

Keep your head about sponsorship

Every industry or business sector develops habits which it believes to be effective but seem strange to others. The IT industry believes that it must always cut prices, the telecoms industry believes that it must always invest vast sums in new network technologies and the consultancy game instinctively relies on “thought leadership” for new offers.

The professions, of course, believe in sponsorship and hospitality, often combined. This comes partly from the fact that, in the past, they have been constrained by regulation from other forms of marketing. The inability to use advertising caused many to buy sponsorship to make their name visible. Yet although most of the Dickensian restrictions on the professions have now been lifted, too many still invest vast sums in favoured projects rather than more effective means of modern professional services marketing. It is perhaps time for a rethink and a reorientation in spend.

Unfortunately many of these habits are politically ingrained and hard to shift. I once tried to rationalise the national spend of one of the world's largest professional networks. I found that the firm had sponsorship at every single football ground north of London and many rugby grounds too. They sponsored players, boxes, events and young teams. Each had been sanctioned by local partners on little more than a whim. Even when the total cost was totted up and the fiasco made clear it was hard to make individual partners behave rationally about their own pet sporting fixture. One person's professional business opportunity is, it seems, another's nutty hobby.

When it comes to sponsorship, though, rationality rarely applies. The decision to sponsor can come from a leader's personal interests (one leading consultancy puts millions into show jumping because a lead partner is an equestrian) or social ambitions (the passage of more than one knighthood was eased by charitable sponsorship). Few are based on hard headed business cases and, in most instances, the spend is simply not justified. Marketers ought to be a little more hard headed and, within political constraints (or they won't have a head), ensure that any spend is really effective.

Sponsorship specialists and proponents use convoluted arguments to support their programmes; often based on a distortion of the PR cost effectiveness argument. Some, for example, argue that the relative cost of getting a name seen at a sporting event is much less expensive than, say, advertising on a cost per view basis. Yet most of the people that attend football or rugby matches have no idea what Deloitte or Clifford Chance stand for and don't need to because they are not in the target market. Those that do know what these firms are about are more likely to wonder why they pay high fees if their suppliers can be so lavish. Moreover, the comparison with advertising is fallacious. When advertising is properly planned, it conveys an engaging message which no board at a stadium can get near to matching.

Much sponsorship is ineffective and based on no clear marketing principle. The sponsorship of public conferences, with the attendant presentation spot, for instance, gives very little return. If partners are expert enough to speak on a topic they should be invited without the need to pay. Many hospitality venues are equally useless. The box at the concert hall actually allows little time to talk with guests and is probably used mostly by employees. Even more dubious is the sponsorship of annual award ceremonies which most people have difficulty remembering later. At the same time, many sporting sponsorships are distinctly “macho” in flavour and unappealing to the growing number of female buyers.

A more significant problem with much sponsorship is the attendees at any related event. It is a fact of life that real decision makers are normally very busy and focussed on their work. Most achievers in line jobs, including specialties like purchasing directors, don't have time to spare for optional, pleasant events. Sensible senior people allow themselves just one or two a year. Other than that, they normally prefer to spend their scarce free time with their family and friends. Attendees from clients therefore tend to be “stand ins”, perhaps using a reward from their boss, or persistent hospitality takers with no real authority. Even so, the recipients of sponsorship and hospitality are normally the employees, sometimes filling numbers at the last moment. As a result very little sponsorship has any effect on actual buying decisions; so it is not marketing.

Even charitable sponsorship is questionable in terms of business value. The current enthusiasm for CSR has prompted spends on green or charitable sponsorship. Millions are currently spent in the vain hope that association with a good cause will induce goodwill toward a firm and its partners. Many recruiters for the professions have learnt, for instance, that the current graduate crop tends to value self actualisation and green issues.

They are stressing their charitable work in order to attract them. Yet, word of mouth undermines this effort if newcomers experience gruelling hours, over billing, dubious clients and ghastly partner behaviour. The experience of the firm does not always match the claim. So many leave in the early years and word gets around. For more than one leading institution CSR and charitable sponsorship is a fig leaf.

There is probably only one clear case where sponsorship plays a useful part: when building the awareness of a brand. Brands need fame to succeed. In the same way that a consumer might buy Burberry and be a fan of Tom Cruise, a business buyer might buy Pink's shirts, read the Economist and choose Accenture. The wide knowledge in the general population of what these brands stand for enhances their appeal to those that buy them. Firms that have been successful in exploiting this phenomenon have invested, over years, in marketing programmes aimed at improving awareness in the minds of a wide range of people. These might comprise a range of activities from brand awareness advertising, through product placement in feature films to high profile sponsorship. In this context, sponsorship is a cost effective means of helping an intended group of people become familiar with a brand. It makes business sense because it is based on a clear case and has defined objectives. The sponsorship has context. Ironically, though, very few professional practices are prepared to invest properly in a well articulated, long term brand strategy.

Perhaps another valid use of sponsorship is in areas where there are restrictions on other forms of marketing. Cigarette companies, probably rightly, now have very few opportunities to promote their wares, so they use sponsorship extensively. Some professions are similarly restricted due to the nature of their work. Few clients want to let it be known that they have been helped by an insolvency practitioner or that a forensic accountant has uncovered a fraud. Marketing in these cases needs to be subtle, restrained and appealing. Sponsorship is a useful tool for these practices if targeted properly.

Generally though, if you want to help your favourite causes then identify it properly as charitable giving and if you want to go to the rugby, buy your own tickets. Use the marketing and investment funds that partners' have spared from their profit share for activities with a much more obvious return.

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