**Sponsorships & Endorsements**

*Teacher Notes*

**Directions:**
Fill in the blanks.

**Introduction Segment**

1. **Sponsorships & Endorsements**
   - Are two types of licensing
   - Can be considered a part of event marketing
   - Tie a company’s name or product to a particular identifiable figure, place or event

   Licensing- agreement which gives a company the right to use another brand’s name, patent or other intellectual property for a royalty or fee

   Event *marketing* - activities associated with creation, distributions and promotion of a sport entertainment event

2. **Sponsorships & Endorsements**
   - Occur globally
   - Were worth approximately $17.2 billion in North America and $46.3 billion globally in 2010
   - Serve as an extra source of income for athletes, coaches and team owners
   - Are meant to increase *revenue* of the business paying for the sponsorship or endorsement

3. **Sports Agency**
   - Is an organization which specializes in marketing and managing sports events, sports teams and professional athletes
   - Are composed of sports agents
   - Help companies coordinate sports-related or sport-sponsored events
   - Provide professionals to help athletes, coaches and teams negotiate pay, endorsements, sponsorships, etc.

   Notable Sports Agencies- Wasserman Media Group, Creative Artist Agency, International Management Group, Octagon
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4. Sports Agents  
• Handle contract **negotiations** with an athlete, team and corporate sponsors 
  – these negotiations can include the following: 
    ▪ endorsements, licensing agreements, speaking engagements and personal appearances 
• Are responsible for meeting with team owners, managers, coaches and other individuals to **promote** a client 

5. Sports Agents  
• Need to be **knowledgeable** regarding investments, business management, financial and risk analysis, and sport trends 
• Should have excellent communication and **negotiation** skills 
• Are in constant contact with clients 

6. Sports Agents  
• Common activities include: 
  – meet with athletes, coaches, team owners and managers 
  – draw up **contracts** and negotiate settlement offers 
  – travel to represent clients in contract negotiations 
  – **recruit** and market services in various sports 
  – coordinate photo shoots, sponsorships and endorsements 

7. Sports Agents  
• Help keep clients focused on the sport rather than the business 
• Have an **extensive** network of contacts 
• Have extensive **knowledge** of the laws and regulations of contracts, sponsorships and endorsements 
• Serve as a guide for clients’ long-term financial success 

**Sponsorships Segment**

1. Sponsorship  
• Is the promotion of a company in association with a property or event 
• Generates funds for all facets of sporting venues 
• Is designed to **benefit** both the sponsor and the sponsored 
• Helps increase a company’s branding 

**Branding** - process of forming a mental association with a company or product
2. Sponsorships
   • Can be flexible
     – company can sponsor all or portions of a sporting event
     ▪ example:
       ➢ “This halftime performance is brought to you by…..”
       ➢ “AT&T® Player of the Game…..”
       ➢ “American Airlines® Arena”

   Can you name a company who has a sponsorship like the ones mentioned in the example?

3. Sponsorships
   • Include:
     – event-related
     – broadcast/program

4. Event-Related Sponsorships
   • Take place at events such as professional games or concerts
   • Are targeting a wide range of audiences

5. Broadcast/Program Sponsorships
   • Are used by clients who align themselves with a specific broadcast or program to advertise their company

6. Sponsorships
   • Are often involved with various marketing techniques, including:
     – cause-related
     – ambush

7. Cause-Related Marketing
   • Is a partnership between a company and a nonprofit organization who work to:
     – create a shareholder
     – connect with various audiences
     – share common values between the partners
   • Allows sponsors to be associated with the cause
8. Ambush Marketing
   • Is a technique in which companies who are not official sponsors of events promote themselves as if they were
   • Is used to gain advertisement without contributing money to be an official sponsor
   In the 1984 Olympic games, Fuji was the official sponsor. However, Kodak launched a campaign which created a perception they were the official sponsors

9. Relationship Management
   • Involves maintaining the partnership between the sponsor and the sponsored
   • Includes:
     – consistent communication
     – commitment
     – building a personal relationship

10. Benefits of Sponsorships
    • To the sponsor include:
      – improve sales by creating interest in products and/or services
      – generate brand awareness
      – enhance image through association with athlete, team or event
    Brand Awareness- degree to which consumers are familiar with a brand’s product services, image, qualities, etc.

11. Benefits of Sponsorships
    • To the sponsored include:
      – help pay costs and expenses
      – raise standards
      – increase status
    In 1999 FedEx Corp agreed to pay the Washington Redskins $7.6 million per year for 27 years for the rights to name the stadium FedEx Field.

