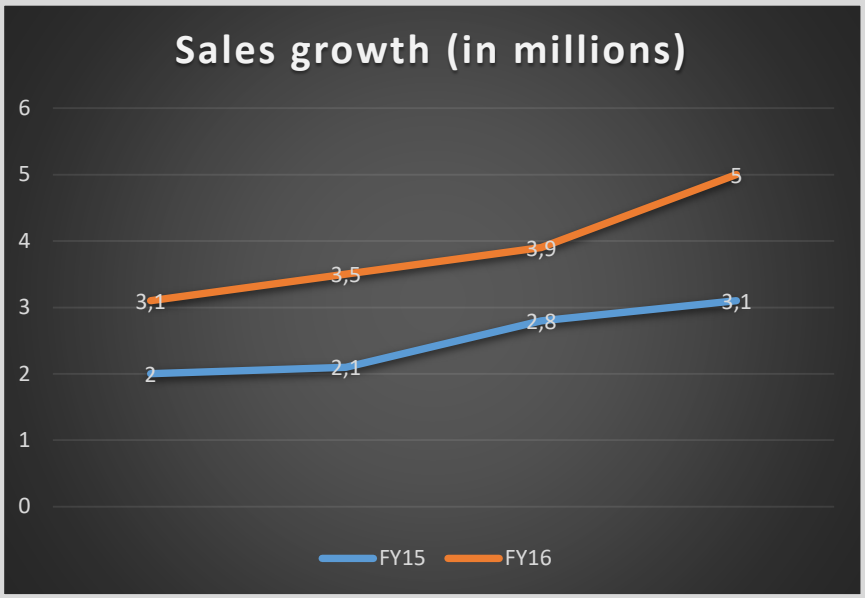
3.1 Key sponsorhip indicators

3.1.1 Selling and prospecting indicators

The following are certain KPIs that are used for measurements in the world of sport sponsorships as well as in many other forms of business. Now that you are familiar with how to establish a quality KPIs for each specific sponsor, we will look at a set of general KPIs that are common when it comes to marketing and sales.

Sales Growth – In some circumstances the end game for sponsorships is to have sales growth for the organization or product they are trying to promote. Initially, it will be difficult for some sponsors to effectively measure their sponsorship sales growth through the different activation channels which you are using, but it is important for the organization to remember to display the most favorable though realistic possible numbers to its sponsor. This is simply done by showing the current sales revenue versus the previous sales revenue over the same time period before the sponsorship deal. Even though this metric can be broken down into many different categories, and it can also be affected by different determining factors, it is still a vital key to look at as a KPI. The example below shows that once the sponsorship started in FY16 there was significant growth, especially in the latter part of FY16.

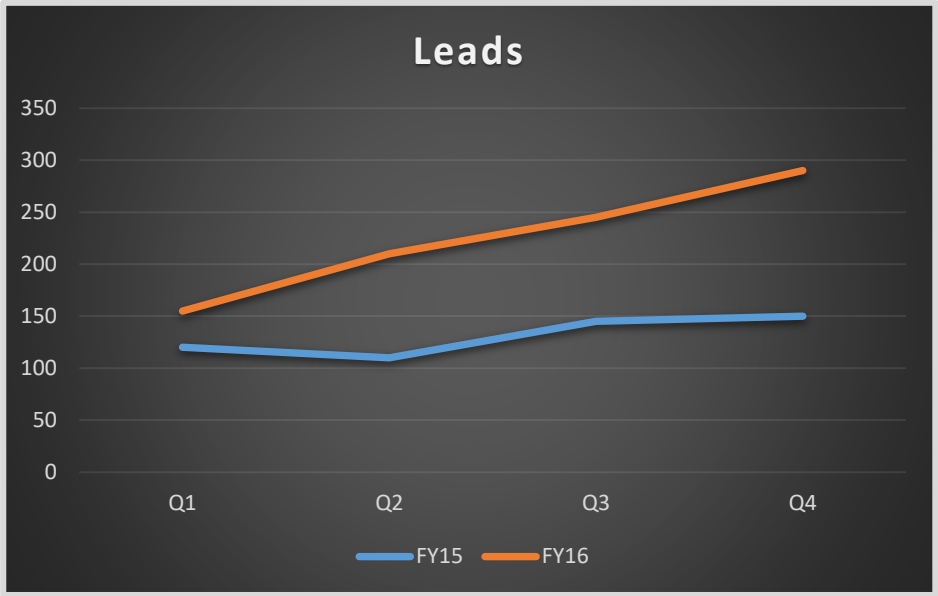
Figure 1: Sales Growth (in millions)



Source: Prepared by the autor

Leads – When you are dealing with a company that may be looking for lead generation and more consumers to reach out to, leads can be a great KPI to utilize. The reason for this is that if the sponsorship is driving a higher number of leads to their organization, but it does not result in more sales, it might be because of something internal they would want to look at, or it might be an issue of what type of leads are being sent their way.

Figure 2: Leads



Source: Prepared by the autor.

3.1.2 Web, email and social media indicators

Website lead ratio – Within the lead KPI family you will find many different KPIs that can be used, especially when it comes to tracking leads through digital platforms. Website lead ratio is a measurement that can tell you of how many people have come to the website through a sport organizational link, that is, how many of them were qualified leads. This can be used to determine whether or not the customers that were sent to the sponsor website had a high conversion rate and had turned into actual leads from your organization. Using a funnel graphic chart you can report this to your current sponsor as well as future sponsors. This can also lead to a discussion about their internal processes and website capabilities that might eventually have the effect of determining the lead conversion. There is also the difference between MQL's (Marketing Qualified Leads) and SQL's (Sales Qualified Leads). The difference in those terms is that the SQL's have been accepted and vetted as meaningful leads for the organization, while the MQL's are simply people submitting information.

