IEG SPONSORSHIP REPORT
THE LATEST ON SPORTS, ARTS, CAUSE AND ENTERTAINMENT MARKETING

FEBRUARY 13, 2017 WWW.IEGSR.COM

ARTS

SPONSORSHIP SPENDING ON THE ARTS TO GROW 3.3 PERCENT IN 2017

Arts organizations need to move away from donation mindset in order to secure significant sponsorship revenue.

Minimalism might be an apt description for sponsorship spending on the arts.

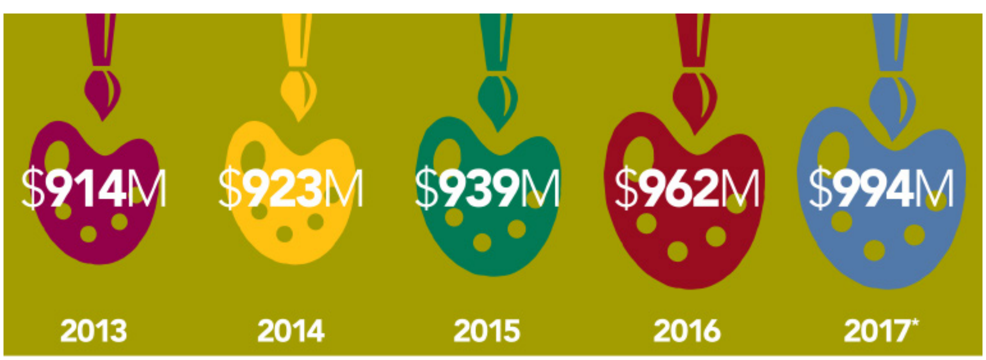
Corporate spending on art museums, performing arts venues and other properties is expected to grow just 3.3 percent in 2017—lagging the projected 4.1 percent increase in overall sponsorship spending as well as sports (4.3 percent), entertainment (3.9 percent) and causes (3.6 percent).

North American sponsorship spending is expected to total $994 million, up from $962 million in 2016.

As in years past, spending on the arts is hampered by one primary reason: an unwillingness among many organizations to move beyond charitable donations in favor of customized partnerships that move the marketing needle.

Banks are by far the most active category sponsoring the arts with professional services in a close second. Banks are 10.2 times more likely to sponsor the arts than the average of all sponsors, while professional services firms are 9.2 times more likely to sponsor the property segment.

SPONSORSHIP SPENDING ON THE ARTS



*Projected

MOST ACTIVE CATEGORIES SPONSORING THE ARTS

Banks	10.2	Insurance	3.1
Professional Services	9.3	Real Estate	2.4
Financial Services	5.2	Utilities & Power	2.2
Retail	4.0	Automotive	1.8
Media & Publishing	3.9	Fuel	1.4
		Airlines	1.4

Banks are 10.2 times more likely to sponsor the arts than the average of all sponsors.

MOST ACTIVE COMPANIES SPONSORING THE ARTS

37% Bank of America	17% PNC
32% Wells Fargo	15% Macy's
19% JPMorgan Chase	13% U.S. Bank
18% Target	13% Northern Trust
	11% Blue Cross Blue Shield

Thirty-seven percent of properties with a sponsor in the bank category report a partnership with Bank of America.

MOST ACTIVE CATEGORIES—PERFORMING ARTS

Banks	10.3	Media & Publishing	3.1
Professional Services	9.9	Utilities & Power	2.7
Financial Services	4.8	Real Estate	2.0
Retail	3.7	Automotive	1.6
Insurance	3.3	Airlines	1.6

Banks are 10.3 times more likely to sponsor the performing arts than the average of all sponsors.

MOST ACTIVE COMPANIES—PERFORMING ARTS

31% Bank of America		11% American Airlines
30% Wells Fargo	14% U.S. Bank	11% Blue Cross Blue Shield
16% PNC	13% Target	11% Boeing
14% JPMorgan Chase	12% Northern Trust	11% Macy's

Thirty-one percent of properties with a sponsor in the bank category report a partnership with Bank of America.

MOST ACTIVE CATEGORIES—ART MUSEUMS

8.0 Banks

Professional Services	6.5	Real Estate	2.5
Financial Services	5.0	Auction House	2.3
Media & Publishing	4.5	Insurance	2.2
Retail	3.8	Automotive	1.7

Banks are eight times more likely to sponsor art museums than the average of all sponsors.

