

Sponsorship Valuation: Stop Guessing & Gambling on Your Sponsorship Fees



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Introduction

How do you determine what to charge for sponsorship?



Introduction

- ▶ Three most typical philosophies behind the setting of a sponsor fee...
 - ▶ **Expense-based**
 - ▶ **Needs-based**
 - ▶ **Desperation-based**

Introduction

- ▶ Six common sources often cited to determine sponsor value
 - ▶ Historical
 - ▶ Expectant
 - ▶ Consensus
 - ▶ Edict
 - ▶ Atmospheric
 - ▶ Gastro-Intestinal

Risk & Reward

Unless you are using some sort of clearly defined methodology and metrics to determine your sponsor fee, you are gambling with the financial sustainability of your event.



Why Accurate Valuation Is Essential

- ▶ The Consequences:
 - ▶ You don't want to overprice
 - ▶ You don't want to underprice
 - ▶ Your competitors are doing it
 - ▶ Sponsors & their agencies are “scoring” your offer
 - ▶ Guessing sponsor fees is, in the end, NOT maintainable



Why Accurate Valuation Is Essential

▶ The Rewards:

- ▶ Differentiating between marketing vs philanthropic based support
- ▶ Reliability
- ▶ Accuracy
- ▶ Competitive
- ▶ Parity
- ▶ Sustainable
- ▶ Confidence



Fundamentals of Determining Accurate Sponsorship Value

► Core Tenet

The sponsor fee is determined by the **value of the offer** being proposed to your potential partner as determined by the tangible rights they will receive, the intangible benefit of association with the property, and the cost of comparable opportunities.

Fundamentals of Determining Accurate Sponsorship Value

- ▶ **Three Principal Elements of Valuation**
 - ▶ **Tangible Value:** Quantifiable value of all benefits provided
 - ▶ **Intangible Value:** Qualitative value of being associated with the event
 - ▶ **Market Value:** What the market will pay

Getting Started

▶ Do's & Don'ts

- ▶ Determine “Value” not “Cost”
- ▶ Your cost or expense is NOT relevant
- ▶ This process is for internal use only
- ▶ Use realistic numbers - Don't over or under-inflate

Info & Data You Need To Gather First



- ▶ *Accurate Attendance*
- ▶ *Media Values (paid & promotional)*
- ▶ *Promotional Materials (quantities)*
- ▶ *Publications (e.g. event program circulation, ad rates, etc.)*

Info & Data You Need To Gather First - continued

- ▶ Website (Unique visitors)
- ▶ Social Media (Likes/followers)
- ▶ Mailing lists (# snail mail, email addresses with which you communicate)
- ▶ Exhibit space (exhibitor fee for a 10' x 10')
- ▶ Hospitality (face value of tickets, parking, receptions)



Tangible Valuation Metrics

- ▶ Typical Quantitative Benefits
 - ▶ Signage Exposure
 - ▶ Exhibit Space
 - ▶ Sampling Rights
 - ▶ Audio Announcements
 - ▶ ID in Event Ads
 - ▶ ID in Event Materials



Tangible Valuation Metrics

- ▶ Typical Quantitative Benefits
 - ▶ ID on Apparel
 - ▶ Program ID and Ads
 - ▶ Website Rights
 - ▶ Social Media Rights
 - ▶ Mailing Lists
 - ▶ Event Tickets
 - ▶ VIP Hospitality



Tangible Valuation Metrics

- ▶ Where Do Industry Metrics Come From?
 - ▶ Retail Value
 - ▶ Comparable Value
 - ▶ Impression Value (Visual & Digital)
 - ▶ Media Rates
 - ▶ Sampling Rates
 - ▶ Values Borrowed from Other Industries

(See Handout Addendum)

Industry Valuation Standards

On-Site Interaction

- ▶ Direct Sampling \$.15 - .25/sample
- ▶ Static Display \$.05 - .1/impression
- ▶ Exhibit Space \$.15-.25/attendee or at premium rack rate

On-Site Signage/Recognition

- ▶ Principal Banners \$.01 - .03/impression (based on size, location)
- ▶ Secondary Banners \$.0025 - .0075/impression (based upon size, location)
- ▶ Co-branded Asset Signage \$.01 -.025/imp. (based upon location & exclusivity)
- ▶ LED/Video Signage \$.01 -.02/impression (Includes PowerPoint Screens)
- ▶ PR/Verbal Announcements \$.004 -.0075/impression
- ▶ Opportunity to speak/intro. \$.01 - .05 (based on attention/desirability of audience)

Website/Digital/Social Media

- ▶ Logo and/or link \$.005 -.015/unique visit
- ▶ Banner ad \$.015 -.035/unique visit (based upon size & placement)
- ▶ Co-Branded content \$.03 -.04/unique visit
- ▶ Other prominent exposure \$.05 - .12 (integration into video, podcast, webcam)
- ▶ E-newsletter content/offer \$.03 -.0425/address (increases if subscription-based)
- ▶ E-blast or direct mail offer \$.0275-.035/address (increases if opt-in)
- ▶ Social Media content \$.05 - .15/delivered post
- ▶ SMS (Text) Message/Offer \$15 - \$25/mobile number

Industry Valuation Standards

Media & Communications

- ▶ Logo in Media Advertising 5% - 10% of total rate card value
- ▶ ID on Brochure/Flyer/Poster \$.03 -.0425/impression (based upon size & placement)
- ▶ Logo on Merchandise \$.0075-.035/impression
- ▶ ID on Tickets \$.0025 - .05 (if includes bounce back coupon)

Official Programs/Publications

- ▶ ID in Program Cover \$.035 - .05/impression (based upon size & placement)
- ▶ ID within Program \$.0075 -.03/impression (based upon size & placement)
- ▶ Program ad Retail placement rate (Based upon comparable circ.)

