



What has changed in the marketplace?

- Companies need to be accountable for bottom lines
- Shareholders and decision makers are saying “let me determine who I give my charity to”
- They still support charities, it is just that they are looking to get something in return

What has changed in the marketplace?

- Ask your “donors” if they want a tax receipt or more business... guess what the answer will be
- Philanthropy is about you asking them to “help you” make a difference in the community
- Sponsorship is about you asking them how “you can help them”

What has changed in the marketplace?

- The tide is turning, you need to make the change or add to your “fundraising” program to ensure long term success
- Giving based on community needs but does have some corporate objectives to be achieved, usually PR and messaging



What has changed in the marketplace?



- Compass Survey showed that **42%** of corporate executives surveyed regarding philanthropic giving noted that due to high tax levels, they cannot support philanthropic programs,
- **36%** agreed that it was improper to give away money that belongs to shareholders

What has changed in the marketplace?

- Jason Saul and Chicago Food Bank



Daily Bread
Food Bank



WHEN IT GOES WRONG...



KFC HAS JOINED THE CAUSE WITH
BUCKETS FOR THE CURE™.

EACH PINK BUCKET
MAKES A DIFFERENCE!

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CLEARLY A DIFFERENCE BETWEEN SPONSORSHIP AND PHILANTHROPY



COMMUNITY BLOCK PARTY



SAFEWAY 
Ingredients for life..™

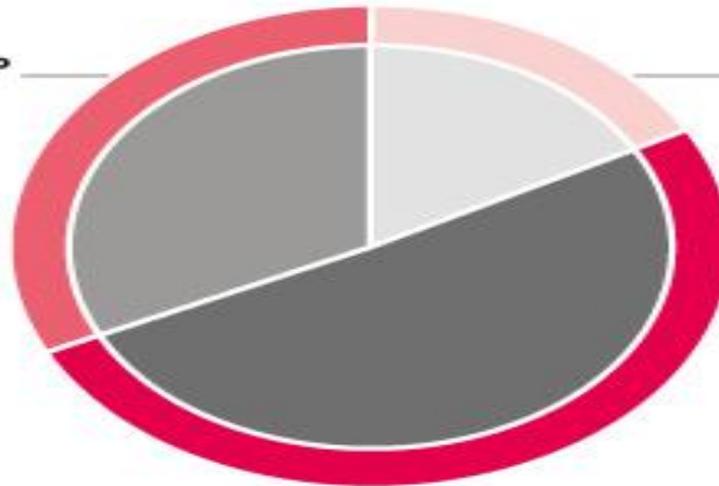
What has changed in the marketplace?

- ✓ According to *IEG's* ninth annual survey of nonprofits fund-raising professionals, **68 percent say their organizations view sponsorship no differently than philanthropy or simply as a category of funding for events and programs.**
- ✓ Less than one-third (32 percent) recognize the need to treat sponsorship differently from donations given that it is designed to achieve marketing objectives.

What has changed in the marketplace? (IEG Study 2013)

- ✓ The 32 percent figure is a decline of 8% - a surprising decline in the face of conventional wisdom that nonprofits have been getting more sophisticated and multi-dimensional in their approach to corporate partnerships.

