

EVENT ● Do your homework

Research studies gauge sponsorship ROI

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So you have dedicated a sizable amount of your marketing budget to sponsorship activities this year—the typical proportion is about 10%. The question now is how to determine if the return is worth the investment.

Like advertising, sponsorship activity is a marketing expenditure that should demonstrate a return on investment. Yet most companies engaging in sponsorships say they do not have an ongoing budget dedicated to sponsorship evaluation research. Most allocate 1% or less of their sponsorship budget to research, even though they would tell you that understanding ROI is critical to future decision-making. As a result, sponsors tend to rely on data provided by the properties when evaluating sponsorship activities. However, this usually consists of attendance figures and demographics. It tells you *how many* attended and *who* attended, but it does not help you address such key business decisions as, “Is this sponsorship the best use of our marketing dollars and could the execution be changed to be more effective?”

A well-crafted marketing research study will help you evaluate sponsorship activities and determine the most effective strategy moving forward. To have the most credibility and value, the research and analysis should take place independent of the event’s stakeholders—including the property, the sponsoring company and any event management agency or consultant. The research should answer several key questions:

- ◆ How many attendees recall that your company sponsored the event?
- ◆ Does the sponsorship affect awareness, opinion, image, purchase likelihood or loyalty?
- ◆ How can the sponsorship be improved to be more effective?
- ◆ Ultimately, is the sponsorship worthwhile?

Sponsorship evaluation research can take many forms, but the common denominator is generally a test vs. control approach, in which the data from a group that has been exposed to the sponsorship activity (the test group) is compared to the data from a similar group that has not been exposed (the control group). Except for exposure, the test and control groups should be as similar as possible.

On-site pre-event and post-event surveys are one way to conduct sponsorship evaluation research. Not only does this ensure that the test and control groups are similar in composition, but you have the added value of the researchers being on-site and observing what aspects of the event have either a positive or negative impact on the sponsorship’s effectiveness. Another valid option is to conduct research after the event among attendees (or television viewers) and a matched sample of consumers who did not attend. To ensure an efficient research design, sponsoring companies should have the property commit to providing a list of attendees. The process of collecting attendee contact information, however, should be designed to allow for a random sample.

Once the research data are collected, an important part of the analysis is putting the research findings in an ROI context. Sponsor-

ship ROI should evaluate not only the media coverage of the event but the impact on consumer behavior, brand equity and sales, if possible. Tying sales data to sponsorships is difficult, particularly since several factors may affect sales at any given time. But research data can help estimate the likely effect on purchase behavior and brand equity.

Not everyone who attends or watches an event is necessarily in the target market for your product. To determine the value of a sponsorship investment, the concept of relevant consumers is important to consider. Event research will tell you the number of attendees who meet all of your target market criteria, giving you a much stronger estimate of the number of relevant consumers who were actually reached by your sponsorship messages.

By dividing the sponsorship costs by the number of relevant consumers reached, you have a powerful ratio—the cost per relevant consumer. This ratio, together with research data on how much the sponsorship improves key purchase funnel measures, allows you to decide if what was spent moved the needle enough to make the sponsorship investment worthwhile. Performing this analysis for every sponsorship activity provides benchmarks on how much the company typically spends to affect consumer behavior, thereby determining which types of sponsorship activities give you the most bang for the buck. It also helps determine how sponsorships compare with other marketing vehicles, so you can allocate resources more effectively.

One of our clients, a company that spends more than \$150 million on sponsorships annually, uses marketing research for many of its major sponsorship activities. For example, we recently evaluated one brand’s sponsorship of

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snow skiing and snowboarding events by conducting pre- and post-event on-site interviews at two events, along with an Internet survey of television viewers and nonviewers. The research yielded a number of worthwhile discoveries, including:

◆ Television viewers were affected across a number of key measures, including purchase consideration. Given the large television audience, the cost per relevant consumer was relatively low, producing a significant ROI.

◆ Event attendees were affected across *all* key measures, including the most important measure, purchase intent. However, since event

attendance was low, the cost per relevant consumer was quite high.

◆ On-site diagnostics revealed several opportunities to boost both event attendance and sponsorship awareness. Given the substantial impact the sponsorship had on consumer intentions, coupled with the high cost per relevant consumer, using new tactics to drive attendance and awareness are crucial to maximizing the sponsorship's effectiveness.

Overall, the sponsorship was deemed to be a good investment. However, given the low attendance, this likely would not have been the conclusion if no research had been conducted to

show the effect on purchase behavior among attendees and television viewers.

The next time your company invests in a sponsorship, build the cost of evaluative marketing research into the sponsorship budget. The small amount you pay for the research will reap huge dividends in understanding whether the sponsorship was the best use of your marketing dollars and how future sponsorship activity can be more effective. ■

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