

1.1 WHAT IS SPONSORSHIP?

The misconception - donations equal sponsorship (sponsorship is not a donation).

Sponsorship is often perceived to be the process whereby a corporation provides funding for an activity. This activity has many forms and could include funding of a university research program, a local theatre group, a national sport group or team and so on. Sponsorship as it is understood in this format does not necessarily require that the corporation receive anything back in terms of a return on their investment beyond perhaps a few tickets to the opening show/match, an invitation to the post-event cocktail reception and/or corporate recognition in the event brochure. This form of "sponsorship" is, in actuality, a *donation*. The funding activities where there is no expected return on investment typically comes out of a corporation's donations budget.

Sponsorship, in the truer sense of the word, is a planned strategic financial investment in an activity (similar to that funded by a donations budget) in which there is an expected return on investment. The funding for sponsorship typically comes out of a marketing, advertising, public relations or other communications budget.

The return on investment will have a different meaning for each company including one or more objectives of sales, image, product sampling, business to business, etc. and is dependant on:

- a) what the event organisers are willing and capable of guaranteeing;
- b) what the corporation has asked for;
- c) a combination of a) and b) resulting from negotiations between the two groups.

Specific examples of what different corporations look for as a return on investment are reviewed in detail in Section III under "What are corporate objectives for sponsorship?". For example, if a corporate objective is image, the sponsorship contract might include title or category exclusivity; if a corporate objective is sales, the sponsorship contract might include right to execute promotions (sales, trade, consumer) and/or a block of 100 tickets per show; if the corporate objective is business to business, the sponsorship contract might include 10 VIP tickets to each show plus attendance by the star performer at a private reception or any combination of the above.