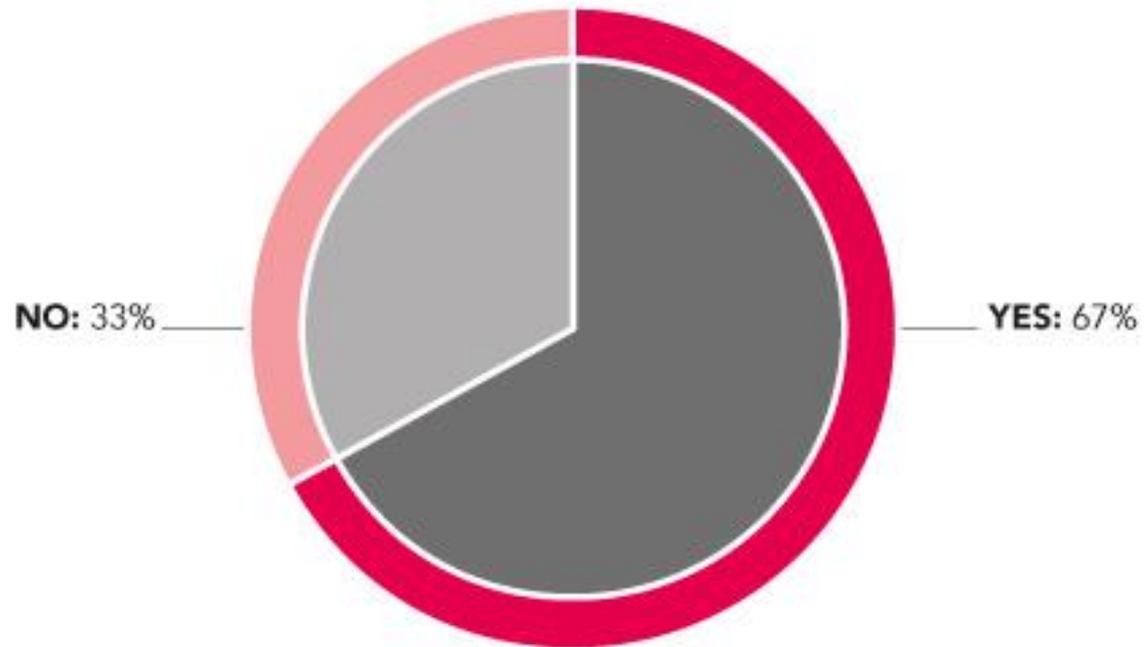
CORPORATE SPONSORSHIP IS TREATED DIFFERENTLY THAN CORPORATE GIVING BECAUSE IT INVOLVES DELIVERING AGAINST BUSINESS— NOT PHILANTHROPIC— GOALS: 32%



