



By Bruce L. Erley, APR, CFEE

Event Marketing During a Recession

While things have certainly improved over the past ten months, a year ago at this time, the bottom had fallen out of my world professionally. The worldwide recession had clearly moved from Wall Street to Main Street. I felt like I was in some warped version of the Discovery Channel's "Life After Man." Not only did the phone stop ringing, but incoming email traffic was so slow, I was actually looking forward to the weekly messages from the Nigerian Prince who needed my assistance transferring large sums of cash to the U.S.

The marketing and sponsorship decision-makers that we communicate with daily simply fell off the edge of the world. No returned calls. No emails back. Nothing! I didn't blame them. I knew that the business world had become completely paralyzed by the continuing onslaught of bad economic news. They weren't sure how it was going to impact how they did business so they responded by freezing. I mean literally freezing like when kids play the game "Red Light, Green Light," when you run as fast as you can until someone yells "red light" and you stop wherever you are like a stone statue.

Having been in event marketing for more than 30 years and owning my own sponsorship agency for the past 15 years, these circumstances were totally foreign to me. Clearly it was no longer business as usual.

I had a couple options. Either I could keep my head low and wait for the storm to pass with the hope that I'd still be alive on the other end, or I could use my experience, intellect, creativity and network of contacts to find a "new normal," whatever that was going to look like.

The Case For Event Marketing During a Recession

I knew that this couldn't be the first time marketing had been negatively impacted by a recession, so I did some homework to see what others had done before. What I discovered was that a case could be made that companies that continue to market and sell during a recession are poised to benefit from their competitors lack of activity. That's a message I began to make to our longtime sponsors. Here are a few of the key points I made.

- Maintaining marketing and advertising during a recession benefits the brand. According to the World Advertising Research Center, brands that maintain ad spending during a recession come out stronger and with bigger gains than those who cut spending. Consumers are re-evaluating how they consult/brand loyalties are being challenged. (ref. *Research International*)
- During a recessionary period, empathy and authenticity become increasingly important sources of brand differentiation. (ref. *David Murphy, WikiBranding*) Consumers put their trust in brands they truly believe understand them.
- Recessions provide a unique opportunity for a brand to take advantage of their competitor's contracted marketing efforts. Marketers who cut their spending lost an average of 0.1% of total market, while those who increased marketing saw their market share rise by an average of 0.5%. (ref. *Research International*)
- When a company continues with a sponsorship (especially a high profile one) it speaks volumes to their customers about their strength and fortitude as well as their commitment to the community.
- Further, in a down economy, event marketing offers a unique, innovative, creative and flexible vehicle to reach, impact and influence customers. There is arguably an increased public appeal for festivals and special events during economic downturns as more people are sticking closer to home (e.g. "Stay-cations"). Many events are no-or-low cost and offer an inexpensive form of escapism.

Those are good points to make to your sponsors as they evaluate how to return to event marketing and sponsorship in 2010 and beyond, but there are a number of sales tactics that we have employed at CSG that seem to be helping so far.

Preserving Your Current Sponsors...As Best You Can

As anyone who sells sponsorship knows, it is all about keeping existing sponsors engaged, happy with their ROI and renewing from year to year. But despite our ongoing focus on that, we still lost a number of long-term sponsors in 2009 that were happy with their prior experiences and had become strong proponents of our events. We decided that we needed to handle our renewals somewhat differently than in the past. Here's what we have done...

- Relax renewal deadlines: Don't pressure for a final decision. (I'd rather wait for a possible "yes" than push for an immediate "no.")
 - Everything is negotiable: It is better to keep a sponsor at a lower level than lose altogether.
 - Unbundle your benefits packages and assets so that a sponsor can get to the specific "fruit" they desire.
 - Sell them more refined product categories and go sell the "released" subcategories to others.
 - Encourage your sponsors to reduce their leveraging dollars and thus the overall cost of sponsorship through creative low-or-no cost activations that better utilize their rights and benefits.
- When it appeared to us that despite our best efforts, we were going to lose the sponsorship altogether, we tried a few other tactics including proposing smaller deals with better leveraging, renegotiating the fee down (as much as 25% reduction) to reflect our understanding of the pressures our sponsors are experiencing and offering multi-year deals with a big fee discount for the current year.

Sometimes those worked and sometimes they didn't. So if it became clear that a sponsor was leaving our event altogether, we would ask for a reference from them stating the effectiveness of the sponsorship with their recommendation. Some even provided us with referrals providing us with names of people they knew that they felt might benefit from an association with our event.

The key thing to remember is that you are in this for the long haul and that as my mom used to tell me when I was struggling, "this too shall pass." We strived not to let our anger or emotions flash when getting the bad news. It is important to resist abandoning relationships just because the answer is no. Continue to maintain a positive relationship for

when the economy turns around. We even sent non-renewing sponsors tickets to the event though they were no longer involved. A little grace can go a long way!

Selling Tactics for the "New Normal"

One of the positive effects of this recession we are still in, (or now recovering from depending on where you live), is that it has required me to really go back to basics. When times are good, as they were for much of the past decade, it is easy to get distracted, complacent, sloppy and even a bit "fat & happy." When we do that, our eye is off the ball.

