

Calculating the Value of Your Sponsorship Packages

Presented by Tom Perros and Nancy Atufunwa, Wednesday, October 21, 2009

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Calculating the Value of Your Sponsorship Packages

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Wednesday, October 21, 2009
IEG, LLC

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Agenda

- Introduction
- Valuing Tangible Benefits
- Accounting for Intangible Benefits
- Price Adjusters
- Valuing In-Kind Contributions
- Questions

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Pricing Sponsorship: What is it usually based on?

- Guessing
- Property's costs
- Sponsor's budget
- Comparable properties
- Established rate-cards

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Pricing Sponsorship: What *should* it be based on?

- Value of marketing benefits delivered by the property

The Result:

- Fair pricing
- More money and time to focus on activation

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Industry's First Independent Valuation Methodology

- Endorsed by nearly 200 sponsors
- Field tested with more than 1,500 properties
- Based on 25 years of ongoing industry research
- Third-party justification of sponsorship fees and payments

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Valuation Framework

COMPETITIVE ANALYSIS

- Comparable Properties
- Sponsor Categories & Objectives

BENEFITS

- Tangible (e.g., sampling, signage, hospitality)
- Intangible (e.g., audience interest, networking opportunities)

ASSETS

- Audience
- Events
- Publications, collateral, web site
- Marks and logo

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Tangible Benefits

- > The quantitative assets in a package, both measured and non-measured, such as exhibit space and advertising in the show directory.

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Intangible Benefits

- > The qualitative assets that a sponsorship delivers, such as audience affinity and activation opportunities. When a company buys sponsorship, it is primarily buying access to a property's intangibles

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Price Adjusters

- > After calculating the value of benefits, properties and sponsors must factor in additional variables, such as size of the sponsor's business category, which can move the final price upwards or downwards

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STEP 1 Valuing Tangible Benefits

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Primary Types of Tangible Benefits

- > Sponsor ID in non-measured media
 - Signage
 - Verbal announcements
 - Collateral materials
 - Website
- > Sponsor ID in measured media
 - Print
 - Broadcast
- > Sampling/Display
- > Database access
- > Tickets/Hospitality

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IEG Methodology for Valuing Tangible Benefits

- > Sponsor ID in non-measured media
 - Signage
 - Verbal announcements
 - Collateral materials

VALUE RANGE
\$.0025 - \$.05 per impression

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IEG Methodology for Valuing Tangible Benefits

> Sponsor ID in non-measured media

- Website

VALUE RANGE
\$.0025 - \$.10 per unique visitor

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IEG Methodology for Valuing Tangible Benefits

> Sponsor ID in measured media

- Print media
- Broadcast media

VALUE RANGE
5% - 10% rate card value

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IEG Methodology for Valuing Tangible Benefits

> Sampling/Display

- Exhibit space
- Inserts in goodie bags
- Literature distribution

VALUE RANGE
Established rate, or \$.04- \$.15 per person sampled

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IEG Methodology for Valuing Tangible Benefits

> Database Access

- Use of mailing list/Insert in mailings

VALUE RANGE
\$.075 - \$.15 per person

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IEG Methodology for Valuing Tangible Benefits

> Tickets/Hospitality

VALUE RANGE
Face value

(If no face value: generally \$25 to \$750 per person)

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Tangible Benefits Worksheet: On-Site Recognition

DESCRIPTION	REACH	CALCULATION	VALUE
On-Field Signage (Static)	300,000 attendees	300,000 x 100% see x \$.03	\$9,000
Scoreboard Sign (Static)	300,000 attendees	300,000 x 75% see x \$.02	\$4,500
Message on Jumbotron (Rotating Ad)	75,000 attendees	300,000 x 25% see x \$.03	\$2,250
Concourse / Entrance Signage	100,000 attendees	300,000 x 33% see x \$.0025	\$250
SUBTOTAL			\$16,000

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Tangible Benefits Worksheet: Summary of Tangible Benefits

Description	Value
On-Site Signage/ID	\$16,000
Publications/Collateral	\$15,000
Web Site	\$3,500
Sponsor ID in Measured Media	\$25,000
Sampling/Display	\$6,500
Tickets/Hospitality	\$27,500
GRAND TOTAL	\$93,500

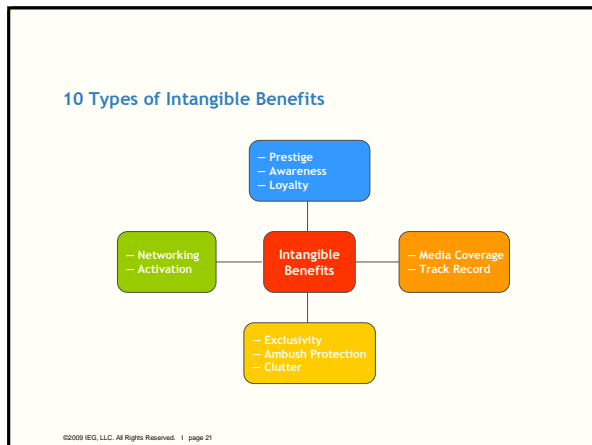
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STEP 2