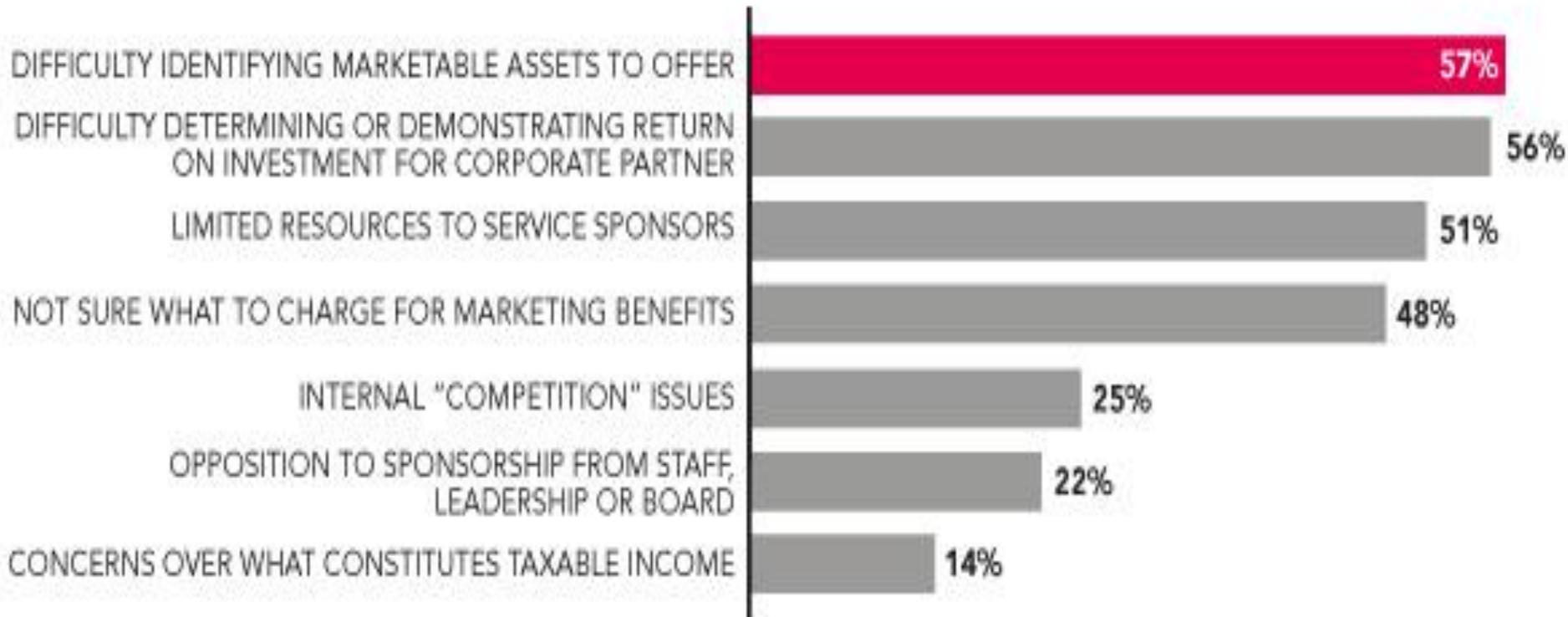
CORPORATE SPONSORSHIP IS NOT VIEWED AS DISTINCT FROM CORPORATE GIVING: 17%

CORPORATE SPONSORSHIP IS A SPECIFIC TYPE OF FUNDING RELATED TO AN EVENT, EXHIBIT OR PROGRAMMING: 51%

- ✓ With a growing number of nonprofits seemingly unclear about what sponsorship is and what it is not, **it is not surprising that two-thirds of survey respondents reported difficulty getting in the door with corporate personnel outside the corporate contributions department.**



