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Event Sponsorship

In this chapter you will cover:

- The role of event sponsorships
- Benefits of event sponsorships
- Impacts of sponsorship deals for festivals and sporting events
- Large-scale sporting deals
- Strategic importance of events sponsorships
- Brand sponsorship of outdoor festivals

This chapter will critically evaluate the role of event sponsorships and their influence on events by reinforcing brand value for both parties and offering a return on investment. The chapter will also analyse the main purposes of what event sponsorships may plan to achieve in the long term and discuss the benefits of partnerships between event organisers and sponsors. The chapter will outline how organisers and sponsors can build long term relationships and visions for the future, develop effective sustainable models and highlight key advantages and disadvantages for sponsors looking to get involved with event organisers.

Role of the event sponsorship

Over the past three decades, sponsorship of corporate events, sport events and musical events has become an essential part of the industry by providing financial support to organisers. A sponsorship is an extension of the relationship marketing concept and can be used to build long-term business models to cultivate funding between the event industry and multinational companies. Sponsorship demand has increased in the United Kingdom with media and commercial companies supporting events by providing financial aid and allowing the event to gain increased exposure to the market. Asking for attendee data, advertising at the event site, hospitality and complementary tickets allows the sponsoring organisation to develop and grow and create positive associations with the brand name. Large

companies can sponsor events to get a competitive edge over their rivals and they can act as opportunities to appeal to a wider audience.

The events industry relies on sponsorship to meet ever challenging budgets, and so sponsorship has become a vital part of the event organisation to enhance the event experience. In the same vein, sponsorship managers may recognise the benefits of involvement with an event as it allows them new and increased marketing opportunities through participation in promotional programmes. Since live outdoor music events have grown in popularity and attendance can now reach the thousands, large companies such as Coca Cola, Pepsi, McDonalds and Red Bull see a long-term benefit in being associated with international festivals and events. The main reason for the shift in companies sponsoring musical festivals, carnivals and community events lies in their values in increasing sales and brand exposures to wider audiences and enhancing the brand's awareness and company image to target audiences. A Ticketmaster (2019, p.29) report stated that:

It's encouraging to see that there is openness amongst festival-goers to engage with sponsors. Despite the majority being neutral towards sponsors, two in five believe that sponsorship is a great way for brands to promote their products and services, with 24% going as far as to say that visiting sponsor areas are an important part of the experience.

Large outdoor music festivals are one of the major contributors to the UK economy and help event organisers fill the gap in the budget via sponsorship deals. A report produced by Unlocking Potential on the festival industry and funding models stated:

Sponsors are also often needed to fill a shortfall in revenue. Even large scale, long running festivals like Isle of Wight struggle to make a profit some years. John Giddings, organiser of the festival and Solo promoter, says that despite the high running cost of the festival at £10 million each year, it won't make a profit every time. He argues that sponsorship is a vital safety net to help cover running costs in these years.

<https://www.unlocking-potential.co.uk/wp-content/uploads/2019/10/Music-Festival-Industry-and-Funding-Models.pdf>

Therefore, event sponsorships play a crucial role within the event industry and support the local economy through employment creation, helping local hospitality businesses and the transport sector. Moreover, sponsorships help to create long term benefits for the events industry and to create local tourism for the local economy. Case study 9.1 highlights how potential partnership deals can create long-term success for the event organiser and company sponsoring the event.

Benefits of event sponsorships

Event sponsorships can play a vital role for businesses to have a competitive advantage over their rivals as the main purpose and drive for businesses is to create an image and establish long-term success over their competitors. Event sponsorships offer businesses a greater power and scope to capture mass and unique groups of audiences in one place where they are enjoying the experience of a live event. By sponsoring the event, it does offer complete access and association with the target audience and long-term brand image and admiration.

Event sponsorship is an effective method for brand managers to take advantage of increasing visibility of their brand because events provide a valuable prospect to capture the target market. Sponsorships allow businesses to partner up with prospective clients, future stakeholders and intangible marketing platforms to showcase a brand's presence. Sylvestre and Moutinho (2007, p. 282) suggest:

The business community understands that there is a huge spin-off in spending by arts customers, as performing and visual arts attendees spend not only at the box office, but are likely to spend on peripheral activities associated with the performance or event.

