

Macquarie Business School study: are sports sponsorships worth it?

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As marketing budgets continue to contract, sponsorship is often the first discipline to be excluded from planning. In a recent study, [Macquarie Business School aims to remove the mystery behind sports sponsorship](#), and asks a very simple question – is it worth the money?

Key points:

A study by Macquarie Business School compared buying patterns of die-hard sports fans versus more passive supporters to determine how much brands should pay for sponsorships, and what motivates fans to buy merchandise

The study looked at a new way of measuring ROI from sponsorships based on what it called ‘brand trade-offs’

It found that for passionate fans, the greatest reason for purchasing one item over another was invariably the brand’s sponsorship behaviour: “people who are committed to a particular team are invariably committed to an associated brand”

The study used Melbourne Victory FC and their kit manufacture as an example, and noticed that devoted Victory fans were willing to pay up to 60 per cent more for a regular Adidas t-shirt than that of a Nike t-shirt; and more passive fans up to 15 per cent more

There’s often a belief that only brands associated with *winning* teams are the ones that benefit. Yes, it does have an affect but it’s not a prediction of whether fans will pay more or less for a brand’s product

The study also points to the emotional ‘affect transfer’: I like athlete X. Athlete X is wearing Y. I like Y. It concludes that the brands that feel the benefits of sponsorship, do so through long-term associations. For example, AIG and The All Blacks, and KIA and The Australian Open

My Takeout

We know that sponsorship, if strategised and executed correctly, can yield not just short-term wins through spikes in brand awareness, but also positively impact sales in the long term. Yet as a discipline, it is still often the last one to enter the marketing conversation. Knowing what we do, shouldn’t sponsorship have a bigger role in planning, rather than just added as an afterthought or, separated from brand communications?

When I first came into this industry as a bright-eyed and enthusiastic sports marketing and PR graduate, I was shocked at how much brands paid for sponsorships with, what I thought, very little rigour around the value of the sponsorship.

Over the last couple of years, brands are of course still paying substantial amounts for sponsorships, however, the meaning of the word 'value' has shifted to one that holds much more weight. Why does a shirt sponsorship cost that much? Why am I only a 'silver' level sponsor?

If budgets are being scrutinised more than ever, is it not our role as sponsorship specialists to change the traditional model of how deals are done?

How about we start by eliminating the old approach of \$X = Y list of (non-negotiable) assets, and the Gold / Silver / Bronze sponsorship labels. Instead, why don't we look at creating more bespoke packages based on solving the business *need* of a potential sponsor? As an example, if a brand's core objective is to get product in hands and sampled, why do we then force that same brand to spend X per cent of the sponsorship fee on LED signage, premium hospitality or banners on the rights holder's website? Why not scale back the sponsorship fee and redirect the 'forced' spend into other media channels, allowing the sponsor to talk about the partnership to a broader audience. This achieves a mutual benefit for the sponsor and rights holder, instead of forcing assets onto a sponsor that are of no value to them.

The fact is there are more properties available than there are brands wanting to buy in, so more flexibility and general smarts is needed from rights holders and agencies to demonstrate the value of a partnership to brands.

This is not a new idea. Far from it. But I'm still surprised at the conversations we have in this market where in some cases, the power seems to lie in the hands of the rights holder who are sometimes only interested in hitting a certain number.

Value is, of course, more often than not subjective. Whether brands are paying \$100k or \$1m for a sponsorship deal, they want to *feel* valued. No matter the figure of the brand's sponsorship investment, the funds being paid to a rights holder are coming from another part of the overall marketing budget, and will invariably need further investment or a role within clients broader advertising to bring these partnerships to life. This needs to be acknowledged by rights holders. Our clients are not holding back, they just need evidence that their sponsorship investment will deliver returns to their brand.

Don't get me wrong, changes are afoot. Notable rights holders leading this charge are the NRL and Cricket Australia, and their respective teams who are all too willing to work collaboratively with brands and agencies to create great partnerships. But more needs to be done to change the mould and demonstrate the *true value* of sponsorship at every stage of the partnership.

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<https://www.mi-3.com.au/10-02-2020/macquarie-business-school-study-are-sports-sponsorships-worth-it>