What challenges do you face in growing sponsorship revenue?



- ✓ 58 percent of nonprofits reported that half or more of their donors sought marketing-related benefits in exchange for gifts or grants.
- ✓ Your sponsors are partially to blame for the confusion

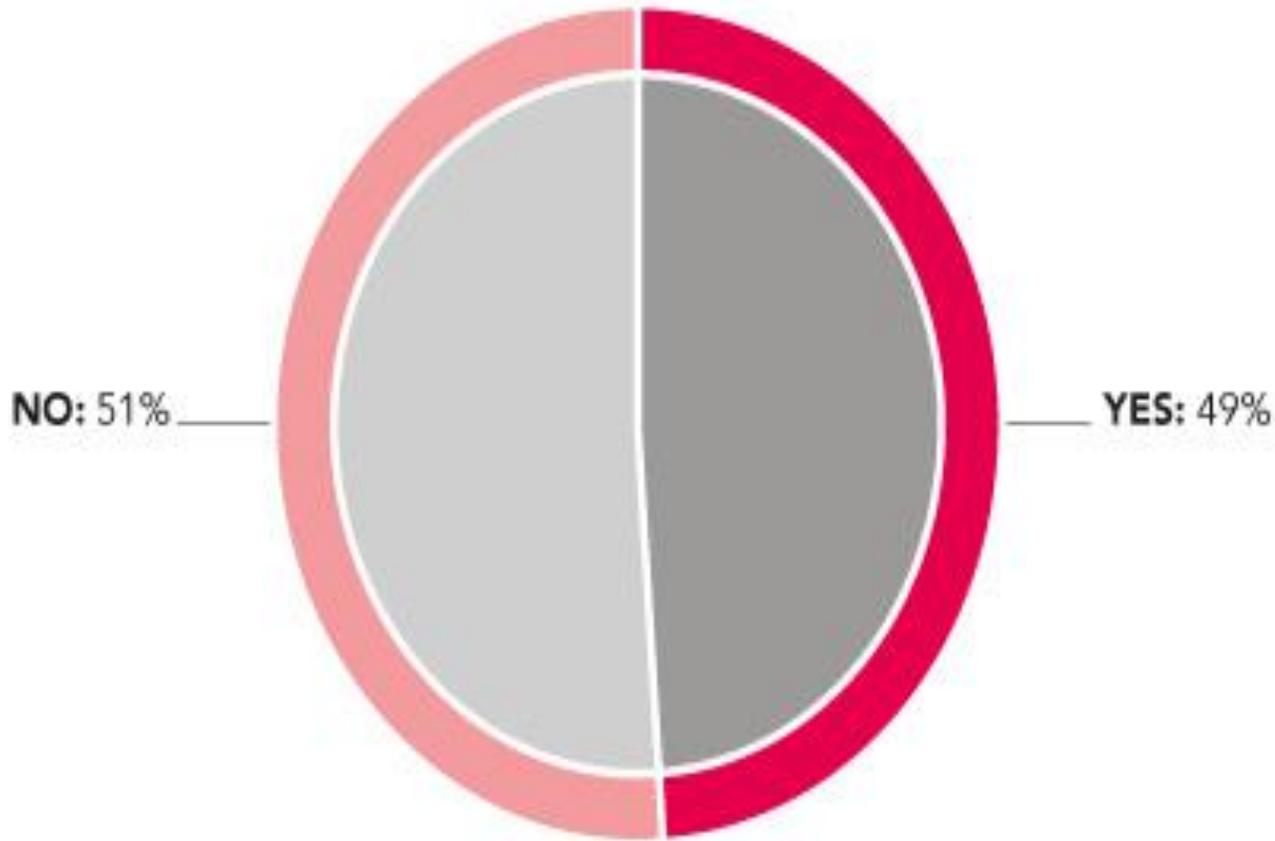
What percentage of your corporate donors request marketing-related benefits?



