

Sponsorship ROI

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Agenda

- Introduction
 - Definition of ROI
 - Inputs, outputs and outcomes
 - Sponsorship objectives
- Sponsorship evaluation
 - Measurement methodologies
 - Programme development
 - Evaluation challenges
- Conclusions



What is ROI?

$$\text{ROI} = \frac{(\text{Gain from Investment} - \text{Cost of Investment})}{\text{Cost of Investment}}$$

$$\% \text{ ROI} = (\text{benefits} / \text{costs}) \times 100$$

What is ROI?



What is ROI?



ROI v. ROO

Return on Investment

- Cash-based
- Values outcomes in terms of financial efficiency

Return on Objectives

- Variety of “currencies”
- Values outcomes in terms of how well objectives have been achieved

ESA's Approach

Sponsorship impact

Inputs

Outputs

Outcomes

ESA's Approach

Sponsorship impact

Inputs	Amount of media coverage On-site exposure Likely audience exposed to property advertising Branded marketing materials produced and circulated Number of attendees
Outputs	Changes in attitudes to the brand Numbers signing up to a loyalty programme Improved B2B relationships
Outcomes	Improvements in customer purchase frequency and/or loyalty Sales achieved Commercial impacts of improved B2B relationships

SMART objectives

Critical to success:

- Specific
- Measurable
- Achievable
- Relevant
- Time bound



SMART objectives

- Example:** Increase penetration of V-power fuels amongst 25-55 year old men in Poland from 5% of volume currently to 15% by 31 December 2009.
- Specific:** Product volume sold to 25-55 year old men in Poland
- Measurable:** Tracked via sales data, overlaid with loyalty programme information, using this month's data as the benchmark
- Achievable:** Rising from 5% currently to 15% (based on outcomes from other similar markets)
- Relevant:** Product produces better performance and potential fuel economy by cleaning engines as it combusts
- Time Bound:** Achieved by 31 December 09



Measurement methodologies

Quantitative

SMART objectives rely on quantitative data to provide robust results:

- Target audience demographics
- Attitudes
- Interests
- Brand perceptions, usage & attitudes

Qualitative

Provides context and/or deeper insights than quantitative Research e.g.:

- Focus groups
- Interviews

Other

All other sources of Data e.g.:

- Sales results
- Market share
- Employee turnover
- Share price

An example:

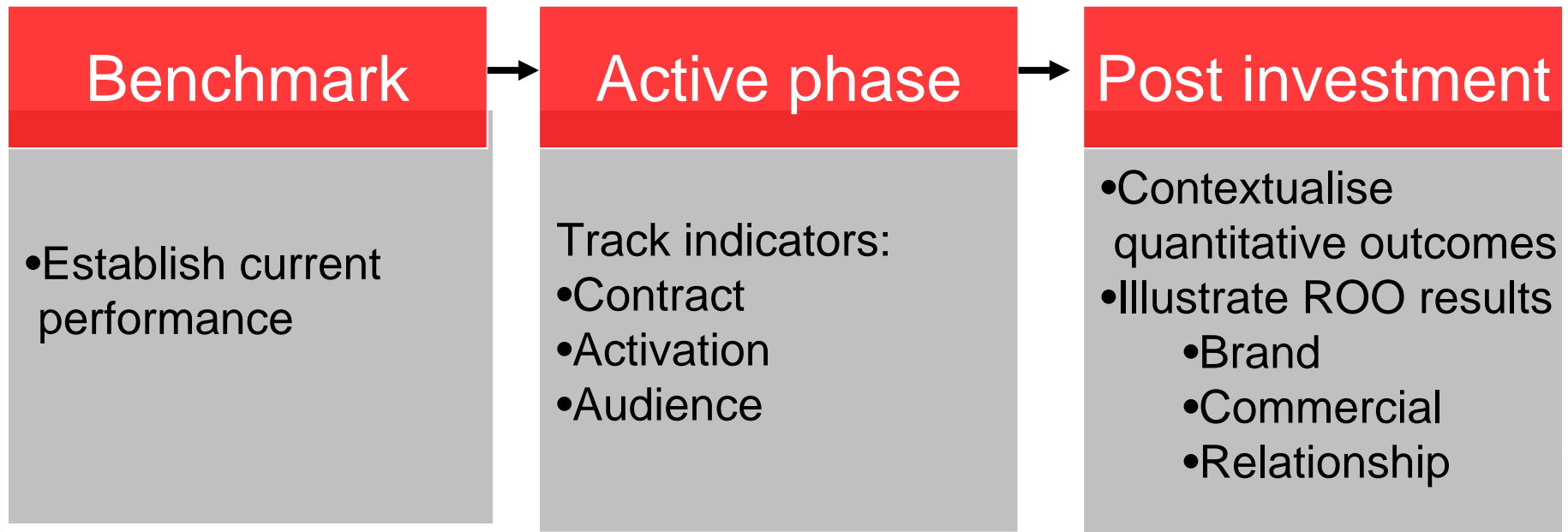
Building brand loyalty

Objective	Qual.	Quant.	Other	
Increase or maintain customer loyalty to brand – customer to purchase brand to fulfil 60% or more of total need for this product or service	✓	✓	✓ ✓ ✓	<ul style="list-style-type: none">• Quantitative research to ascertain claimed purchase levels, comparing those exposed and not exposed to sponsorship.• Qualitative research to contextualise differing levels of loyalty between exposed/not exposed.• Loyalty programme purchase behaviour tracking• Share of wallet tracking via purchase panel membership• Retention rates on contract renewal between exposed/not exposed

Media valuation

- Measure only when aiming to gain extensive brand exposure more cost-effectively than paid advertising
- Quantitative: how much exposure the brand received
 - Broadcast footage
 - Print/web media
- Qualitative: the “quality” of the coverage received
 - Brand involvement mentioned positively in editorial
 - Communication of key messages with the piece

Programme development



Sponsorship period or annual cycle

Evaluation challenges

- Goals set by marketing, but may not have a thorough understanding of operational realities:
 - data availability
 - data collection
- Goal achievement often the responsibility of others:
 - reliant on the level of buy-in from other departments
 - priorities differ and change over time
- Analysis is resource intensive
 - Time/people



Reviews based on weak data

Opportunity to avoid success measurement

Key learning points

- Agree SMART objectives.
- Measure what is critical, not merely what is easy.
- Consistency is key.
- Reflect size of sponsorship investment in effort expended on evaluation.
- Report achievements!



Thank you.



Specialists in Sponsorship

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