



IEG SPONSORSHIP REPORT

The latest on sports, arts, cause and entertainment marketing

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In Depth

Gasoline Retailers Fill Up On Sponsorship

Although the corporations they work for may be earning record profits, that does not necessarily mean good times for the retail gasoline marketers at the U.S.'s major oil refiners.

Charged with putting a good public face on an industry consumers love to hate while also giving them reasons to choose a gas station other than the lowest pump price, gasoline marketers have signed a wide variety of sponsorship deals ranging from community festivals to national properties.

Those deals have a number of objectives, most typically driving traffic, touting new convenience options, aligning with environmental concerns and entertaining fuel distributors—known in the industry as “jobbers”—as well as the independent owners who operate the majority of the country's stations.

Sponsorship activity by seven of the largest gasoline marketers is detailed beginning on page four.

In addition, the other top 10 refiners, according to *National Petroleum News*, should be on properties' radar screens in the areas where they have stations and offices: San Antonio-based Valero Energy Corp., Findlay, Ohio-based Marathon Petroleum Co. and New York City-based Amerada Hess Corp.

Gasoline Retailers continued on page 4

Strategy

Home Depot Ties Cause And Sports Programs Together For Mutual Benefit

Too often, the relationship between companies' sports and cause sponsorships resembles that of an estranged couple who still live together: They share the same home and make appearances together at “family functions” such as annual meetings, but for the most part their lives are lived separately, pursuing their own agendas and aspirations.

To be sure, both sports and cause programs can be successful on their own. But in many cases putting the two together takes great advantage of synergies that can provide an incremental boost to the return on objectives for each one.

Case in point: The Home Depot, Inc.'s integration of two of its multimillion-dollar relationships—with nonprofit KaBOOM! and Joe Gibbs Racing's NASCAR Nextel Cup team.

The retailer has been a national sponsor of KaBOOM! since the organization was founded in '95 to build safe playgrounds in underserved communities. The sponsorship is run out of Home Depot's community affairs department. The company has

Home Depot continued on page 6

WHO
Home Depot

TAKEAWAY
Sponsors and properties should look for activations that allow companies to cross-promote sponsored partners.

RESULTS

Surveys Prove Beneficial To Property And Its Sponsors

Actions speak louder than words and American College Marketing has the sponsor retention rate to prove it.

Recognizing that the fortunes of its American Collegiate Intramural Sports property are inextricably linked to sponsors' success, ACM chose not to rely on assumptions that the target audience would respond to corporate partners. Nor did it place responsibility for measuring return solely in the hands of those sponsors.

Rather, the firm decided to conduct on-site market research on behalf of its partners and to share the results as part of its standard sponsorship package.

The response ACM has received should have other properties strongly considering making the investment in tracking ROI for their sponsors.

With one exception, ACM has retained every corporate partner since it began conducting research for ACIS sponsors in '02, said Ian Leopold, the firm's president and CEO. “Research has been a driving force behind our success.”

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Inside This Issue

Assertions

For the second time in as many issues, this edition of *IEG SR* contains a story in which a property is offering a **guarantee** to sponsors. **American College Marketing** (see p. 1) is guaranteeing that its sponsors will see a 10 percent increase in sales, while the **Head of the Schuylkill Regatta** offers sponsors a free sponsorship the following year if weather cancels the event (*IEG SR*, Feb. 13, 2006). Although every property should decide on its own whether such tactics are **feasible** and **necessary** to recruit sponsors, we would **caution** rights-holders against making money-back offers or free future sponsorships a regular part of their sales strategy. In addition to the risk they represent, such offers also can give the perception of a **fire sale**, thus devaluing the sponsorship. Most properties would be better off including **pay-for-performance clauses** that offer bonuses for exceeding certain thresholds or relieve sponsors of additional payments if specific measures aren't met rather than granting outright guarantees.

The Russians are coming. In addition to the **gasoline marketers** profiled in this issue's *In Depth*, properties should pay attention to an up-and-coming brand with large aspirations. **Lukoil**, Russia's largest oil company, has already put its name on 2,000-plus former Getty and Mobil stations it acquired in the Northeast and plans to buy more stations on the West Coast and in other parts of the country. The company, which controls global oil and natural gas reserves second only to Exxon Mobil, launched its first U.S. ads last year through Arnold Worldwide; its annual marketing budget reportedly is \$30 million. Lukoil Americas Corp., the company's U.S. operations base, is headquartered in East Meadow, N.Y.