Website traffic – Besides determining h how many leads the website is creating, you would also possibly want to create a KPI around actual website traffic to show the amount of visits to the sponsors, and whether they are increasing or not, along with the activation between different sponsorship channels. This is similar to the sale of products measurements while on a certain activation platform, but it is more linked to the actual traffic driven and not to the number of sales. This is done because there can be many reasons why these two are very different indicators of effectiveness within activation. Some typical website traffic report measurements are listed below, but keep in mind that this is something you would have to work on hand in hand with your sponsor when creating this KPI. The reason for this is not to interfere with any other KPI they may be tracking in correlation with their website. This report may also be segmented into different consumer categories such as demographic, geographic, behavioral, or psychographic.

Typical Website Traffic Metrics

Overall Traffic

- Direct Traffic Reports.
- Referring Sites.
- Search Engines.

Visitor Overview

- Visits.

- Absolute Unique Visitors.
- Page Views.
- Average Page Views.
- Time on Site.
- Bounce Rate.
- New Visits.
- Traffic Sources.

There are a number of websites that will do this tracking and analysis for you such as Google Analytics, as well as many others. Whatever the tools used for overall website analytics, they should be agreed upon by both parties and they should involve accurate and precise means of collecting related data for the preset KPIs.

Social Media – Social media strategy is a huge part of the engagement processes during sponsorship activation. To go along with the growth of fan bases and consumer bases for sports entities through online and social media channels, the tracking of social media KPIs and their use as a determining factor in your process with sponsors is key. Especially with the advent of the many different types of social media platforms coming into the marketplace on a monthly basis, it is essential that there should be an agreement on the specific social media KPIs that would be the most useful to use, and on the ones that might not need to be tracked. Typical social media KPIs include:

- Number of Followers.
- Number of Posts.
- Number of Re-tweets.
- Number of Likes.
- Number of Engagements.

With the ever-increasing advanced technology in social media sites, a lot of them offer their own tracking and analytics reports. These may not be so useful for organizations which have dedicated social media departments, but they are exponentially useful for smaller organizations involved with sport sponsorship which may not have that expertise in these areas.

Email performance – Email may seem like an out of date concept to some, especially when it comes to the more advanced digital age of marketing which consumers are truly responding to. But as mentioned before, your KPIs will be determined by a number of factors and the sponsor may have a high rate of email response from their existing consumer base. It could also be the case that your sponsor wants to tap into a consumer base that still uses and responds to email marketing. Attaching a sponsor to an email marketing campaign, and/or marketing

plans within that campaign, is still a very common tool for organizations. This is vital when you are able to track and sell how productive your email campaigns are to your sponsors. The key measurements regarding email performance KPIs are based on the following:

- Number of Subscribers.
- Delivery Rate.
- Unsubscribe Rate.
- Open Rate.
- Forward Rate.
- Click- through Rate.
- Conversion Rate.

Using these digital age strategies, social media KPIs and online mechanisms constitutes something that is not entirely new to organizations. Among top executives, though, it is still being figured out how toturn these strategies into actual sales. The expert example below shows how, by doing this, many different sports entities use these avenues to enhance themselves and increase their revenue.

> How sport sponsorship is joining the digital age
>
> As fans consume more digital content, sponsors need high-tech strategies that don't neglect traditional supporters...
>
> "The audience that we're reaching has changed massively," says O2's head of sports sponsorship Gareth Griffiths. "At the last Ruby World Cup in 2011 we had a campaign that involved delivering a pie and a pint to people's homes at 8am because the games were on at that time. Our activation for 2015 is all about virtual reality technology and allowing people to experience a training session with the England rugby team. We've gone from pies and pints to Oculus Rift in the space of four years."
>
> Griffiths' example neatly sums up a shift that has brought technology to a tipping point in sport sponsorship, with stadiums finally becoming internet-enabled and digital experiences no longer an optional extra. Brands seeking to associate themselves with this year's big sporting occasions – including the imminent climax of the Premier League, FA Cup and Champions League football or Britain's hosting of The Ashes cricket and the Rugby World Cup – must consider how their audiences are evolving and re-evaluate their favoured channels.

"We've gone from pies and pints to Oculus Rift in the space of four years." Gareth Griffiths, O2

For example, the latest Know Your Fan report produced jointly by Perform Group, Kantar Media and SportBusiness, shows that the proportion of British fans using mobile to consume sports content has grown markedly in recent years, from 21% in 2011 to 39% in 2014, while the proportion using social media to follow sport has grown from 13% to 26%.

This correlates with a trend that is even more pronounced in emerging markets such as India, Brazil and Russia, where 85%, 81% and 76% of fans respectively consume sports content online. Yet this digital surge is not at the expense of any other channel. TV remains by far the most popular medium, with 94% of sports fans globally and 95% in Britain using it to watch sport.

Other traditional media have shown similar resilience, with 59% of British fans following sport via the print media last year – virtually the same proportion as in 2011 (58%). This suggests that while digital channels are helping sponsors to reach new audiences, both demographically and geographically, they are supplementing rather than replacing tried and tested platforms.