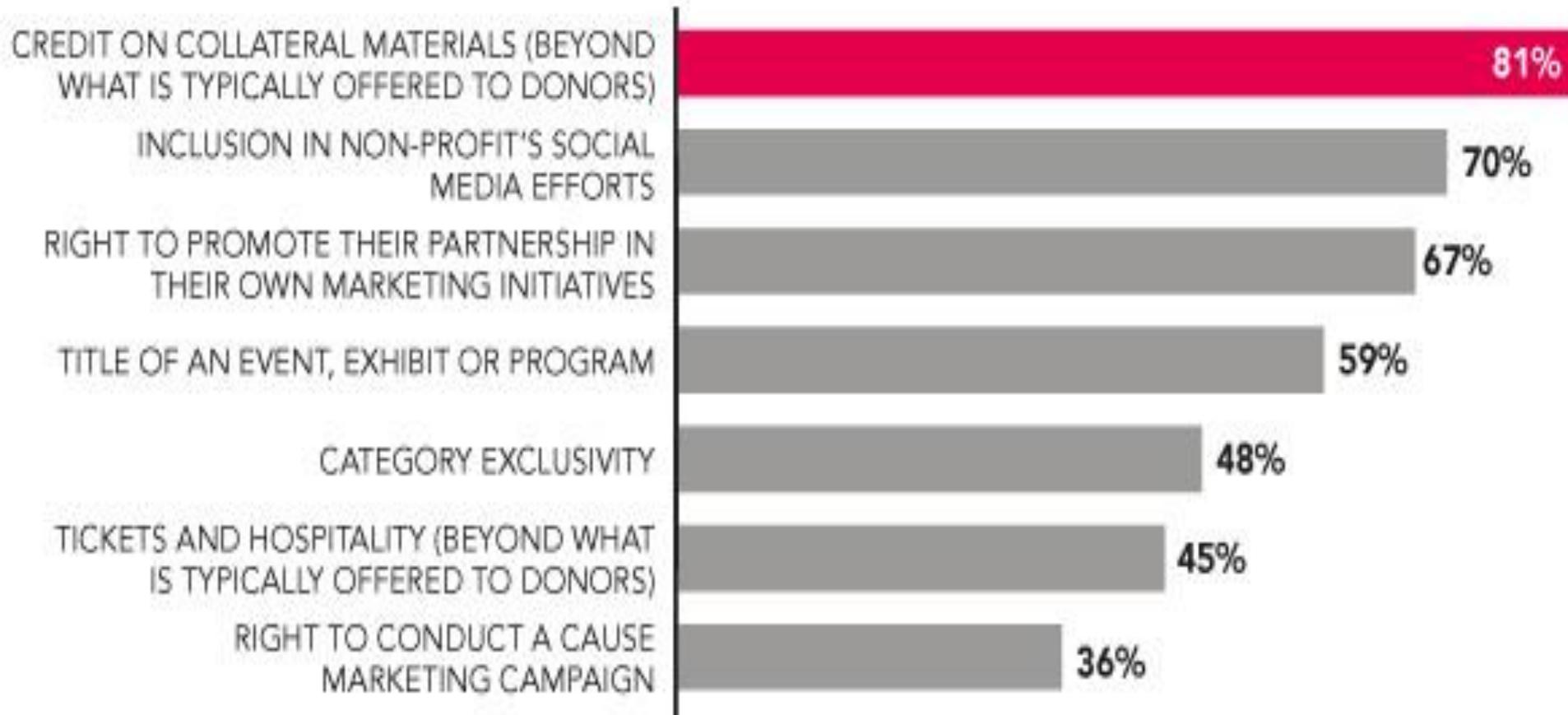
Percentages do not equal 100 due to rounding