Other

- ▶ Mailing Lists \$0.12-18/name
- ▶ Hospitality Face value of tickets/admission
- ▶ VIP Hospitality Value based upon quality/exclusivity of experience

Intangible Valuation Metrics

► The Importance of Intangibles

The true value of an event does not begin to become apparent until the intangible assets are weighed. Often it is the intangible value of being associated with an event that has the greatest impact on the sponsor fee.



Intangible Valuation Metrics

- ▶ Let's Rate Your Event (Class Exercise)
 - ▶ Choose one event
 - ▶ Try to be impartial
 - ▶ Rate based upon your most recent event
 - ▶ Evaluate based upon your community/market

0 to 10

Intangible Valuation Metrics

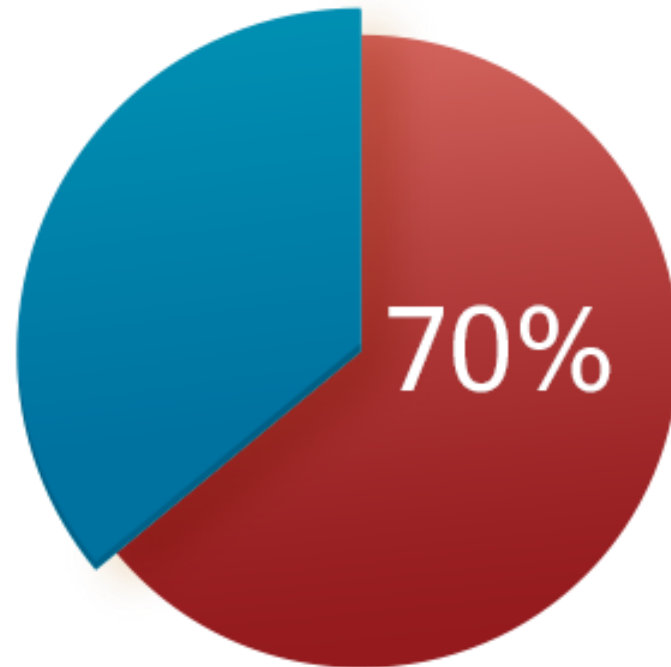
- ▶ Typical Qualitative Benefits
 - ▶ Prestige of Property
 - ▶ Recognition and Awareness
 - ▶ Category Exclusivity
 - ▶ Level of Audience Interest/Loyalty
 - ▶ Ability to Activate

Intangible Valuation Metrics

- ▶ Typical Qualitative Benefits
 - ▶ Degree of Sponsor Clutter
 - ▶ Property's Susceptibility to Ambush/Guerilla Market
 - ▶ B2B Networking Opportunities
 - ▶ Media Coverage Potential
 - ▶ Demonstration of Community Involvement/Cause Interest
 - ▶ Established Track Record

Intangible Valuation Metrics

- ▶ Add them up!



Sponsor Fee Formula

- ▶ $TV \times ITV\% \text{ (MP Filter)} / ROI = \text{Fee}$
 - ▶ Add up tangible value of benefits provided at a specific sponsor level
 - ▶ Multiply the tangible total by the intangible percentage for the event
 - ▶ Total the two
 - ▶ Determine ROI (Should be at least 200%)
 - ▶ Compare to the marketplace's ability and willingness to pay
 - ▶ Set the sponsor fee

Increase Your Sponsor Value

- ▶ Growing attendance
- ▶ Proprietary assets with dedicated signage
- ▶ Media partnerships with guaranteed advertising value
- ▶ Building social media outreach through web traffic, social media likes and engagement



Increase Your Sponsor Value

- ▶ Being proactive and helping to facilitate with your sponsors' onsite engagement including sampling, demos, experiential promotions, etc.
- ▶ Value proposition can be greatly increased by the potential communications platform the property provides through activation.



Now What?



How To...

Valuation Service Options

▶ Do It Yourself

- ▶ Typically, this will take 40-60 hours to complete
- ▶ Conduct a property inventory
- ▶ Plot information onto a Matrix
- ▶ Create formulas to calculate values
- ▶ Compare to similar properties



Note: This approach will NOT have independent third-party endorsement

How To...

Valuation Service Options

▶ Engage a Consultant

▶ National Valuation Services

▶ Typically \$80,000 - \$125,000+

▶ Sponsorship Agency

▶ Typically \$10,000 - \$50,000 depending on scope



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How To...

Valuation Service Options

▶ Online Valuation Service

- ▶ Sponsor Fee Pro
 - ▶ \$1,895 annual subscription



▶ Key Features

- ▶ Cloud-based
- ▶ Specialized by Event Type
- ▶ Plug & Play Valuations
- ▶ Third-Party Valuation perfect for pricing and recaps

Thank You!

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