Nick Keller, chairman of Sport Industry Group, believes cross-media strategies are helping sport sponsors to engage with fans more directly and show return on investment (ROI) more clearly. His organization runs the BT Sport Industry Awards, an annual awards event for commercial achievements in sport that is taking place in London next week (30 April). O2, BMW, Marriott Hotels and Mars are among the brands nominated in the sponsorship categories.

"The market has moved on dramatically and thrived within the digital age," claims Keller. "Sport is really benefiting from the segmentation [that digital affords], from the ability to understand what people's tastes are and what they are passionate about, and from the ability to measure and monitor."

Capturing the imagination

O2's new tagline for its partnership with the England Rugby team – 'Wear the Rose' – aims to combine the traditional call to arms of a sponsorship activation with the brand's heightened focus on technology. In one sense the positioning, unveiled before the Six Nations in February, is a simple message aimed at encouraging fans to get behind the team. In another sense, though, it refers to people's ability to don the England kit in the digital world by immersing themselves in O2's new virtual reality experience.

Fans attending matches at Twickenham stadium during the Six Nations had the opportunity to try it out, using an Oculus Rift headset to place them into a virtual training session with the England rugby team. O2 has since embarked on a tour of the country with the technology in order to take advantage of the public's interest in rugby as the World Cup approaches. Griffiths says around 15,000 people have already tried it.

"The Wear the Rose tour will intensify in the months leading up to the World Cup, encouraging people to get behind the team and also giving them the opportunity to try out this world-first," he declares. "No one had done anything like this before with this technology."

The 2014 Ryder Cup was BMW's most successful social media campaign for a sporting event, with 11,000 website visits and 500 product leads

Social media has also helped O2 to extend the reach of its sponsorship activations, particularly during tournaments when interest in rugby extends beyond hardcore fans to a broader demographic. The brand recently installed Wi-Fi at Twickenham and is currently testing beacon technology in order to deepen its engagement with fans, though its activities at the stadium will be limited during the World Cup by the fact it is not a tournament sponsor.

Griffiths insists that in addition to its technology deployments, O2 seeks to cater to its base of steadfast rugby fans by running promotions through its Priority loyalty scheme, and will continue to offer a pie and a pint to fans in the stadium car park on match day. "We'd never step away from the heartland of rugby – we know that audience really well and they know us," he says.

Fan-centric strategies

During a panel discussion on 'The changing face of the sports fan' at Advertising Week Europe last month, YouTube vlogger Olajide Olatunji – also known as KSI – argued that young people's sports consumption habits are shifting dramatically in favour of short, sharp bursts of online content. "Often I won't sit and watch entire [football] matches," he said. "A lot of the time I'll just go onto Twitter or Vine to watch the goals or the highlights."

Olatunji, who has over 9 million YouTube subscribers, warned that sponsors and advertisers will fail if they try to sell to fans too directly. Instead he argued that brands should seek to tune into the conversations young fans are already having and create content that they want to share. His arguments are borne out by the Know Your Fan report, which shows that 50% of British sports fans consuming content on mobile are under 35 years of age, versus just 27% who are 45 or older.

Also on the panel was Heineken's global sponsorship manager Tim Ellerton, who said that the brand's online activations around its Champions League sponsorship are primarily limited to match nights on Tuesdays and Wednesdays when fan interest is high and the brand is able to drive home its association with the competition. This includes bringing in high-profile footballers to run Heineken's Twitter feed for the evening in order to engage more fans.

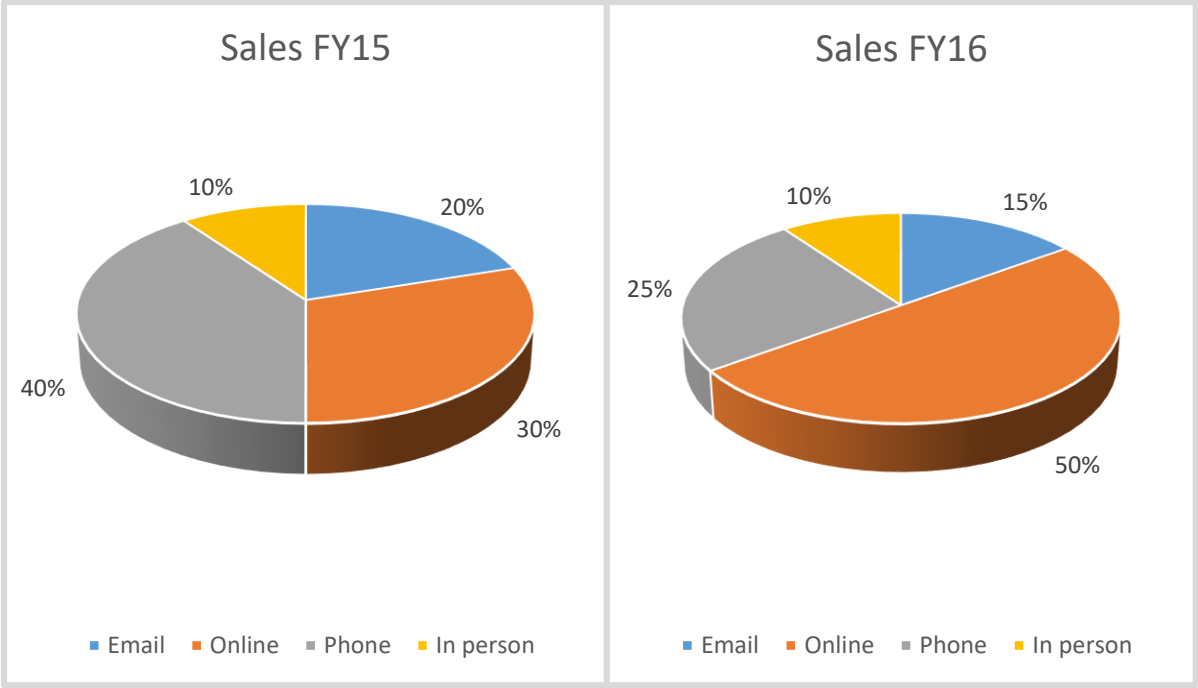
"We don't want to create stuff that the broadcasters can do," said Ellerton. "People often say to us 'we can build an app for you that offers x and y', but why would fans go to Heineken for that? We don't want to compete with the broadcasters."