Large-scale or mega events and festivals such as outdoor music festivals, carnivals, marathons, the FIFA World Cup and Olympic Games, depend on commercial sponsorship. Many such events and festivals are funded by commercial TV channels and media companies that offer greater financial sustainability to the events industry and sport organisations. In return, large-scale events have generated lucrative marketing opportunities for multinational companies by increasing visibility of brands and creating emotional connections for consumers such as Asics at the Olympics, Coca Cola at the FIFA World Cup, or even Robinsons at Wimbledon. Over the past two decades, sponsorship deals have increased in scale due to companies seeing a benefit to developing their brand image and accessibility establishment as compared to other marketing tools. Global sponsorship spending has increased significantly over the last ten years in the following areas:

- Outdoor musical festivals
- Annual carnivals
- Large sporting events
- Entertainment
- Arts events
- Annual associations dinners
- Street fairs

Event and festival sponsorship is continuing to grow year by year and companies consider partnering up with large-scale events as an advantage in their growth and sales strategies. Multinational companies offer sponsorship for a wide range of event types to maximise profitability and increase brand awareness. According to Statista, global sponsorship spending greatly increased from 2015-2018:

In 2015, global sponsorship spending amounted to 57.5 billion USD. Sponsorship has slowly been increasing yearly and rose to 62.7 billion USD in 2017. The majority of the global sponsorship spending came from North America, totalling 22.3 billion USD in 2016, followed by Europe with 16 billion USD and the Asia Pacific with 14.8 billion USD. North America has had the highest growth of global sponsorship spending since 2010, increasing by 4.2 billion USD over the course of five years, while Central/South America only had a growth of 0.7 billion USD from 2010 to 2015. Out of the 3 major regions, North America, Europe and the Asia Pacific, Europe had the lowest growth, increasing by only 2.4 billion USD over five years.

Multinational companies choose to sponsor events and festivals for various benefits. Bowman (2020) highlights nine benefits of sponsorship in Case Study 9.1.

Case Study 9.1: The benefits of event sponsorship

1. Lead Generation

The number one reason we see for businesses to sponsor an event is to generate qualified leads. And what better way to do so than to be part of an event where your target demographic is present? The right event allows your company to interact with a group of prospects that already have an interest in who you are and what you do. In these days of social media, face-to-face content can really enhance your online connection with your potential customers. Make sure you are using the Twitter hashtags regularly and watch the social media marketing that happens for the event on Facebook so you can comment on the posts and gain visibility with other attendees before the event.

2. Customer Engagement

Events offer an unparalleled level of customer engagement, with an opportunity for positive, personal interaction that builds loyalty. Plus, every marketer knows that companies can realize the biggest ROI on their marketing dollars by retaining and growing existing customers. The challenge is to gain the attention of your customers amid the distractions of daily work. At events, you enjoy the chance to connect with customers by introducing them to products and services that they may not know about—or may not realize could address their needs.

3. Branding and Awareness

A key reason for a business to participate in an event is to establish and build its brand. Event marketing allows your company to cultivate and express its identity first hand. Through events, you gain the perfect venue to share your ideas, thoughts, and name in the exact manner you want to present them.

4. Education

Most people attend events to network and be educated. Both are powerful draws in their own ways. No matter what type of event you are at, it is critical to impart knowledge that the audience will value – and that sets your company apart.

5. Associating your company's name with a trusted brand

Driving awareness of your brand is one thing. Inspiring respect and admiration are another. Thus, event sponsorships are a great way to drive positive PR and build credibility. You can also use events to position your brand in your niche accurately. This includes advertising that is associated with the events. For smaller companies, events are active venues to be cast alongside heavyweights and be showcased in all the promotional activity leading up to and the day of the event

6. Direct access to the ideal customer profile

Another pro is in-person interactions with customers. Events are fantastic opportunities to drive a connection between your brand and your ideal customer. This is your chance to create personalized experiences with demos/emails/swag, etc.

7. Social media, website traffic, and focuses on content strategy

Major events represent a wellspring for high-quality content. As events are promoted, traffic is being driven to the sponsor's websites, social pages, and other digital channels.