MOST ACTIVE COMPANIES—ART MUSEUMS

67% Bank of America

		30% Bloomberg
53% Christie's	**40%** Target	**27%** Citi
43% Sotheby's	**40%** JPMorgan Chase	**23%** Goldman Sachs
43% Wells Fargo	**37%** Macy's	**23%** PNC

Sixty-seven percent of properties with a sponsor in the bank category report a partnership with Bank of America.

MOST ACTIVE CATEGORIES—ORCHESTRAS & SYMPHONIES

9.5 Banks

		Utilities & Power	2.3
Professional Services	8.0	Medical	2.2
Financial Services	4.6	Auto	2.0
Retail	2.6	Media & Publishing	2.0
Insurance	2.4	Real Estate	1.7

Banks are 9.5 times more likely to sponsor orchestras and symphonies than the average of all sponsors.

MOST ACTIVE COMPANIES—ORCHESTRAS & SYMPHONIES

35% Bank of America

33% Wells Fargo	**21%** Target	**14%** Macy's
26% U.S. Bank	**16%** JPMorgan Chase	**12%** KPMG
23% PNC	**14%** Blue Cross Blue Shield	**12%** Boeing

Thirty-five percent of properties with a sponsor in the bank category report a partnership with Bank of America.

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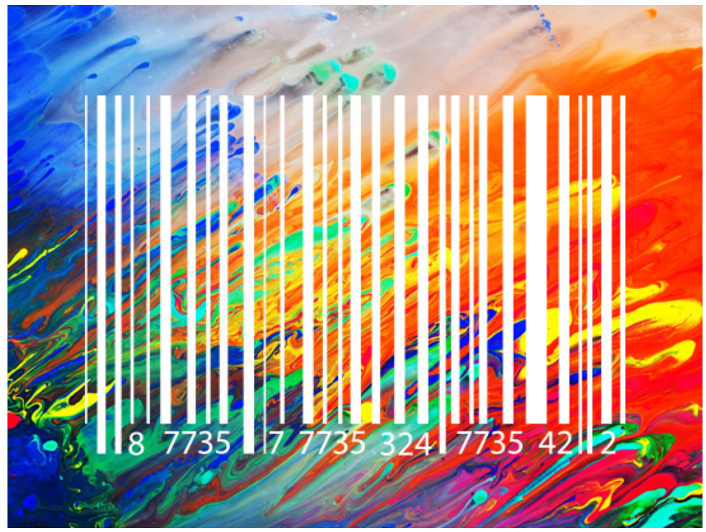
SIDEBAR

SELLING THE ARTS: TEN BEST PRACTICES

While arts organizations are known for pushing the boundaries of creativity, the same cannot be said for the way many work with corporate partners.



Whether it's short-sightedness on behalf of boards of directors, staff without the necessary sales experience or simply an unwillingness to upset the applecart, many organizations remain stuck in a development mindset—and are depriving themselves of significant sponsorship revenue.

"It's frustrating—arts organizations aren't terribly creative in how they approach and work with corporate partners," said one sponsorship seller who works with a number of performing arts oraganizations.

Below, ten best practices on selling sponsorship for arts and cultural properties:

#1) Prioritize access

Arts organizations need to provide access to their most valuable asset: patrons.

The Saint Louis Art Museum secured Private Client Reserve of U.S. Bank as a sponsor of its membership program. The bank uses the partnership to engage high-end donors, clients and employees at exhibition openings, galas and other events.

"The most important aspect of the relationship is the opportunity to cultivate and entertain clients at our institution," said Amber Withycombe, director of institutional giving with the Saint Louis Art Museum.

#2) Take donor-centric approach

Whether pitching a high-income donor or a corporation, sellers need to be prepared to offer packages tailored to the needs of each prospect.

That means offering revenue-driving opportunities for corporate partners and quality-of-life benefits (recognition, valet parking, etc.) to high-level donors.

"Many arts organizations approach sponsorship with a glossy brochure and say 'here are our benefit levels and sponsorship opportunities—which ones do you want?' We're always thinking about the way our donors think, feel and emote," said David Krohn, director of development with the Houston Grand Opera.