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- ✓ Do you believe that your corporate contacts in traditional philanthropic positions/departments recognize the value of marketing benefits you offer?

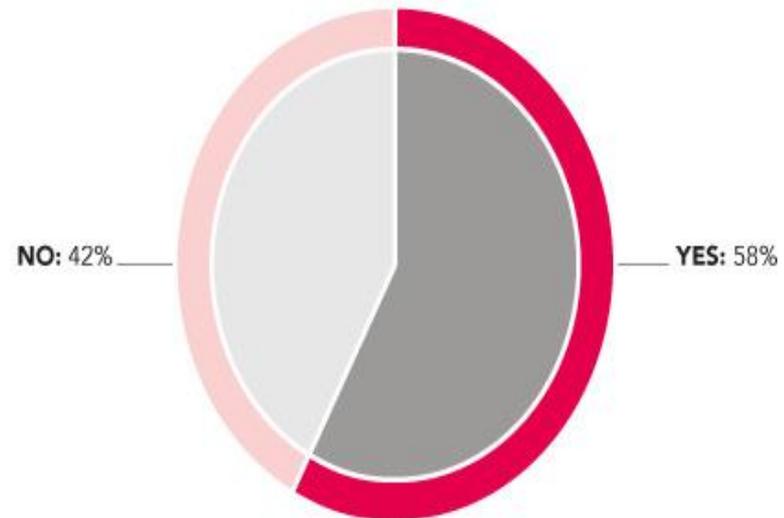


✓ What kinds of marketing-related benefits are corporate donors seeking?



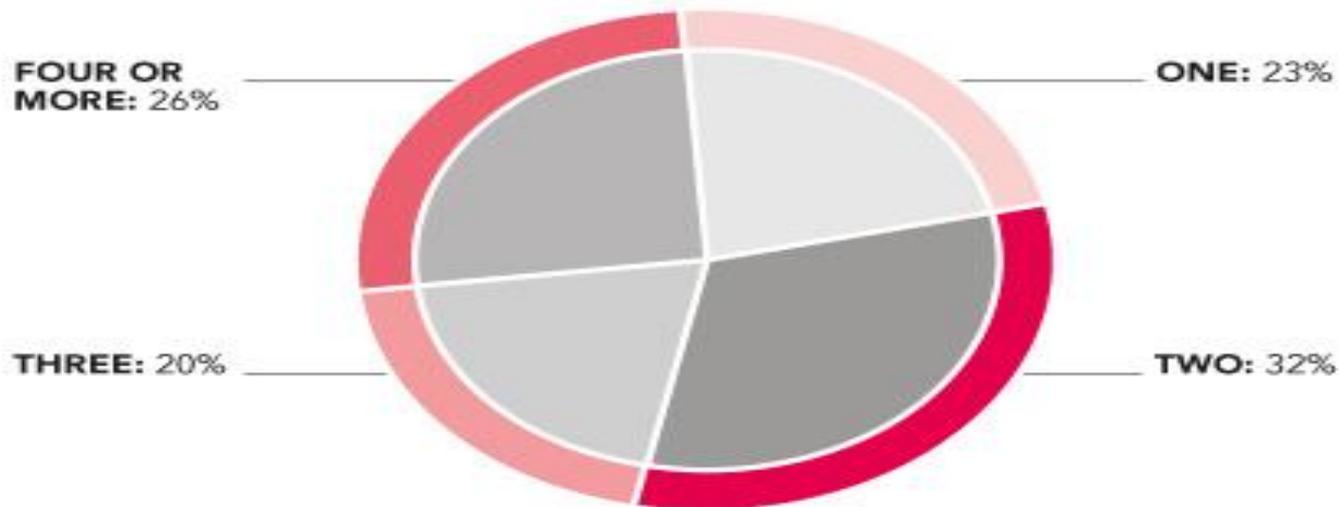
- ✓ Fewer non-profits are giving away marketing-related benefits to donors.
- ✓ While a majority still doesn't require an additional fee for such benefits, the percentage is the lowest in the past four years—58 percent, down from 64 percent last year and from 79 percent at the height of the recession in 2009.