Judging when to engage with fans and when to take a step back is a delicate balancing act for sponsors (see 'More than a badge' box, below). BMW's general manager of sports marketing Peter Walker says one of the car marque's core concerns during its sponsorship of the Ryder Cup last September was to enhance golf fans' overall enjoyment of the event. This included catering for visitors through its own facilities at the venue, while for people watching at home it focused on providing real-time updates and exclusive content on social media.

> Last year's tournament was the brand's most successful social media campaign for a sporting event, resulting in 11,000 website visits and over 500 product leads. BMW also made use of RFID (radio-frequency identification) wristbands given to visitors by the event organizers to encourage prospective customers to quickly swipe next to one of their venue promotions for the chance to take a test drive and win a car.
>
> "The car is not an FMCG product, so it takes time between people expressing an interest at an event like this and then purchasing," notes Walker. "An interaction on social media is just the start of a conversation but to get that many leads was very pleasing."
>
> (Bacon, 2015, https://goo.gl/HmStgK).

Sales by Contact Method – This KPI is an especially important metric to use when determining how effective certain sponsorships are within your digital platform of collateral. For example, you have a sponsor who wants to increase their brand online and in the digital marketplace. Instead of using a jersey or a stadium piece for your collateral, you use strictly an online collateral with click-through capabilities. By using this method, you are specifically targeting a certain audience, which shows a growth in the sales channel that your sponsor is trying to use. With organizations in every industry trying to lower their overheads and pushing consumers in certain ways so as to engage with them, this KPI could be the one to be used more and more by sport executives if they are considering effectively changing the business model for their organizations.

Figure 3: Comparison of sales

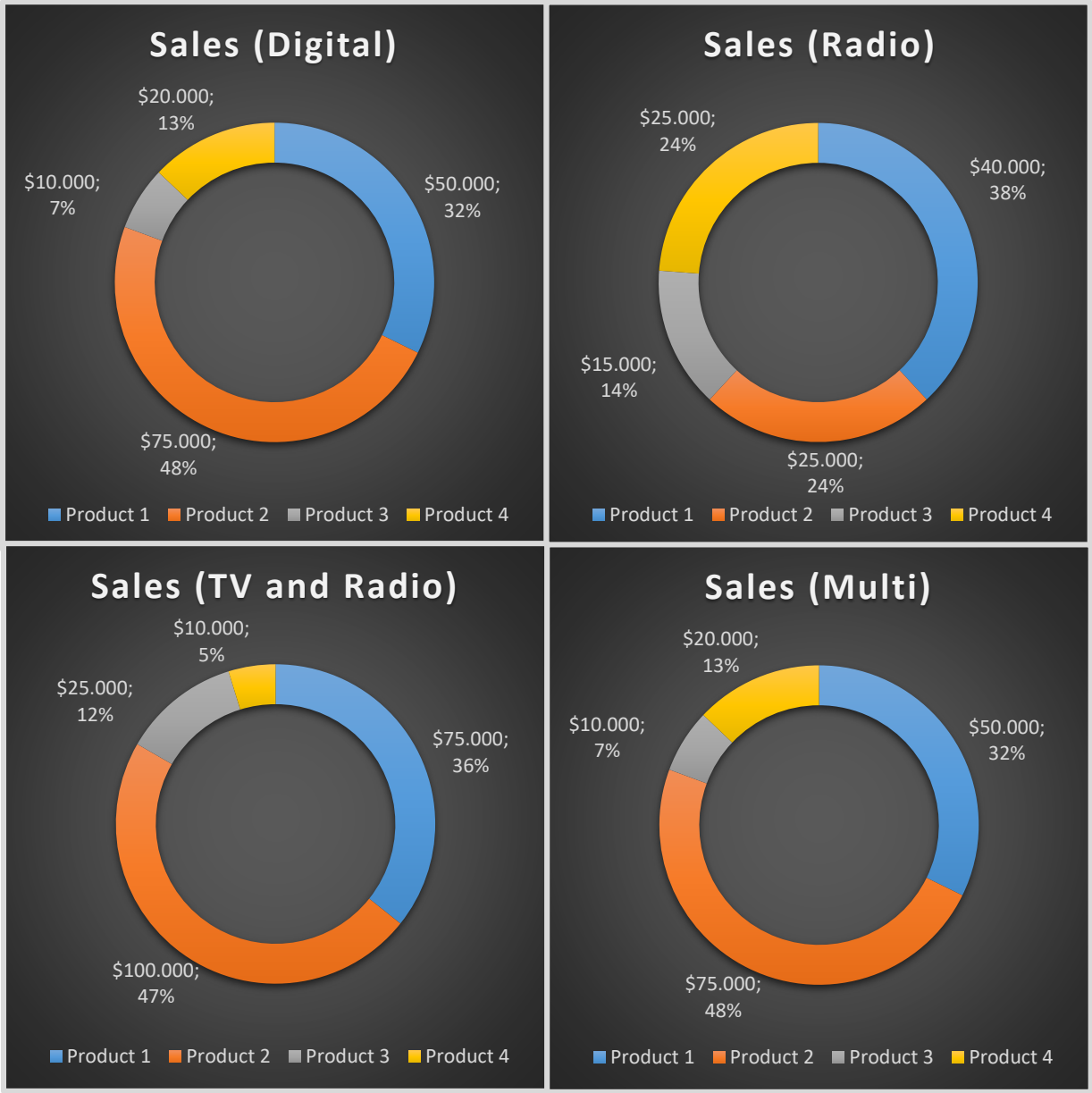


Source: Prepared by the autor.