#3) Offer transactional components
Specialty retailers, auto manufacturers and other companies are increasingly looking to sell product directly to arts patrons—and measure success.

The need for measurable ROI has taken on increased importance amid uncertainties over today's political and economic environment, said Jon Holman, president of The Holman Group, a sponsorship sales agency that specializes in the arts.

"I'm hearing from many marketers—primarily in the luxury space—that they have to see very specific ROI."

To ensure sponsorship success, Holman asks each prospect for their specific sales goals. He then shares those goals with clients and their patrons.

While some organizations may be leery about promoting sponsor product, most board members and patrons understand its importance, he said.

"They're very successful business people. They get it."

#4) Provide patron value
Arts organizations must walk a fine line with sales-driven partnerships--anything too commercial can easily result in pushback from patrons.

One way to navigate the commercial waters: promotional offers that provide a direct benefit to patrons.

BMW, for example, activates the Orange County Museum of Art, Soho House ("Soho House Secures Global Partnership With BMW" 11/24/14) and other arts organizations with a promotion that offers a discount on vehicle purchases. The automaker positions the offer as a patron benefit.

"It's hard for a company to not renew a partnership when they're generating income on it," said Holman, who orchestrated the partnerships.

#5) Create in-store events
Sponsors also can provide value via in-store events.

Harry Winston has leveraged its partnership with the American Ballet Theatre with a shopping experience/fundraiser for top donors, board members and other stakeholders at its Rodeo Drive store in Beverly Hills, Calif.

The ABT communicates the jewelers' sales goals to patrons prior to the event to ensure success, said Holman, who brokered the deal.

"It was all communicated upfront before we finalized the partnership."

#6) Uncover new inventory
Arts organizations can enhance the value of their offers by moving beyond tickets, recognition and other typical sponsorship inventory.

That includes proprietary events, cobranded content (albeit a potentially challenging asset due to ownership rights) and social media inclusion.

The LA Opera, for example, is fielding an increase in requests for inclusion in blog posts, Facebook mentions and other social media outreach.

"More people are asking for it, even before it's presented," said Marlinda Menashe, LA Opera director of institutional giving & government relations.

#7) Host sponsor exhibitions
Some properties have found success with sponsor exhibitions.

Case in point: Breguet last year hosted a watch exhibition at San Francisco's Legion of Honor art museum.

The partnership was a win-win: The watch manufacturer wanted to host an exhibition at a major American museum, while the museum was looking to secure funds for the restoration of the Salon Dorẻ, a replica of a pre-revolutionary Parisian salon.

The museum used the rights fee to pay for the restoration.

"It was a match made in heaven," said Holman, noting the restoration supported the luxury watch company's historic French positioning.

#8) Leverage talent
Some properties have found success leveraging conductors, soloists and other talent to secure new partners.

The challenge: navigating the line between "owned assets" (talent directly employed by the arts organization) and "free agents" (conductors, soloists, etc.).

But both types of relationships can be successfully navigated.

The Los Angeles Philharmonic leveraged an endorsement deal between conductor Gustavo Dudamel and Rolex into an official sponsorship, while Joffrey Ballet dancers worked with Marriott on a training program for guest service employees.

The dancers trained JW Marriott employees in presentation, confidence in conversation and high-end customer service.

#9) Offer money can't buy experiences
While "one-of-kind experiences" is an overused term, arts organizations have much to benefit from providing sponsors with unique experiences.

That can range from dinners with talent after a performance to conductor chats and behind-the-scenes tours where art is being restored.

"Partners crave unusual events and experiences where we can deliver access to our artistic staff and dancers, who attend the events and mingle with guests for a truly memorable 'can't buy' experience," said Susan Rutledge, senior manager of corporate partnerships with the National Ballet of Canada.

Those experiences can also be used close deals, said Holman, who has hosted prospects at American Ballet Theatre rehearsals.

"It's about letting the actual craft of the art touch the marketer's soul to get them to realize how important it is to support."

#10) Offer category exclusivity
Arts organizations can increase the value of their offerings with exclusive partnerships.