Do you provide corporate donors with marketing-related benefits without requiring any additional payments or fees?



The number of nonprofits that concentrate responsibility for working with business partners in one department remains low

Less than one in four having a single point of contact for corporate relationships, and a nearly equal percentage that have four or more departments interacting with for-profit partners.



✓ Similarly, less than one in five nonprofits have a dedicated sponsorship department, slightly more than the 14 percent that reported having one in the last survey.

Which of the following best describes where primary responsibility for sponsorship resides within your organization?

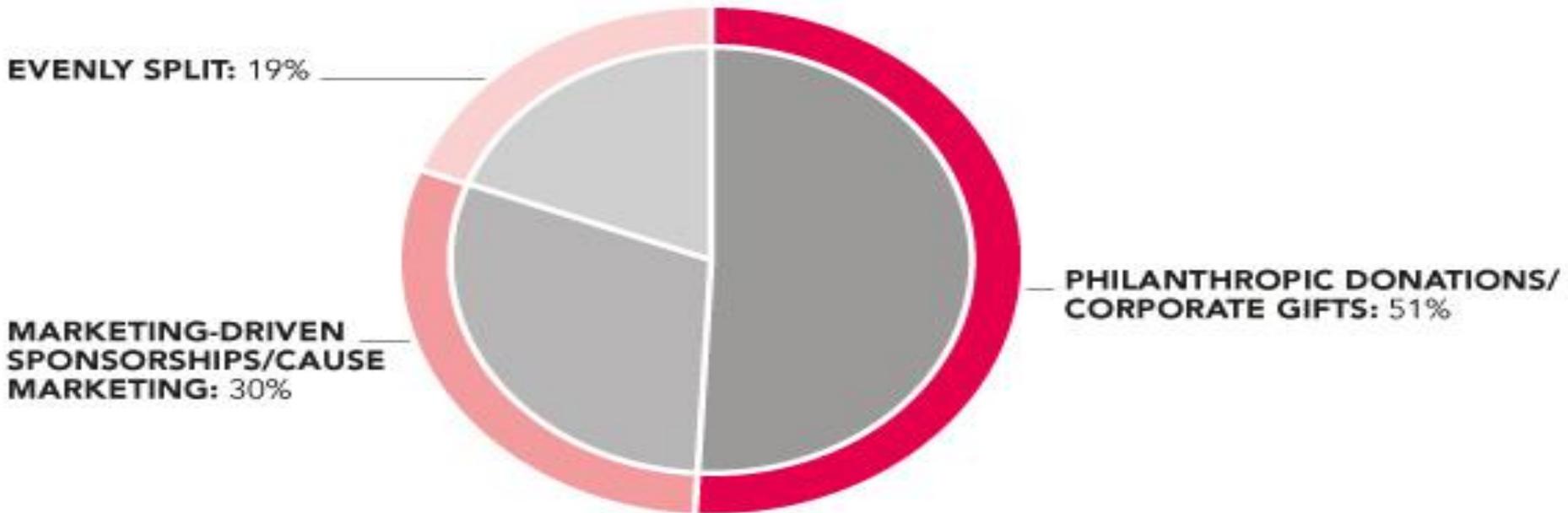


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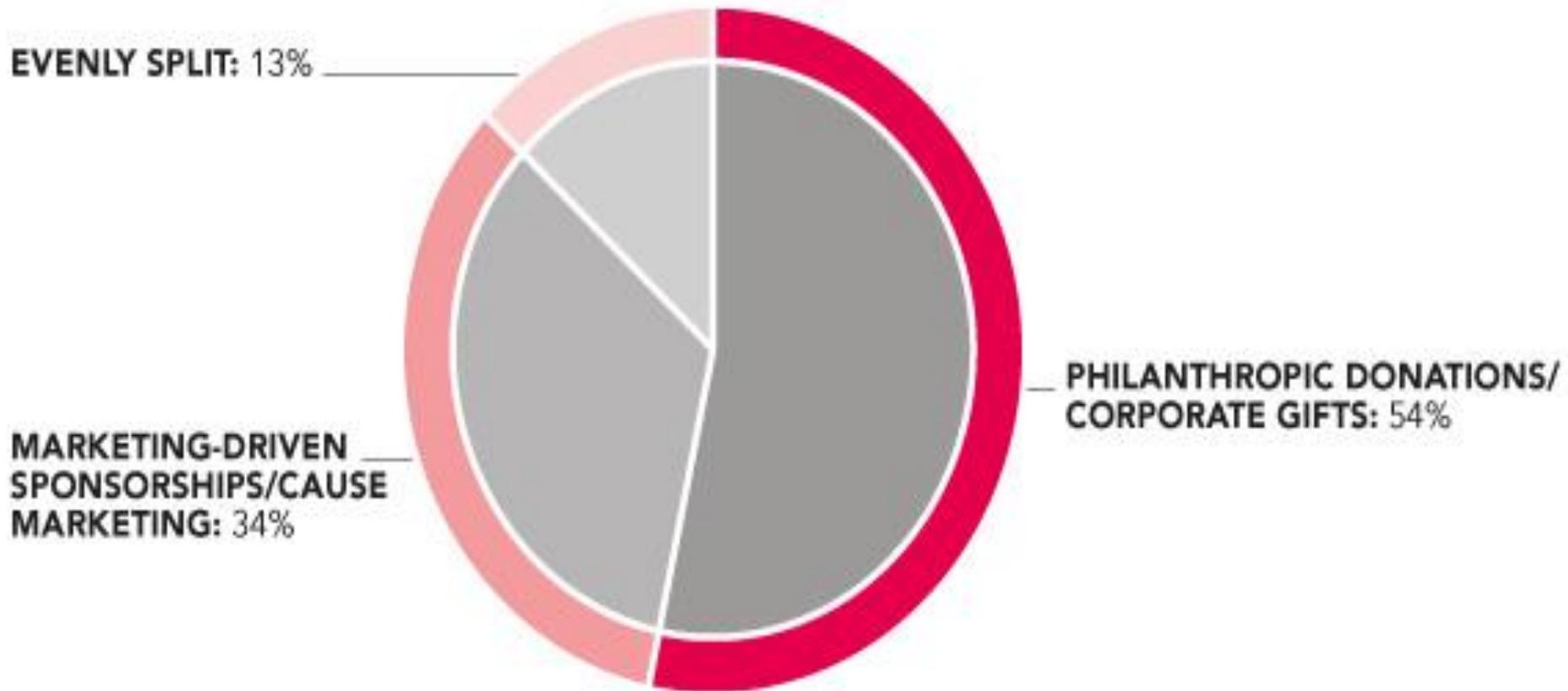
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- ✓ About half of nonprofits reporting that most of their relationships with corporations were philanthropic in nature and a third of nonprofits reporting they receive the bulk of their corporate revenue from sponsorships

In terms of number, which of the following accounts for the majority of your corporate relationships?

