

UNDERSTANDING CORPORATE SPONSORSHIP AND MUNICIPALITIES!



**Council Meeting Presentation
Monday November 23, 2015**

PRESENTER

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SESSION OVERVIEW

1. What is corporate sponsorship?
2. Industry trending – sponsorship overall as well as specific to municipalities
3. Role of a sponsorship feasibility study
4. Steps and Process to Success
5. Questions and Discussion

WHAT IS SPONSORSHIP?

“Sponsorship reaches people in an environment that matches their lifestyle rather than intrudes upon it. Sponsorships speaks to the public, not at them.”

- ✓ Philanthropy
- ✓ Funding – Underwriting
- ✓ Corporate Sponsorship

IEG Sponsorship Consultants

Definition of Sponsorship



A cash and/or in-kind fee paid to your sport property in return for the exploitable commercial potential associated with that property.



CANADIAN SPONSORSHIP LANDSCAPE STUDY

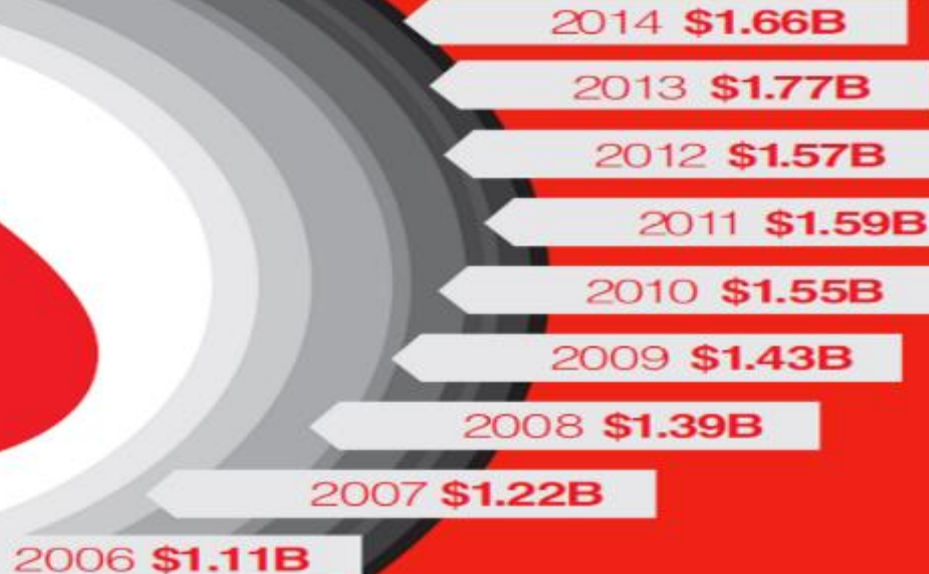
- Ohio University – Norm O'Reilly,
- Sponsorship Marketing Council of Canada
- TrojanOne
- Canadian Sponsorship Forum



CANADIAN INDUSTRY SIZE

Industry Size

-6.7% from 2013
+49.6% from 2006



MARKETING COMMUNICATIONS BUDGET

Approximately 1 in every 4 marketing communications dollars are spent on sponsorship.



CATEGORY OF PROPERTIES' LARGEST SPONSOR



20.5% Retail Trade
(22.1% in 2013)



20.5% Communications
(6.5% in 2013)



15.9% Finance
(12.3% in 2013)



9.1% Services
(12.9% in 2013)



6.8% Manufacturing
(11.5% in 2013)



6.8% Public Administration
(3.1% in 2013)

2015 CONSUMER SPONSORSHIP RANKINGS

AN EXCLUSIVE CANADIAN RESEARCH STUDY



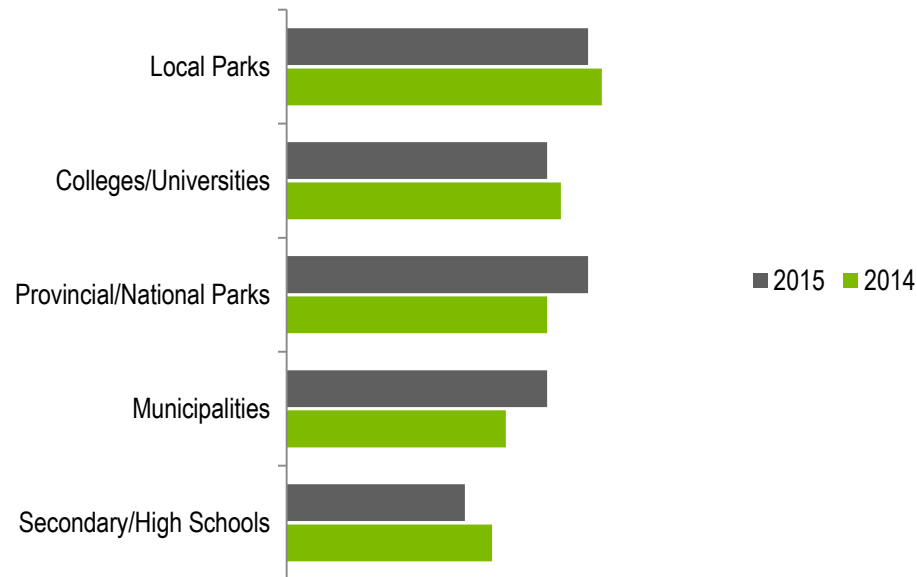
CONSUMER SPONSORSHIP RANKING - MUNICIPALITIES

MARKETS:	Canada
METHOD:	Online
SAMPLE SIZE:	2,003 Completed Interviews
TARGET SAMPLE:	Nationally Representative (by age, gender, and province)
LANGUAGES OFFERED:	English and French
LENGTH OF INTERVIEW:	12 – 15 Minutes
FIELDWORK DATES:	26 th March – 9 th April
MARGIN OF ERROR:	+/- 2.2% at the 95% confidence level
FURTHER DETAILS:	Appendix included as separate document

CONSUMER SPONSORSHIP RANKING - MUNICIPALITIES

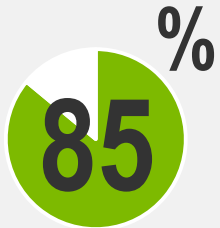
WHO SHOULD SEEK SPONSORSHIP?