3.1.3 Product indicators, cost of customer acquisition

Product Performance – This KPI measures and ranks the different products within an organization's portfolio. This can be extremely effective during the activation part of the sponsorship process when the organization wants to specifically highlight a certain product or a certain line of products. This method can also be used effectively when determining the aptitude that a certain sponsor's customers have for a certain type of sponsorship. For example, if you see a product spike in performance while it is on your digital platform, but said product does not have the same reaction when it is showcased on your traditional media platform, that could say something about how apt these platforms are amongst the consumer. This could also tell you something about consumers' variance and the effectiveness of what your individual platforms do for your sponsor. All of these represent key characteristics when coming up with a sponsorship activation plan as well as with the overall sponsorship process. See how the different products have performed on the different platforms according to the charts below.

Figure 4: Sales on different platforms



Source: Prepared by the autor.

As you can see from the charts above, the different products performed differently when they were represented on the different platforms. These pieces of information are key and they can be used for reporting purposes during the activation period, but also for strategic purposes when determining the best possible channel for the product and the organizational sponsorship in the future.

Cost of Customer Acquisition – This KPI is important to the sponsorship activation process because, ideally, you want to reduce this for the

sponsor to show them your true value as a customer generating source. Using the Cost of Customer Acquisition KPI involves a simple formula that reveals how much the total sponsorship investment has been with your organization divided by the number of new customers acquired through that sponsorship. Once again, these factors may be hard to determine on an exact basis unless you have complete control of all the marketing/sponsorship funds within an organization, but it is still a good KPI to use if you want to share it with your current customer.

Total Sponsorship Investment / # of Customer Acquired = Cost of Customer Acquisition

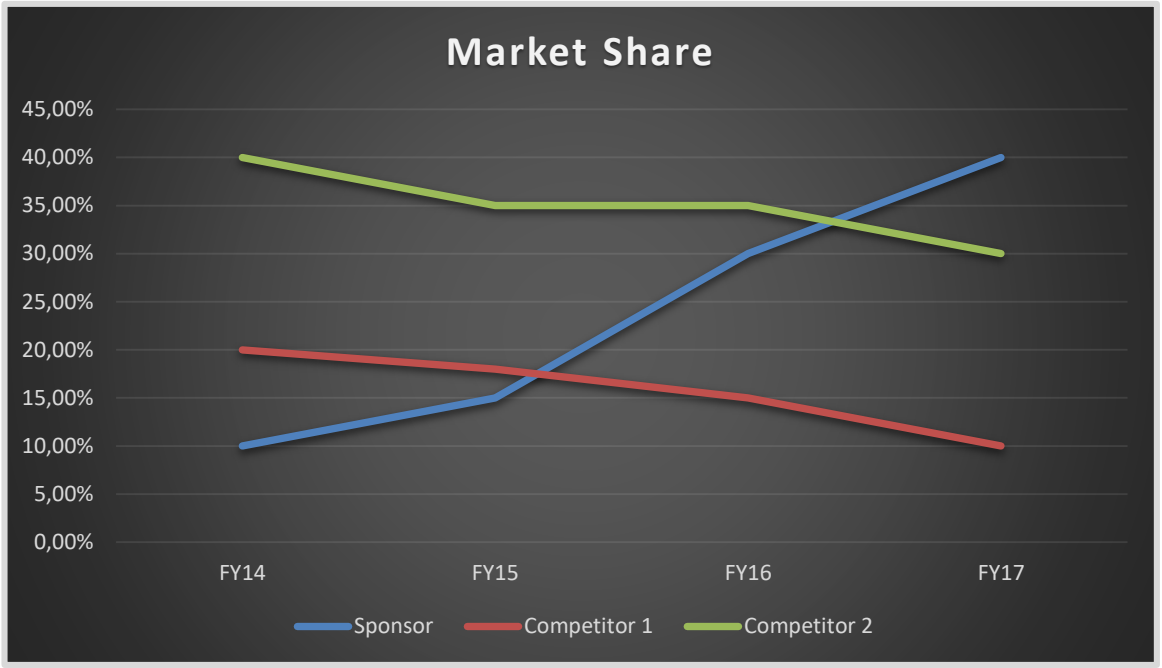
$100,000 / 500 customers = $2000 per customer

Market Share – Simply put, this KPI is the sales of the organization relative to the size of the market it operates in. This is important for organizations of all sizes now that obtaining a larger market share can be incredibly important, especially within a highly saturated market like sport business. Sometimes this might be regarded as insignificant if the organization still meets its sales figures. This concept is in opposition to the fact that market share often relates directly to the position of your brand within the industry and in the consumers' mind. If you are a company which is making substantial profits in their minds, but you have a small market share, the possibility of external factors taking place such as expansion, retraction or simple combination of competitors, could impact your organization greatly. Market share can also greatly move the needle when it comes to the ability to reach potential global growth. This is true now that you might have a healthy market share percentage in one geographic location, but not in another which has more discretionary income and profit potential. This is another aspect to keep in mind as nowadays sports entities, as well as entities in every other business, are trying to grow into global businesses with more regularity than ever before.