12. Types of Sponsorship
    • Signage
    • Entitlements
    • Facility entitlements
    • Product exclusivity
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13. Signage
- Is any kind of graphic created to display information and communicate a message
- May be placed in a variety of locations, such as the scoreboard, floorboards or rafters
- Provides advertising for the company
  - people at the event see signage
  - people watching the event being televised see signage

13. Example of Signage
NASCAR® offers several different opportunities for signage sponsorship. Companies can purchase the rights to place their logo, slogan and/or colors on various parts of the car in the race as well as around the track, on the driver’s suit and the pit crew’s uniforms. Home Depot®, Old Spice®, Lowe’s® and Wal-Mart® are just a few of the companies which sponsor cars.

14. Entitlements
- Are the association of a company’s name with the name of an event or facility in exchange for money or other considerations
- Occur when there is one major sponsor for an event
- Provide a clear link to the sponsor thus providing direct advertising to the sponsor

15. Example of Entitlements
- PGA® has entitlement sponsors for a majority of its tournaments
  - the sponsor’s name appears in the name of the tournament
  - The Buick® Invitational, The Outback Steakhouse® Pro-Am and The Wachovia® Championship are just a few of the tournaments with entitlement sponsors

16. Facility Entitlements
- Occur when a company purchases the promotional rights to an entire stadium
- Have become a popular way for companies to gain publicity
- Offer publicity to the company when any event is held at the facility Raymond James Financial, the stadium entitlement sponsor for the hosting venue of Super Bowl XLIII, amassed an overall exposure value of $37.3 million from the media coverage of the big game.
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17. Example of Facility Entitlements
• Many NFL® teams play in stadiums which have facility entitlements
  – Reliant® Stadium in Houston
  – Heinz® Stadium in Pittsburgh
  – Lucas Oil® Stadium in Indianapolis

18. Product Exclusivity
• Occurs when only **one** product in a product category is approved for sponsorship
• Prevents **competing** companies from advertising or selling their products at the event
• Ensures a company makes a profit from their product being sold

19. Example of Product Exclusivity
• The Olympics have many official sponsors which use product exclusivity
• Coca-Cola® is the **official** drink of the Olympics meaning only Coke® products are sold in Olympic-sanctioned stores
• **Kodak**® is the official camera of the Olympics therefore only Kodak® cameras would be sold at the Olympic stores

20. Sponsorship Issues
• May arise when the contract **between** the sponsor and sponsored is not followed accordingly
  – each sponsorship will have a **contract** which should be followed by both parties

21. Sponsorship Issues
• Include:
  – **defining** benefits for each party
  – payments due under the agreement
  – when the trademark of the sponsor should be presented
  – **rights** of each partner

22. Sponsorship Terms & Conditions
• Will vary depending on the type of sponsorship
• Are followed by **contractual** law between the sponsor and the sponsored
23. Sponsorship Terms & Conditions
   - Can include:
     - statement of **purpose**
     - provisions of termination and renewal of the agreement
     - **liability**
     - payment

24. Sponsorship Costs
   - Will fluctuate based on the needs and budget of the sponsor
   - Include:
     - staff **costs**
     - servicing costs
     - cost to **deliver** the packages
     - sponsorship fee

25. Sponsorship Costs
   - Are determined by the level of sponsor a company is
     - **entry**-level sponsors will receive a small portion of advertisement
     - **title** sponsors will have maximum publicity

26. Sponsorship Levels
   - Are set to give a fair **opportunity** to both small and large businesses
     - smaller businesses who have smaller budgets will still have an opportunity to be a **sponsor**
       - sponsorship prices will vary based on the level and can range from $50 to over $10,000

27. Sponsorship Levels
   - Specify the **benefits** for each level and what the sponsorship will entail
     - benefits are included to tempt sponsors to move up in levels
   - Benefits include:
     - sponsor **banner** displayed
     - sponsor name announced
     - sponsor name advertised with the event
28. Sponsorship Proposals
• Are **written** documents to businesses to persuade them to sponsor an event
• Should be focused on the sponsor and should display how an event can have a **positive** affect on their business

29. Sponsorship Proposals
• Should include:
  – *purpose* of the event
  – sponsorship packages
  – terms and conditions
  – contribution
  – term and **termination**
  – changes and cancellations

30. Sponsorship Proposals
• Will act as the **contract** between the sponsor and sponsored
• Establish when **payments** are due and how long the sponsorship will last
• Should be organized and concentrate on the potential sponsor