Ratio of people who believe the following entities should seek corporate sponsorship as a source of revenue

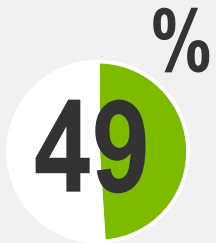


CONSUMER SPONSORSHIP RANKING - MUNICIPALITIES

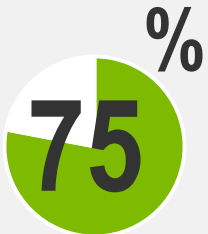
OPINIONS ON MUNI'S SPONSORSHIP



Companies should be able to **sponsor public spaces** such as hockey rinks, ball parks and recreational facilities



Companies should be able to **retitle existing buildings** named after prominent citizens or community benefactors



No preferential treatment for corporate sponsors of muni's – sponsorship and awarding of contracts should be separate

What are Canadian Municipalities Doing?

Canadian Municipal Benchmarking Survey on Sponsorship and Naming Rights



What are Canadian Municipalities Doing?

- 66% of municipalities are involved in some form of corporate engagement
- Almost 50% more municipalities in the naming rights game since 2013
- 47% have actively marketed their opportunities for over 5 years
- Most common assets are naming rights; then events then programs

Source: *Canadian Municipal Benchmarking Survey on Sponsorship and Naming Rights*

Centre of Excellence For Public Sector Marketing

What are Canadian Municipalities Doing?

- 94% of these identified municipalities in the game are actively seeking naming rights of which almost 2/3 have agreements in place
- Most common length or term for naming rights is 5-10 years – “perpetuity agreements” are now scarce
- Arenas, recreation complexes, pools and sports fields are the most common naming
- 55% of the municipalities have sponsorship centrally managed for the municipality and 45% allocate by department

What are Canadian Municipalities Doing?

- 68% use in-house services or develop in house services for sales and fulfilment
- For those selling sponsorships themselves the compensation breakdown for the salary is:
 - 35% paid \$80-\$100,000
 - 26% paid \$40-\$60,000
 - 22% paid \$100,000 to \$120,000
- 82% have sponsorship policy in place
- 62% have naming rights policy only in place
- 43% have just advertising policy in place

What are Canadian Municipalities Doing?

- Of the 31% that outsource their sales:
 - 67% pay commission only
 - 25% pay commission plus retainer
 - Commissions range from 10% to over 25%
- 57% of those who are paying commissions pay between 10%-15%
- 33% receive over 30% commission!



POINTE-CLAIRE



City of
Peterborough



City of Prince Albert



WHISTLER

What are Canadian Municipalities Doing?

- Municipalities are making a big push – communities between 30,000 and 100,000 people have over a million in revenue potential annually



HOW THIS AFFECTS THE CITY OF NANAIMO



SHOULD YOU BE *IN THE GAME* OR NOT?



- ✓ Do you need additional revenues beyond user fees and taxes?
- ✓ Are users / citizens concerned about increasing tax rates and increasing user fees at facilities?
- ✓ Do you own rinks, parks, leisure centers, performing arts centers, programming, etc.?

SHOULD YOU BE *IN THE GAME* OR NOT?

- ✓ Do you presently have sponsorship policy in place?
- ✓ Do you know what you have to sell?
- ✓ Do you know what your assets are worth?
- ✓ Are you committed to doing sponsorship or is it ad hoc?



SPONSORSHIP TODAY IN MUNICIPALITIES

- ✓ We need to understand that for municipalities and others it is no longer just naming rights, but rather holistic sponsorship programs including and / or excluding naming rights



SPONSORSHIP FEASIBILITY STUDY



- ✓ It is critical to understand what you have to sell, what it is worth and to be able to show value to your partners
- ✓ You need to take such tools and build internal capacity or sell externally to be successful in sponsorship revenue generation

GETTING STARTED – STEPS TO SUCCESS



1. Develop general overview sponsorship policy (who you will accept money from, not accept, general guidelines)
2. Feasibility Study to determine what you have to sell, what it is worth and potential revenue projections
3. Developing a Sponsorship Strategic Plan to move forward (process, procedures, sales format, procurement considerations)
4. Go and get the money

QUESTIONS



Thank You

Please visit [our website](http://www.partnershipgroup.ca)
for more information



INVESTMENTS

Feasibility Study based on size, intricacy and depth of audit:

- ✓ Full city wide study ranges from \$90,000 to \$250,000
- ✓ Single property study from \$40,000 to \$75,000
- ✓ **Sponsorship Valuation In-A-Box or Naming Right only** – single venue / event - \$15,000 to \$25,000

INVESTMENTS

Other services also based on size, intricacy and depth of project:

- ✓ Policy Development ranges from \$3,000 to \$15,000
- ✓ Case for support audit from \$20,000 to \$35,000
- ✓ Mentoring Services – internal capacity development– \$15,000- \$45,000

MAXIMIZE REVENUE THROUGH SPONSORSHIP

Partnership Group – Sponsorship Specialists™ offer:

- Municipalities
- Non Profits and Charities
- Sport and Member Associations
- IAV, Strategy, Policy, Capacity
- Feasibility Study, SWAT Audit

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