The measurement of market share is:

Revenue Market Share % = 100 * Sales Revenue/Total Market Share Revenue

Figure 5: Market share



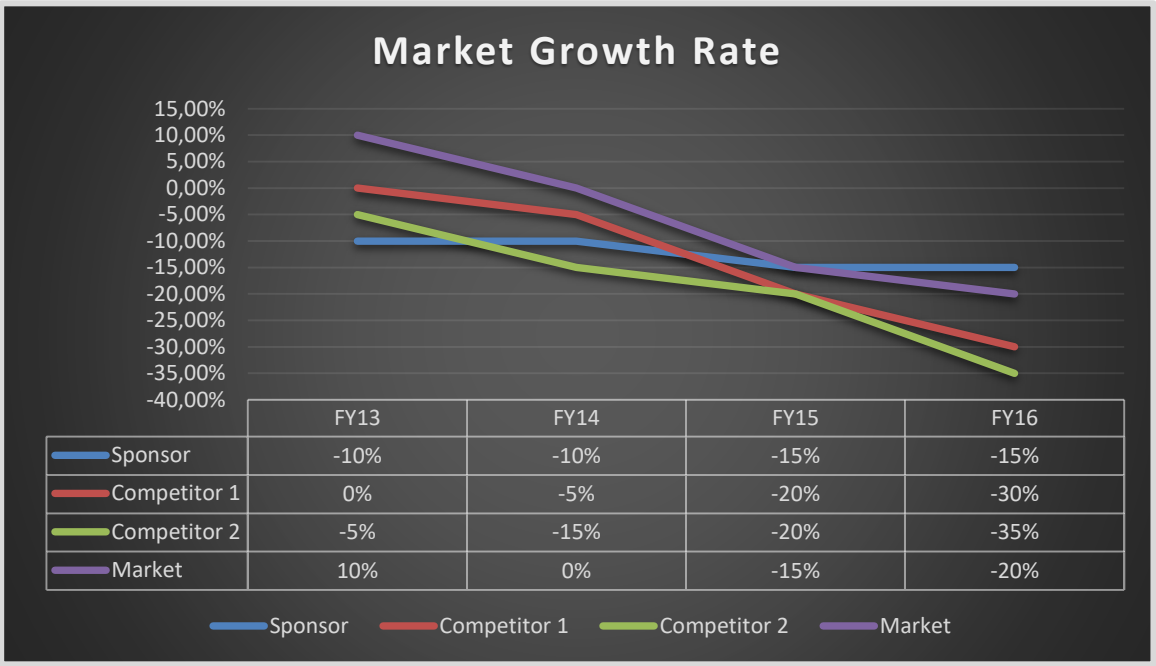
Source: Prepared by the autor.

As you can see in the example above, if your sponsor experiences tremendous growth in its market share as compared to its two competitors identified within the KPI agreement, this is important information to share. It is also a great selling point for competing organizations as they will become aware of this same information and you will be in the enviable position of having multiple suitors approaching you with the highest bid possible for your sponsorship collateral.

Market Growth Rate – This is a particular important KPI when it comes to leveraging and also reporting on the success of sponsorship structured around a specific product or service offered. The reason for this is that even though sales for certain products might have gone up, or down for that matter, you want to be able to show what kind of growth rate the industry for that product has. This KPI is essential for a true growth measurement as it can show an apples to apples comparison of performance and will truly define how the product is doing compared to its competitors. For example, you have a sponsorship deal with an automotive company, which is a long term deal that is going to be in alignment with your mission as well as theirs. During this agreement an external factor within the automotive industry causes a marked drop in sales within a certain segment such as luxury automobiles. Due to this external factor, the sponsor might not see the sales numbers projected and may not see the same amount of growth when it comes to profitability. But if you compare this to the actual growth, or in this case decline in the market, you will be able to show how well your sponsor did compared to the others. This can be related to the activation and

partnership the company had with your organization and could be an emphasis bullet point for a sponsor.

Figure 6: Market growth rate



Source: Prepared by the autor.

As you can see in the example above, the sales might have dropped for your sponsor but compared to its competitors, as well as the market overall, your sponsor fared well. This is something that should not be overlooked when discussing KPIs now that every sport executive, as well as any other industry executive, knows that profit and market growth are not guaranteed every year in any industry.