Could **foreign currency exchange** be the next **emerging** sponsorship category? With global ATM networks making traveler visits to exchange desks nearly obsolete, companies in that category are **diversifying** their operations and putting marketing dollars behind new products and services, particularly those aimed at the **B2B segment**. Victoria, B.C.-based **Custom House** just signed as the official marketing partner of the **PGA Tour** to tout its ability to handle large international transactions. London-based **Traveler** sponsors arts organizations in its hometown, but also has sponsored in the U.S. to promote its **prepaid phone cards**.

IEG's **Inspiration** conference, coming up March 12 to 15 in Chicago, has added **new sessions** led by leading industry practitioners. They include **Washington Mutual's Paula Beadle** on building internal support for sponsorships within the corporate environment; a team presentation by **Meredith Miles of National City Bank** and **Julie Grice** from the **Greater Indianapolis Chamber of Commerce** on the steps properties should take to **incent activation** by their sponsors; and **Chris Moler**, owner of agency **STAAR Solutions**, with a case study of how four corporate partners achieved business-building, investor-relations and other goals around a **strategic philanthropy/sponsorship** involvement with an Oklahoma City urban revitalization project. Also added to the speaker roster: event marketing pioneer **Michael Aisner** on the **five steps to keeping sponsors happy**; **Jarrod Moses**, president of entertainment marketing shop **Alliance**, with 10 commandments for branded entertainment programs; and sponsorship's top **legal eagles Mary Hutchings Reed** and **John Stiefel**.

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Property Research continued from page 1

WHO

American College Marketing

TAKEAWAY

Property's investment in audience research pays off in increased renewal rates and upsell of major partner.

ACM's survey findings have shown dramatic improvements in measures such as product usage, purchase intent and awareness among college students exposed to the sponsorships (see table, p. 3).

On average, partner products receive a 65 percent higher purchase intent on campuses with ACIS programs as opposed to those without, Leopold said.

In fact, ACM now goes so far as to guarantee that each sponsor will receive positive survey results as well as a 10 percent sales lift on ACIS campuses.

"We realized we could make the offer when our research consistently came back with such successful numbers," said Allen Patapoff, ACM's director of client services.

Leopold believes that one key to the program's success is that by including custom research in its packages, ACIS gains buy-in among brand managers, research departments and other stakeholders within a company beyond the sponsorship manager.

"It engages multiple people within an organization," which in turn makes the sponsorship more difficult to drop if the initial decision-maker departs, he said.

ACM pays a flat fee to 200 colleges and universities for access to intramural programs. ACIS provides its sponsors with on-site visibility in addition to customized turnkey activation programs executed by ACM. Sponsors can team with either or both an autumn flag football program or a spring basketball program.

What ACM Offers

ACM provides each sponsor the opportunity to include six to eight questions on its surveys. Sponsors typically ask questions regarding product familiarity, usage, perceptions, intent to purchase, and awareness and usage of competitive products.

With questions in hand, ACM field staffers conduct intercept surveys in or around each of the 200 schools' intramural sports facilities. They also survey students on campuses in the same markets that don't have an ACIS affiliation to provide a control group against which to measure.

Surveys are then given to Orem, Utah-based US Field Research for tabulation and analysis. All told, the research costs ACM just over \$100,000 a year.

Until this year, ACM conducted the surveys midway through the basketball or football programs "after samples were distributed or other activation was completed," Patapoff said. Beginning with the current basketball program, the firm is conducting pre- and post-season research.

Documented Results Help Upsell Pontiac

ACM credits its market research in part to prompting an expanded tie from General Motors Corp.'s Pontiac Division.

Pontiac, which presented the flag football program last fall, stepped up for '06 with a one-year deal that includes title of both the basketball and football programs.

Pontiac activated last fall's program with the Pontiac Performance Plays promotion on 35 campuses. The promo offered students the chance to win a vehicle by tossing a football through the window of a Torrent SUV or G6 sedan. Pontiac ran the contests for two-to-three days on each campus, as well as at homecoming events and other campus activities.

The activation paid off: Pontiac generated a 71 percent increase in purchase intent on the campuses where it ran the promotion versus other ACIS schools, Patapoff said.

"We saw significant movement in awareness and brand perception, and our dealers expressed a lot of enthusiasm for the program," said Marc-Hans Richer, General Motors Corp.'s Pontiac marketing director.