As Sponsorship guru Dean Bonham observed, if we are to be honest we have to admit that when times are good, sponsors can overlook some of the inefficiencies of their sponsorships. Their "good feelings" can compensate for complacent performance. But when times are tough they are taking a much harder look at deliverables and the related ROI.

So at CSG we conducted a bit of an inventory of who we were, how we operated and what was critical in the times we now live in. Here were some of the tactics we employed.

- Over deliver: Assure 100% event performance and benefit fulfillment.
- Prune: Get rid of "deadwood" or underperforming benefits or assets in your sponsor packages that distract from the real value of sponsorship or create an unnecessary expense for you or your sponsor.
- Focus on sponsor ROI: Make sure you are adding value to your sponsorships and that your event is working hard and effectively for your sponsors. Provide sponsors with leveraging ideas that are creative, effective and improve success.
- Sell deep, sell wide: Get as many irons in the fire as possible. Don't hold off on selling into a category just because a renewal is pending or you have a lead or two. Keep leads coming into the funnel through your marketing efforts.
- Subdivide categories: We are selling smaller deals right now and therefore need to restrict the categories sponsors receive exclusivity within. The ones that seem to be the most likely for parsing categories are banking, insurance, soft drinks, and telecom. We are also offering co-presentation rights of larger assets in noncompetitive categories. But, be wary of sponsor clutter.

- Consider alternative funding models: Propose co-funding between different departments within your sponsor's company or co-op payments with sister brands or vendors. You could also accept budget-relieving trade in lieu of cash or propose payment plans or spreading payments over fiscal years.

Hunting new sponsors

For any person selling sponsorship, one of the most daunting tasks is coming up with new ideas for potential sponsors. You've stared at the leads list so many times and coming up with a new target list can be overwhelming. Sometimes it is as important to know where not to spend your time as it is where to prospect. You might want to try a few of these approaches:

- Up sell/cross sell existing partners. They already know the value of your event. Make an incremental pricing offer to get them to step-up a level.
- Go back to old "no's." The world has changed. An old rejection, even from a few years back, might well be a new opportunity.
- Don't expect much, (or spend valuable sales time), on business categories that are in complete distress, especially for new deals. Some of the ones we have found to be in too much turmoil include airlines, some automotive brands (GM, Chrysler especially), financial services (especially those under TARP restrictions) and real estate.
- Pursue categories that seem to flourish in a recession: Discount retailers of consumer staples (e.g. Wal-Mart, Target, Sam's, Costco) have been doing well; Gaming including state lotteries and casinos are spending; Healthcare/medical such as hospitals and dental companies; Low cost fast food restaurants; Telecommunications; Utilities, especially those active in renewable energy sources.
- Pursue categories that need to sample. We are seeing real improvement in 2010 in mobile marketer interest for our events. Make sure they know you are out there.

Make a "Attitude Adjustment"

As I mentioned at the start of this article, in my 30 years in this profession, I have never experienced circumstances as difficult and demanding as now. The

good news is that it seems that we are all learning to live in this "new normal," both sponsorship sellers and buyers alike.

Things are already improving. IEG reports that after a first time drop in sponsorship spending in 2009 (.6%), we can expect a modest 3.3% recovery in 2010. We are seeing a thawing at CSG as well. During a recent IFEA webinar I gave on this topic, I surveyed the online attendees to get a feel for where they think things are going. After a rather dismal 2009, 42% said they see sponsorship improving with 42% seeing it about the same as 2009 and 17% anticipating it will continue to slide this year.

So what can we do to continue to support our events in 2010? As I said, it is essential that you accept that things are not going to be like 2008 for quite some time. We must not just accept, but *embrace* our "new normal." For me that means going back to basics and practicing the fundamentals.

- Stay resilient! You must continue to believe in yourself and your event. Don't take rejection personally. Remember that this is not a situation of your making. Keep your confidence up!
- The energy and attitude you project will be the energy and attitude you get back. Don't let your stress show or become channeled as anger toward the sponsor. It's not their fault either. Empathize with their current circumstances. They don't like this situation any more than you do!
- Stay laser focused on your sponsors' objectives and how you can most effectively and efficiently assure their fulfillment.
- Remember to think long-term. You want to be in the best possible position as the economy improves and sponsors come out from cover.
- Keep your sense of humor. After raising three boys, my wife and I have discovered that it is essential to survival.

One final thought. When I was really struggling in early 2009, Linda, my wife of 27 years found a wonderful quote that she printed and put on the wall over my desk. I'm not sure of the author, but it is a great attitude to keep right now.

"When the winds of change begin to blow...build a wind-mill, not a shelter."

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Among CSG's clients are the Pasadena Tournament of Roses, Philadelphia Flower Show, Cherry Creek Arts Festival, and the Colorado Garden & Home Show. CSG's current and most recent corporate clients include Janus Capital Group, Pontiac, Centura Health, the Colorado Lottery, U.S. Bank and Kaiser Permanente.

Prior to founding CSG, Erley was the Vice President for Marketing and Sales for Up with People, an international, educational and cultural organization. Erley is a member of the Board of Directors of the International Festivals and Events Association, as well as past President of the IFEA Foundation. Erley is widely acclaimed as a top presenter on sponsorship topics for the events and festivals industry having traveled most recently to Vienna, Ottawa, Singapore and Beijing to present at major conferences.

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