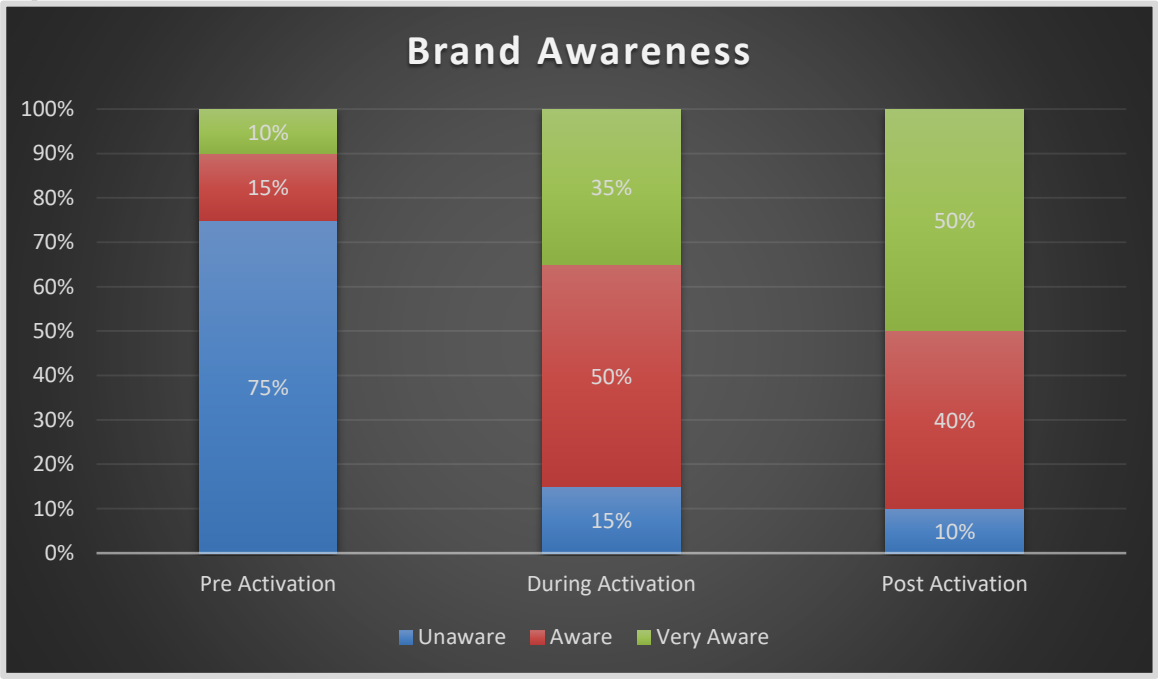
3.1.4 Brand indicator

Brand Equity

Branding your organization and helping with the branding of your sponsors' organization during the activation process is something that can truly be measured by different KPIs. Some of the KPIs used below often relate to aspects that are not as much monetarily driven as some of the ones discussed previously. Branding equity is known as the commercial value of an entity and that which has a certain pull within the consumers' minds, but it is measured by some of the following factors:

Brand Awareness – This is simply put as how aware the consumer is of the brand. This can be measured by surveys, polls, questionnaires, as well as many other different instruments.

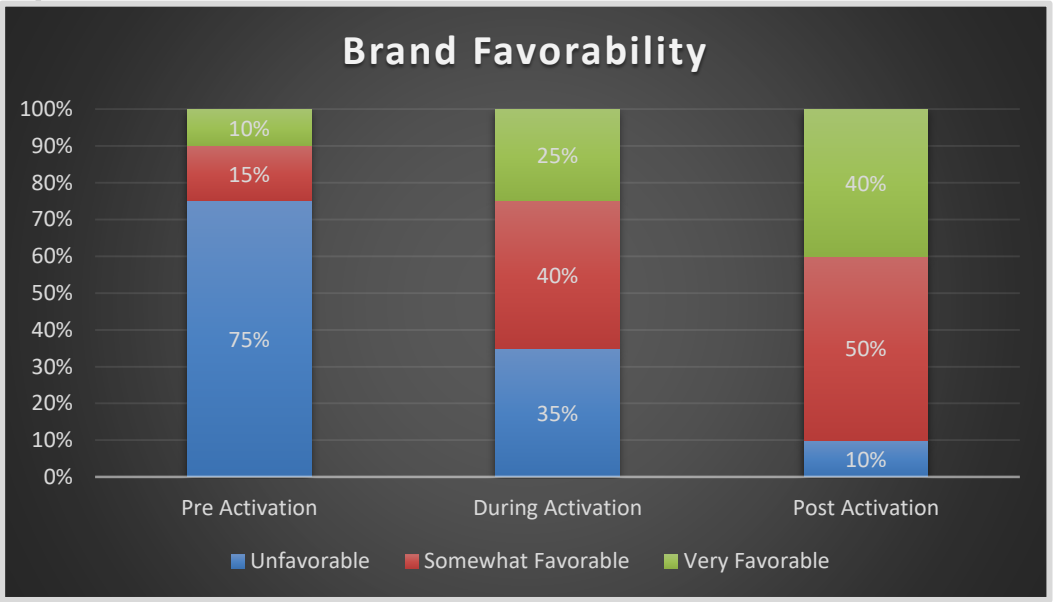
Figure 7: Brand Awareness



Source: Prepared by the autor.

Brand Favorability – This shows how favorable the brand is in the consumer's mind. This is often used for specific sponsorship purposes, such as increasing the positive light with which the consumer sees the organization or a certain entity within the organization.

Figure 8: Brand favorability



Source: Prepared by the autor.

Obviously, showing these types of increases in brand favorability should lead directly to an increase in other more financially driven factors, but it is not always a guarantee. If it does not lead to that, then the sport executive and the sponsor should look into what the consumer's conversion rate is.

The KPIs being measured during this activation period vary differently depending on the organizational mission and plan for the sponsorship. As mentioned before, organizations may have many different reasons when it comes to sponsorship and those are not always related to just pushing a product or increasing their sales. Although for many organizations this may be the end result they are hoping for in all of their businesses to make them more profitable, there is a great amount of sponsorships deals that are done because of awareness being raised and loyalty being increased. While keeping this in mind, consider the example below, whichis about a sponsorship deal shown to have had different outcomes and impact other than just increasing the sales of a certain product and/or service.