This year, Pontiac is running similar promos around the football and basketball programs; vehicle displays will hit 50

ACIS campuses during basketball season. It also is running a sweeps at all 200 schools dangling the chance to win a Pontiac Solstice.

The automaker also will become involved with other sponsors' promotions. For example, Microsoft Corp.'s on-site Xbox Challenge lounges will feature competitions for gamers playing *ESPN College Hoops*, which features Pontiac branding.

Additionally, Philips Electronics North America is expanding its sponsorship beyond its Norelco shavers to include

Sonicare toothbrushes, Senseo coffee machines and products from its consumer electronics division.

Philips flat-screen TVs will be the top prize in the national Xbox competition, as well as in The Procter & Gamble Co.'s Old Spice Red Zone Bracket Challenge contest.

SOURCES

General Motors Corp., Tel: 313/556-5000
American College Marketing, Tel: 212/946-2711

SAMPLE RESULTS ACHIEVED BY ACIS SPONSORS

Brand/Company	Activation	Results
BIC Comfort 3 BIC USA Inc.	Samples 250,000 men's and women's triple-blade razors. Distributed branded carabiner key chains.	Purchase intent 86 percent higher than non-ACIS schools. (ACIS Basketball '05)
Gold Bond Chattlem, Inc.	Samples 100,000 units of its medicated anti-itch products throughout ACIS schools; raffles T-shirts and distributes stickers at 25 campuses.	Purchase intent 116 percent higher than non-ACIS schools. (ACIS Football '05)
Norelco Cool Skin Norelco Consumer Products Co.	Lotion-dispensing shaver titles football Player of the Week award on each campus to seed product among influentials.	Purchase intent 147 percent higher than non-ACIS schools. (ACIS Football '05)
Old Spice Red Zone The Procter & Gamble Co.	Titles basketball Player of the Week award on each campus in which recipient receives branded T-shirt and Old Spice products and merchandise. Also titles the Bracket Challenge, a three-week promo around the NCAA men's basketball championships.	Purchase intent 44 percent higher than non-ACIS schools. (Co-presenting sponsor, ACIS Football '05)
Xbox Microsoft Corp.	Conducts on-site gaming competitions at Xbox Challenge lounges at 25 campuses. Microsoft crowns a champion at each school, with the 25 winners battling it out for a national award through Xbox Live online platform.	Purchase intent 58 percent higher than non-ACIS schools. (Co-presenting sponsor, ACIS Football '05)

IEG SR Online

College Sports Sponsorships To Near Half Billion Dollars in '06

Corporate spending on college athletic programs is expected to total \$458 million this year, up from \$415 million in '05 and \$380 million in '04, according to *IEG SR* estimates.

That growth reflects schools' prioritizing of sponsorship sales as a key revenue driver, as well as increased interest from marketers.

General Motors Corp.'s Pontiac Division is just one company that has embraced the college sports platform. Looking to play up its high-energy positioning and tout new youth-centric vehicles, Pontiac entered the college sports scene in '03 through a Corporate Champion affiliation with the NCAA.

Looking to gain additional depth, Pontiac has supplemented the tie with a number of ancillary sponsorships tied to both intercollegiate activity—the Pac-10 Conference for

example—and other on-campus events such as the American Collegiate Intramural Sports property (see p. 1) and the Virgin College Mega Tour, a sponsorship it plans to renew for '06.

"College students are influencers. They tell their siblings, parents and friends that Pontiac is cool, and that message travels," said Marc-Hans Richer, Pontiac's marketing director.

Other notable trends in college sports sponsorship:

Strategic sales efforts. Rightsholders are increasingly becoming more sophisticated in packaging and selling sponsorship. Case in point: the University of Michigan athletic department implemented a new sales approach that focused on larger, more customized packages. The strategy helped the department grow its sponsorship revenue 20 percent.

Interest in ancillary programs. Like Pontiac, marketers are increasingly aligning with ancillary programs as a way to deepen their on-campus presence. Other companies are opting to skip athletic departments altogether in favor of coaches associations and other types of properties.

"Athletes are staying fewer years in college. As a result, the continuity of college sports lies with the coaches. They are the rock stars," said Rick Jones, president of FishBait Marketing, which represents the National Assn. of Basketball Coaches and Women's Basketball Coaches Assn., among others.

For more information on college sports sponsorship, including a one-on-one interview with Jones, please see the College Sports Roundup section on IEGSR.com's *Subscribers Only* area.