

They Get By With A Little Help From Their Corporate Sponsors

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Even in the face of a tumultuous economy, companies are still spending billions of dollars a year on sponsorship opportunities.

They're looking for venues or events with national appeal, mostly sports-related, in their quest to get a bigger bang for the buck. Of the \$16.78 billion projected to be spent on sponsorships this year, 69 percent will go to sports categories, trade journal IEG Sponsorship Report says.

But not in Rockford.

Here, event organizers and entertainment venues are left to fight for the scraps left by big corporations, and they're turning, in many cases, to locally owned companies to make up the difference. And those with money to give are fielding more requests than ever.

"Companies, generally speaking, are trying to ask themselves the question 'We're spending this amount of money, will we generate a return on our investment?'" said William Chipps, the trade journal's senior editor. "Needless to say, when a company is feeling an economic pinch, they will look at their margin expenditures for where they can cut back. Sponsorship can be one of the first things to go."

Already, the MetroCentre has felt the pinch. Its name, priced at \$400,000 to \$800,000 a year, has been for sale since 2003, but no one has signed on. A few companies came close, but a hard look at the economy and their balance sheets nixed the deal.

"Yes, it's a long process, but there's no question the economy right now does mean that everyone's a little more conservative," said Jim McIlroy, vice president of corporate sponsorships for the Rockford IceHogs and the MetroCentre.

'Not just signage'

In the MetroCentre's case, numerous sponsorship opportunities are on the table. This month, the arena announced a three-year, \$360,000 deal with Speedway Auto Mall for the naming rights to its third-floor party deck. A similar deal was made last year with Dr. Kris Tumilowicz for the naming rights to the club lounge at the arena's southeast corner.

But naming rights to the building will be a more complex deal.

"When we look at sponsorship, it's a different form of advertising than a TV, radio or newspaper ad," McIlroy said. "We're able to intertwine a little bit of everything. If done properly, it's not advertising, it's a partnership."

Terry Cecil, president and CEO of the International Sponsor Council, said that trend has been spreading for several years as companies take their marketing concepts deeper than a sign on a building.

For example, if IBM bought the naming rights to a stadium, the deal could include company-sponsored Internet kiosks in the facility.

"It's getting much more sophisticated," Cecil said. "It's generally much more than just name awareness. ... It's how do you connect with a consumer that digests the venue's medium to enhance their experience."



McIlroy expects a few more MetroCentre deals to be announced in upcoming months and is “hopeful” a building deal will be done by year’s end.

But there won’t be a clearance sale on the building’s naming rights if it stays for sale much longer. If more deals are done inside the arena, however, there’s more room for flexibility.

“Let’s say we get two or three more of these naming-rights deals done. Now we’re bridging the gap for the dollars we need,” he said. “If we find the right partner, and they say ‘We can bring you \$200,000 of marketing and advertising to the deal,’ that can be the ticket.”

A home-run deal

The last naming rights deal announced in the Rock River Valley was in 2006, when Dan Arnold agreed to a 10-year deal to put his company’s name on the RiverHawks’ stadium.

When the proposal came to his desk, Arnold said it didn’t carry a unanimous recommendation from his staff. Some doubted that Road Ranger would recoup its investment in the deal.

“I analyzed it from a different point of view,” he said. “I analyzed it from the image of the company, for our reputation and our goodwill with the community. ... We brought awareness that we are a leading corporation in our community. We may not be one of the hundred-year corporations that have been here, but we are an important corporate citizen in the community. By buying that sponsorship, it was our way of having the community recognize us as an important factor.”

Arnold wouldn’t disclose the price tag for the 10-year deal. The benefits don’t necessarily show up in dollars and cents in the Road Ranger ledger book, but Arnold said the gamble paid off.

“For us to come in on that and be the naming person in partnership with all that’s been done for the RiverHawks, how could we go wrong? I would say simply it’s the best advertising dollar we’ve ever spent.”

More requests coming in

As national sponsorship dollars have been shifted toward big-ticket events, philanthropic organizations have increasingly turned to local companies for help.

Jan Hagenlocher, director of public relations for SwedishAmerican Hospital, said the hospital and its foundation collectively spend \$250,000 a year on sponsorships.

The funding has remained the same in the past several years, but the requests have been going up. Of the 250 the hospital receives each year, about 100 are granted.

“It is getting very difficult to choose,” she said. “You try to help as many as you can, and sometimes we’ve cut back so we can help even more. It gets down to, you just can’t help everybody. ... You try to give back as much as you can, but there comes a point where you have to step back and say what’s best for that organization and the community as a whole.”

Cindy Hall, senior vice president and manager of advertising and public relations for AMCORE, said the bank and its foundation field about 50 requests a month for sponsorships.

Philanthropic sponsorships need an employee sponsor and are granted based on a variety of factors, including the strength of the nonprofit asking for money and the potential benefit to the community. Those that involve naming rights or more advertising-oriented sponsorships go through a different level of rigor.

“We examine them like any other media buy,” she said. “We consider it part of our marketing budget, so if we are choosing to do a sponsorship, we look at what the exposure is to our bank, can we measure the return on our investment, is it reaching a target audience for us. We’d rather be very specific than generic.”

Versatility is key

Local nonprofits say they’ve had to get creative to keep their sponsorship money at an even keel.

The Rockford Chamber of Commerce has been able to “hold its own” with sponsorships, said John Groh, senior vice president for marketing and public affairs.

“One of the ways we’re able to do that is, we have many events and therefore have a reach of broad, niche audiences,” he said. “Because we literally are producing events every month and several in each month, we’re able to provide a lot of options to our sponsors.”

The chamber hasn’t lost many sponsors, Groh said, but companies have been getting pickier about which events they put their names behind. In turn, the chamber has had to stay responsive to what companies expect in return for their investment.

“In the 10 years I’ve been working in this field, I’ve seen a difference in what’s motivating sponsorships. Sometimes it’s goodwill, sometimes it’s marketing. I don’t think people are sponsoring things because it’s nice. It’s not because it’s the chamber and we have this goodwill built up. There’s got to be a real business benefit to reaching out and showing up to a certain event.”

On the Waterfront, Rockford’s downtown music festival, gets more than half of its \$1 million operating budget from corporate sponsors, sponsorship director Diane Donze said.

Some sponsors dropped out this year, but she was able to fill those spots. Some were from new industries, such as the mobile marketing stations set up by PlayStation and Texas tourism officials.

“I never take anything for granted, but I think with our reputation and the data to back it up, I’m not fearful,” she said. “I’m sure there will be changes, but the festival sells itself. It’s got a very strong reputation.”

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