*Endorsements Segment*
1. Endorsements
• Are statements of approval concerning products or services made by individuals or organizations on behalf of the producer
• Generate **publicity** through the use of an individual’s or organization’s celebrity in an advertisement
• **Increase** familiarity and credibility of a product by making it relatable to a consumer

2. Example Endorsements
• A few of the athletes who have endorsed Nike® include Tiger Woods, LeBron James and Serena Williams
• **Hanes®** is endorsed by Michael Jordan
• **Canon®** has an endorsement deal with Maria Sharapova
• Peyton Manning has an endorsement agreement with DirectTV®
3. Endorsements
- Are highly **regulated** by the Federal Trade Commission
- Require by law the endorser actually use the product at some point in time
- Must not be deceptive in **nature**
  - it is illegal to produce advertisements with endorsements consumers find misleading

4. Endorsement Contracts
- Are **agreements** which permit the sponsor to use the athlete or celebrity’s name and image in relation with their products and services
- Can **benefit** both the business and the athlete or celebrity if followed accordingly
  - celebrities can increase sales and/or a business can help a celebrity become more well-known

5. Endorsement Contracts
- Include:
  - definition of the endorsed product
  - duration
  - **services** required
  - expenses
  - use of **name**
  - compensation

6. Compensation
- Should protect both the agent and the athlete if either has to terminate the contract
- Can include:
  - **royalties**
  - incentives
  - free products
  - **testing** products
  - fixed fees
7. Endorsement Factors
   - Name recognition
   - Positive image
   - Successful career
   - Demographic match
   - Similar qualities to the product

8. Name Recognition
   - Is necessary because if people do not know the athlete, the product might not seem as special or unique
     - for example:
       - Who would you be more willing to buy from if you were purchasing a pair of boxing gloves, Floyd Mayweather or Bob White?
       - If you were purchasing a pair of basketball shoes who would you choose to give their opinion, Michael Jordan or Eric Smith?

9. Positive Image
   - Is a major factor because athletes who endorse products can be viewed as role models in the public eye
     - an athlete’s image is one of their most valuable assets
     - negative publicity can severely damage an athlete’s image
     - most endorsement contracts include clauses or statements releasing the company from the contract if the athlete’s image changes
   Negative publicity- anything which places an individual in a negative light

10. Celebrity Behavior
    - Is an important factor to consider when selecting a person to endorse a product
    - Can have the following effects on endorsed products:
      - increase attention
      - persuade consumers to purchase
      - impact sales of the products
11. **Celebrity Behavior**
   - Plays a huge role in how consumers view the product
     - negative **attitudes** can be aimed at a brand because of the celebrity`s association
     - sales can **decrease** if the celebrity`s credibility is affected

12. **Celebrity Behavior**
   - May or may not affect an **endorsement** if they appear in the spotlight negatively
     - companies have a choice when **handling** issues regarding celebrity behavior
       - companies can cancel the endorsement and drop the celebrity as a face for the brand
       - companies can alter the agreement and adjust accordingly
       - companies can ignore the negative publicity and continue with the endorsement with the celebrity

13. **Celebrity Behavior**
   - Includes:
     - Kate Moss was dropped as the face of a perfume for Chanel® and not featured in an H&M® campaign because of a scandal involving **drugs**
     - Lance Armstrong lost more than eight sponsors in one day including Nike® and RadioShack® because of doping **allegations**

14. **A Successful Career**
   - Is the **basis** for most athletes receiving endorsements
     - successful players receive more media attention making them better for endorsement deals
   - Can be the basis for a company to create a product line using an athlete`s name
     - examples include:
       - Air Jordan® by **Nike**
       - Lance Armstrong Signature Series by Oakley® sunglasses
       - Dale Earnhardt Jr. has racing footwear, apparel and accessories lines with Adidas®
15. A Successful Career
• Can set the stage for endorsements after an athlete retires from a sport
  – Arnold Palmer has several successful endorsements
  – Quarterback Joe Montana had several endorsement deals and completes personal appearances and works as a motivational speaker

17. Demographic Match
• Can be used to reach out to a target market of a product
  – examples:
    • many American companies pay soccer player Cristiano Ronaldo to endorse their products
    • when Reebok® wanted to amplify its women’s sportswear line it obtained an endorsement deal from Venus Williams

18. Similar Qualities to the Product
• Link the athlete to the product thus increasing the impact of the endorsement
  – for example:
    • Canon® believes Maria Sharapova’s image reflects some of the qualities of the PowerShot™ camera, such as power, precision and beauty