Category exclusivity is the most valuable sponsor benefit, according to the 2016 IEG/ESP Properties Sponsorship Decision-Makers Survey. Sixty percent of respondents ranked the benefit a nine or ten on a 10-point scale.

"A company will not sponsor an event or program if a competitor is there because it dilutes their investment. The most successful way to gain interest from a company is by granting category exclusivity and by proposing dynamic activation ideas that provide an elevated experience using their brand as a vehicle," said Benjamin Orona, strategic partnerships manager with The Public Theater.

When negotiating exclusive deals, properties should ask prospects what companies and/or categories they would like to lock out. For example, some luxury brands do not want to be associated with mass-market brands.

"Placing a brand that wants to achieve a certain level of prestige next to a lesser brand may not be very appealing," said Holman.

SIDEBAR

SPONSORSHIP HOT BUTTONS: ACTIVE CATEGORIES SPONSORING THE ARTS

When pitching a prospective sponsor, sellers need to understand the sponsorship hot buttons for each category—what companies need to accomplish, and, just as importantly, what properties need to offer.

Below, hot buttons in five of the most active categories sponsoring the arts:

Autos
- Showcase vehicles
- Drive lead generation
- Promote test drives
- Drive showroom traffic

Banks
- Access hospitality for clients and prospects
- Gain business from sponsored property
- Gain business from cosponsors
- Demonstrate community involvement

Professional Services
- Access hospitality for clients and prospects
- Showcase service offerings
- Gain business from sponsored property
- Gain business from cosponsors
- Demonstrate community involvement

Retail
- Drive showroom traffic
- Gain platforms for in-store promotions
- Engage employees
- Demonstrate community involvement

Watches
- Access new sales channels
- Gain platforms for in-store promotions
- Access hospitality for clients and prospects
- Showcase new product launches
- Access talent for ad campaigns

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COLLEGE SPORTS

INSIDE THE BIG TEN CONFERENCE'S SALES STRATEGY

Audience data, strategic partnerships and local companies play a key role in conference's sponsorship success.

The past year has been a success for the Big Ten Conference, at least in terms of sponsorship revenue.

The collegiate athletic conference has secured more than five new partners over the past 12 months, with a nod to companies in nontraditional categories.

New and/or recent partners include Bayer (*"Just What The Doctor Ordered: Bayer Partners With The Big Ten" 01.30.17*), International Truck, U.S. Cellular, Valvoline and Kraft Heinz (Devour)

The partnerships add to a portfolio that includes Libman Co. (mops), ArcelorMittal (steel) and U.S. Customs and Border Protection (*"U.S. Customs and Border Protection Enlists Sponsorship To Boost Recruitment" 01.23.17*).

IEG SR spoke with Scott Bailey, general manager at Big Ten Sports Properties, about the conference's sales success. Below, some key takeaways from the conversation.

Prospect companies in marketing footprint
With a footprint that stretches from the Midwest to the Northeast, the Big Ten scouts companies with a corporate headquarters in its marketing territory.

"One of our prospecting techniques is to exhaust, as much as we can, companies in the Big Ten footprint."

Case in point: ArcelorMittal is based in Chicago (the home of the Big Ten Conference); Libman is based in Arcola, Ill., while Bayer is located in New Jersey, the location of Big Ten expansion territory.

The strategy encompasses companies in both traditional and nontraditional categories. For example, Bailey initially reached out to the U.S. Customs and Border Protection's regional office in Detroit following the departure of the U.S. Air Force in the military category. The effort resulted in a deal with the agency's Washington, D.C.-based headquarters.

Know your audience
After an initial meeting with Bayer reveled an interest in promoting STEM education and agriculture, Bailey took an in-depth look at the students and alumni of Big Ten schools.

The research revealed a large number of alumni in the field of science (Big Ten schools produce nearly 20 percent of graduates with a Ph. D in the country) and that six of the top ten agricultural producing states are located in the Big Ten footprint.

"We combined the STEM piece with the agriculture piece, and Bayer saw a nice fit."

The large number of agricultural producers in the Big Ten footprint helped sweeten the deal ahead of Bayer's looming merger with seed giant Monsanto.

Scout strategic tie-ins
The Big Ten secured The Libman Co. in part by offering a strategic platform in which to promote the company's hardwood floor care line.

Basketball quickly came to the fore during the ideation process.