Evaluating Quality of Intangible Benefits

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Accounting for Intangible Value

Benefit	Score
Prestige of Property	7
Awareness	7
Level of Audience Interest/Loyalty	6
Category Exclusivity	9
Protection from Ambush	10
Degree of Sponsor Clutter	9
Ability to Activate	8
Networking Opportunities	9
Media Coverage Potential	7
Established Track Record	5
TOTAL	77

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Using the Value of Your Intangibles to Determine Total Package Value

- > The value of your intangible benefits acts as a multiplier of your total tangible value
- > The higher your intangible score, the higher the multiplier
- > Average multiplier is between 1.2 and 3.5

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Calculating Fair Market Value

Value of Tangible Benefits	\$93,500
Multiplier	x 3.5
Total Package Value	\$327,250

Value of Tangible Benefits	\$93,500
Multiplier	x 1.2
Total Package Value	\$112,200

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Intangible Benefit: Prestige

What it is:

- > A measure of how meaningful/relevant your property is to its audience

How to enhance it:

- > Act as a brand manager; constantly strive to improve your relationship with your audience/members

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Intangible Benefit: Awareness

What it is:

- > A measure of how familiar targeted audiences are with your property

How to enhance it:

- > Increase promotion, advertising and public relations efforts; proactively recruit media partners

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Intangible Benefit: Audience Loyalty

What it is:

- > A measure of the propensity of your audience to actively support sponsors because of their link to the property

How to enhance it:

- > Educate your audience/members as to the critically important role sponsors play

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Intangible Benefit: Category Exclusivity

What it is:

- > A measure of the ability of a sponsor to forge a unique relationship with the property apart from its competitors

How to enhance it:

- > Allow sponsors to lock out multiple categories at discounted rates; provide proprietary programs

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Intangible Benefit: Protection from Ambush

What it is:

- > A measure of how well you limit opportunities for sponsor competitors to claim an association with your property

How to enhance it:

- > Bundle benefits into sponsor packages; limit number of benefits available a la carte

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Intangible Benefit: Degree of Sponsor Clutter

What it is:

- > A measure of how many companies are competing for share of voice related to the property

How to enhance it:

- > Limit the number of sponsorship packages sold; offer proprietary programs

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Intangible Benefit: Ability to Activate

What it is:

- > A measure of how easy it will be for the sponsor to promote its association with the property

How to enhance it:

- > Provide opportunities for access to members and attendees; provide turnkey marketing and sales platforms

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Intangible Benefit: Networking Opportunities

What it is:

- > A measure of the value of cosponsors and the opportunity for a sponsor to work with them

How to enhance it:

- > Host sponsor workshops; provide opportunities to network with board members and decision makers

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Intangible Benefit: Media Coverage Potential

What it is:

- > A measure of the ability of the property to attract print and broadcast coverage

How to enhance it:

- > Develop your media relations program; seek ways to add newsworthy components to your property*

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Intangible Benefit: Established Track Record


What it is:

- > A measure of how well you have worked with previous sponsors

How to enhance it:

- > Over-deliver; assign liaisons to sponsors; document fulfillment with post-sponsorship reports

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STEP 3 Accounting For Factors That Will Adjust The Final Price

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The Impact of the Current Economy on Sponsorship Value

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IEG's Take on the Economy's Impact

- > The *value* of sponsorship is not any lower now than when the economy was better.
- > Sponsorship can still drive business, generate awareness, enhance image and create loyalty.
- > The *price* of many sponsorships have dropped.
- > Right now, it's a buyer's market.
- > IEG anticipates that *price* of many sponsorship opportunities will go down between 5-25% over the next 6-12 months.

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Resist the Temptation to Lower Prices From The Start

- > Leads to lost credibility
- > Easy to bring an asking price down, harder to get it back up
- > Companies that receive discounts often require the most amount of work
- > Consider sweetening the deal with add-ons

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Reduce Benefits, Not Prices

- > Take out benefits, don't give them away
- > You can bundle those benefits into smaller packages


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Price Adjusters

Factors that must be considered to arrive at a fair price:

- > Sponsor's category
- > Supply of similar opportunities
- > Length of term

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Value of In-kind Contributions

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Methodology for Valuing In-kind Contributions

In-kind Contribution Type	IEG's Recommended Value*
Budget Relieving	Sponsor's stated value at lowest discounted rate
Non-essential	50% of Sponsor's stated value
Requiring Additional Property Resources	50% of Sponsor's stated value minus implementation costs



* At lowest discounted rate or rate available to nonsponsors

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