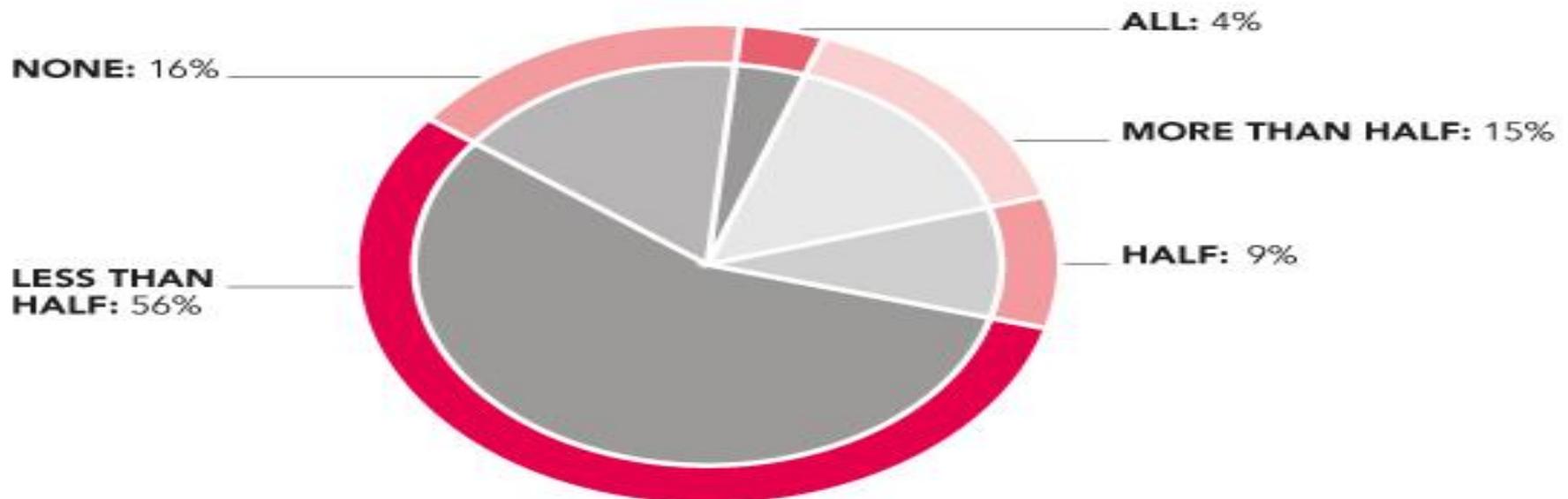


In terms of income, which of the following accounts for the majority of revenue from your corporate relationships?



- ✓ In 2013 there has been a decline in the types of relationships defined as “strategic philanthropy”—donations supported by marketing, advertising or promotional efforts—continued in this year’s survey.

What percentage of your corporate relationships involves the company providing a philanthropic donation and supporting the relationship with marketing, advertising or promotional efforts?



Investing in the future

The logo for K Days Edmonton, featuring a large yellow 'K' and the text 'DAYS EDMONTON' in white on a purple background.The logo for Westerner Days Fair & Exposition, featuring a starburst graphic and the text 'DON'T MISS IT! DISCOVER IT! Westerner Days FAIR & EXPOSITION'.

NORTHLANDS

The logo for Canadian Western Agribition, featuring the text 'CANADIAN WESTERN Agribition' with a blue and red color scheme.The logo for Olds Agricultural Society, featuring the text 'Olds Agricultural Society' in a brown, textured font.The logo for Partnership Group, featuring the text 'PARTNERSHIPGROUP Sponsorship Specialists www.partnershipgroup.ca'.

✓ Organizations have moved to have a focus on sponsorship

✓ More professional

✓ Dedicated approach versus philanthropy

✓ Big dollars being missed in the past

Investing in the future

Likewise as fairs, exhibitions and agricultural societies you need to sustain long term, you look at what others are doing etc.. But what about the money side – when was the last time you truly analyzed this?

Will philanthropy sustain you long term for revenue generation or do you need to look for additional true revenue channels?



QUESTIONS?

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for more information



Thank You

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