

# THE SPONSOR DOC

With Bruce L. Erley, APR, CFEE

## Knowing Your Value

### **Dear Sponsor Doc:**

*Part of my job as an event director is to sell sponsorship. I don't mind calling people and telling them about my great festival, but I have absolutely no idea if the price I am asking for is worth it! Can you provide some insights on determining the fee of a sponsorship? E.D. Florida*



### **Dear E.D.:**

Well that literally is the \$20,000 question isn't it? Determining the correct value for a sponsorship proposal is essential. Not only will the sponsorship decision-maker see through a wild guess, but you will be more confident knowing that you have a fairly-priced sponsorship opportunity that you can defend.

The first thing to know is that the price you set for a sponsorship package is not based upon how much you need to raise, nor what something costs you. Many event managers make the mistake of determining a sponsor fee by adding up the cost of a festival asset, say a children's stage, and setting the sponsor fee to recoup those costs.

Rather, the fee of a sponsorship is based upon the opportunity you are providing the sponsor and the package of accompanying rights and benefits. The good news is that by determining a value of sponsorship in this manner, the appropriate fee is almost always far greater than the cost of the asset or activation.

There are three factors that go into setting a sponsorship fee.

- Tangible Value
- Intangible Value
- Market Value

The **Tangible Value** is the *quantifiable* value of any and all measurable benefits that you are providing to the sponsor. Typical quantifiable benefits include hospitality, (sponsor receives 20 tickets with a face value of \$10 each is worth \$200); sponsor

recognition in advertising (generally 10% of the retail value of the ad rate); exhibit space (what is the fee you charge for a commercial exhibitor?); signage, program ads, etc.

The **Intangible Value** reflects the *qualitative* value of being associated with the event. Sometimes known as the "halo effect," this valuation factor looks at the benefit the sponsor receives by being linked to your event and is based upon such factors as the prestige of the property, your reputation, public recognition and perception of the event's brand, the historic media coverage or "buzz" your event will likely garner, the display of community involvement their sponsorship will create, and a number of other factors.

The **Market Value** takes into account what companies are willing to pay you *in your specific community* to be a sponsor of an event. This will vary widely from market to market and unfortunately is impacted by how sophisticated other events are in your community in their production and in their pricing.

To determine what fee to price a sponsorship at, I add together the dollar value of all the tangible benefits a company will receive at a given level of sponsorship, magnify that by the intangible value of association with my event and then factor in any local market pressures either up or down in setting the fee.

I know that this is a rather superficial description of setting a sponsor fee, but now you at least have a general idea of what to consider and what not to

consider in setting your fee. Happy hunting!

Do you have questions of your own for The Sponsor Doc? Send them to [bruce@sponsordoc.com](mailto:bruce@sponsordoc.com) and I'll contact you to discuss your specific situation. Then we'll publish the findings in this column.

With more than three decades in sponsorship sales and consultation, **Bruce L. Erley** is the President and CEO of the Creative Strategies Group, a full-service sponsorship and event marketing agency based in Denver, Colorado he founded in 1995. Accredited in Public Relations (APR) by the Public Relations Society of America and a Certified Festival & Events Executive (CFEE) by the International Festivals and Events Association, Erley is a highly-regarded speaker on event marketing and sponsorship having spoken on the topic around the world in such places as Dubai, Vienna, Beijing, Toronto and New York.

**Contact Info:**  
**Bruce L. Erley, APR, CFEE**  
President & CEO  
Creative Strategies Group  
Phone: +1-303-558-8181  
Business Email:  
[berley@csg-sponsorship.com](mailto:berley@csg-sponsorship.com)  
Column Enquiries Email:  
[bruce@sponsordoc.com](mailto:bruce@sponsordoc.com)