> Heineken using loyalty not awareness KPIs to shape Rugby World Cup sponsorship
>
> Heineken is prioritising brand loyalty not awareness for its sponsorship of the Rugby World Cup (RWC) as it looks to exploit what some industry observers predict will be the biggest tournament to date to target already engaged fans of the beer.

The brewer is relying on emotional association rather than the mere exposure effect to maximise value beyond brand visibility and website traffic. It is a departure from Heineken's awareness-driven approach for other sponsorships such as the UEFA Champions League, as it looks to build advocacy and sales from an audience that will be bombarded with brand messages come kick-off time in September.

It allows for a more audience-focused approach that ensures the tournament and not the brand is the focus with Heineken crafting digital utilities, to enhance the experience; before, during and after games.

Specific campaign plans are being kept under wraps for now but the brewer teased that it would form its "biggest marketing" platform for the year in countries where rugby is popular. Digital will be at the centre of the effort, blending mobile and social to carve a memorable yet useful presence around matches.

The tactic has been used for the brewer's Champions League marketing, which recruited former stars such as Hernan Crespo and Owen Hargeaves to share insights into matches that fans would not usually get from TV punditry. Heineken plans to adapt the concept for the RWC after finding it one of the most potent ways of cutting though brand clutter during key games.

Tim Ellerton, global sponsorship manager at Heineken, said the loyalty focus stems from its long-running ties to the event, which date back to 1995, as well rugby fans showing more affinity to sponsors in general. Half of rugby fans (49 per cent) are more likely to choose the products of an official partner over rival brands, marginally more than tennis fans (46 per cent) and football supporters (45 per cent), according to Repucom.

"The challenge today is not how to reach a wide audience, because digital media has made this possible, but how you amplify sponsorship deals to enhance the brand image," said Ellerton

"Rugby is a really strong marketing tool for us largely because a lot of rugby fans are already loyal Heineken consumers. We're already talking to a captive audience who actually like our brand and our products. Something like the Champions League is used more for awareness building and as a recruitment tool whereas the RWC is

much more of a loyalty driver. It impacts a fewer number of markets than say our James Bond campaign or Champions League activations will but in those markets such as the UK, New Zealand and Australia it will be one of the biggest marketing assets that we work from."

The strategy is underpinned by the brewer's maturing relationship with tournament chiefs the International Rugby Board (IRB). Indeed, stronger collaboration between the two will see Heineken develop a bar finder tool for the official tournament app so that users can find their nearest pub or club selling Heineken beer.

Ellerton added: "We're planning a big TV and experiential activities to support our sponsorship of what will be [one of] the biggest marketing asset we have this year. Rugby is one of the top four sports in the world and the upcoming World promises to be the biggest yet if you look at the ticket sales."

It is a belief shared by fellow sponsor Coca-Cola, which has boasted its own activations will be the biggest ever in its 20-year association with the event. The drinks maker will be hoping to ride the wave of popularity the sport is gaining in markets such as Japan and Africa to spark a sales windfall in the latter part of the year, when it has traditionally not had a key communications platform between the summer and festive period.

The RWC is on the cusp of becoming a global marketing platform for advertisers with more than 200 countries agreeing to screen the matches in the event's widest-ever broadcast plan. There will also be a TV push into Central Asia and North Africa, areas where the IRB wants to develop the sport.

It is not just sponsors that are set to benefit from the increased exposure with both Guinness and AIG understood to be prepping global activations to latch their brands onto the event.

Jon Stainer, managing director of Repucom UK and Ireland, said: "Rugby consumers, especially when compared to other sports, have a strong affinity toward brands so I can see why loyalty is a priority for sponsors going into the tournament. This might be the first RWC that really puts the sport on the map from a commercial point of view. It's been building since the Australian tournament

> in 2003 but now we're starting to see it really stretch beyond the home nations in terms of profile."
>
> Rugby's growing profile has seen its commercial value swell. Sponsorship revenue has risen by 50 per cent since the last World Cup, pushing RWC chiefs to get tougher on ambush marketers for fear of denting the value of the brand. Tournament organizers have secured all the outdoor media sites close to host venues to prevent ambush marketers from reaching spectators. (Joseph, 2016, https://goo.gl/L8lX8j).

With the number of different KPIs available to the sport executive and the sponsor organization, there is a need to focus on what are truly the metrics that matter to the sponsorship activation period. However, there are also tremendous benefits of using additional financial KPIs to measure business performance as well as brand management of the organization as a whole. The KPIs referenced above are only a starting point as there are many others related to the financial health of an organization as well as its internal operation. It is essential to have an understanding of these KPIs as well now that as mentioned before, these could be determining factors while choosing what partners to do business with.

Financial Health KPIs

- Working Capital KPI.
- Operating Cash Flow KPI.
- Current Ratio KPI.
- Quick Ratio/Acid Test KPI.
- Debt to Equity Ratio.
- Accounts Payable Turnover KPI.
- Net Profit Margin KPI.
- Finance Error Report KPI.
- Payment Error Rate KPI.
- Customer Satisfaction KPI.

As mentioned before, knowledge of these KPIs will be beneficial to your own organization and its financial health, but it will also help in the selection of business partners if you are knowledgeable about their financial health as well. Within the sponsorship process, being heavily based heavily on accurate data and delivering consistently excellent results constitute two key aspects for a sport organization and its sport executives. By mastering all the aspects of the sponsorships process, the sport executive will be able to lead their organization, and themselves, to continued success.

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