The brainstorming session resulted in a package that included sponsorship of cleaning crews and branded mops at Big Ten basketball games. The five-year-old partnership has since evolved into courtside signage and other TV visible signage.

The sponsorship has been a success. After dipping its "mop" into the sponsorship waters with the Big Ten Conference, Libman has since expanded its sponsorship portfolio to include Georgia Tech athletics, the Toronto Raptors and other collegiate and professional sports teams.

Leverage strategic partners
The Big Ten plays up locally-based retail chains when prospecting deals in the consumer packaged goods category. Case in point: The presence of Menards, Meijer and other retailers in the Big Ten footprint was a key benefit for Libman.

"The retail fit was strong for them," said Bailey.

Leverage conference partners
Libman's partnership with the Big Ten includes both the conference and 12 member schools—the first time a sponsor has been able to buy school and conference rights in the same deal.

Learfield Sports—the Big Ten's multimedia rights holder—worked with client schools as well as those with whom it does not directly represent.

"Our relationships give us the flexibility to do fully integrated partnerships with both conference and school assets."

TELECOMMUNICATIONS

HOW AT&T IS USING SPONSORSHIP TO REWARD CUSTOMERS

Rightsholders should offer customer appreciation benefits when pitching companies in the wireless services category.

Like other telecommunications companies, AT&T has long used sponsorship to showcase technology, enable connectivity and drive data usage.

Now the company has added another sponsorship hot button: reward good customers.

The telco has partnered with Live Nation to offer presale tickets through its AT&T Thanks customer appreciation program.

AT&T launched the program in 2016 to reward post-paid wireless customers with perks, experiences and unexpected surprises. Other benefits include buy-one get-one-free movie tickets, special content (Fullscreen VOD, etc.) and other perks.

But music serves as the linchpin of the program.

"As an entertainment company, our appreciation program is heavily centered on the entertainment experience. Our collaboration with Live Nation gives us the opportunity to bring musical experiences to our customers as part of AT&T Thanks," said Neil Andrews, AT&T director of product marketing management.

AT&T has offered priority presale tickets to approximately 200 shows spanning rock, country and EDM since rolling out the program in mid-2016. Those include Guns 'n Roses, The Chainsmokers and Florida Georgia Line.

"We're trying to bring a range of music opportunities to our customers to reinforce AT&T Thanks."

The partnership affords presale ticket exclusivity in the telecommunications category and official status at Live Nation venues in Atlanta, Dallas and Los Angeles.

Those include the Hollywood Palladium in Los Angeles, Starplex Pavilion in Dallas and the Lakewood and Chastain amphitheaters in Atlanta.

The company has not yet activated the venues, said Andrews.

While AT&T is based in Dallas, the location of the three venues was not a key driver behind the sponsorships, said Andrews.

“The opportunity was less about geography and more around our desire to explore how the collaboration with Live Nation will grow into the future.”

Other wireless services providers have joined AT&T in launching customer appreciation programs. Those include Verizon Smart Rewards, a program that rewards customers who register for paperless billing, bill autopay and other services, and T-Mobile Tuesdays, a program that gives customers the opportunity to send “gifts” ($15 Lyft coupons, free movie rentals, etc.) to friends and family.

ABOUT IEG AND ESP PROPERTIES

IEG has shaped and defined sponsorship over three decades. It is the globally recognized source for industry insights, trends, training and events via sponsorship.com, its annual conference, online publications, trend reports, surveys and webinars.

IEG is part of ESP Properties, a WPP company. As a commercial and creative advisor for rightsholders, ESP Properties helps organizations unlock greater value from their audiences and brand partnerships.

Our consulting team assesses and advises how to grow the value of rightsholders' commercial programs. We do this through a full range of services across data, digital and content development to better understand audiences and create more relevant ways to engage with them. This provides brand partners with new ways to connect with communities of fans and followers, growing the potential value of commercial partnerships.

Our sales team provides partnership strategy and sales representation to the world's most active sponsors, within and beyond the WPP network of brand clients. Through WPP we have extensive contacts and deep insights into what it takes to create successful partnerships.

For more information about IEG and the sponsorship industry, please visit www.sponsorship.com, www.espglobal.com, or call +1 312 944 1727.