

IEG Valuation Methodology

The industry standards IEG created to determine tangible and intangible benefits, cost/benefit ratios and multipliers for geographic reach were calculated by analyzing patterns between the rights fees sponsors pay and the benefits they receive. Primary research includes IEG's annual survey of more than 3,000 sponsorship opportunities and audits of more than 500 sponsorship contracts each year. IEG Valuation Service has valued more than 800 sponsorship opportunities from global to local, including permanent attractions, venues, teams, sanctioning bodies, festivals and events.

Nearly 200 leading sponsors endorse IEG Valuation Service including Adidas, America Online, AT&T, Bank One, Charles Schwab, Citibank, Continental Airlines, Credit Suisse, EDS, Ericsson, FedEx, Gatorade, John Hancock, Kodak, Labatt Breweries, Master-Card, MCI WorldCom, MetLife, Miller Brewing, Motorola, Nissan, Ocean Spray, Philips Int'l, Procter & Gamble, Sears, Sega, Shell Oil, Southwest Airlines, Sprint, Toyota, Valvoline, Virgin Atlantic, Visa U.S.A., and Volvo. The complete list is posted on IEG's Web site, www.sponsorship.com.

To accurately gauge the sponsorship value of any property, IEG accounts for the following:

Value of Tangible Benefits. Tangible benefits refer to the quantitative benefits in a package, both measured and non-measured, such as advertising in the official program book and sponsor ID on ticketbacks.

Value of Intangible Benefits. Intangibles are the qualitative benefits that a sponsorship delivers, such as borrowed imagery and audience loyalty. When a company buys sponsorship, it is primarily buying access to a property's intangibles.

Geographic Reach/Impact. Reach reflects the number, size and value of the market(s) in which a property is relevant at the point of sale.

Cost/Benefit Ratio. Because sponsorship is more labor-intensive than measured media and lacks guarantees such as advertising's "make goods," it must over-deliver. IEG thus applies a cost/benefit ratio of at least 1-to-1.5, i.e., for every \$1 sponsors invest, they receive at least \$1.50 worth of benefits. However the ratio jumps up to 1-to-3 in media heavy packages where the value of media is at least three times that of all other tangible benefits.



IEG's Tangible Assets Worksheets

Guaranteed Sponsor ID in Non-Measured Media – Publications and Collateral

Description	Reach	Amount	Notes
ID on Tickets	Number of tickets printed	\$.0025–\$.05	<ul style="list-style-type: none"> • Fewer logos, higher the value • More keepsake-like the ticket is, higher the value • Rarely more than \$.03 which is reserved for couponing offer on ticketbacks
ID on Program Book	Number of books printed	\$.0025–\$.05	<ul style="list-style-type: none"> • ID on cover more valuable than ID on inside • Multiply value only by number of program books printed • Rarely more than \$.02
ID on Event Schedule	Number of pieces printed	\$.0025–\$.05	<ul style="list-style-type: none"> • If schedule is season long, more valuable than one day event schedule • Multiply value by number of schedules printed • Rarely more than \$.01
Ad in Property Publication (no rate card)	Number printed	\$.0025–\$.05	<ul style="list-style-type: none"> • Ads in general are valued at \$.03 per book
ID on Property Web Site	Number of unique users	\$.0025–\$.10	<ul style="list-style-type: none"> • Unique users is the proper number to calculate value against • The more niched the site and the more integrated the sponsor's content, the higher the value • Benefits beyond ID such as cobranded content may be more than \$.05 per unique user

Guaranteed Sponsor ID in Non-Measured Media – On-Site Signage or Mentions

Description	Reach	Amount	Notes
Signs with Sponsor ID	Number of attendees who will see	\$.0025–\$.05	<ul style="list-style-type: none"> • Static signage most often worth \$.0025 • Multiply value by the number of attendees that will see the sign • More or longer they will see, more valuable • Rarely worth more than \$.02
Electronic Logos	Number of attendees who will see	\$.0025–\$.05	<ul style="list-style-type: none"> • Electronic or moving signage is slightly more valuable than static • Still, rarely more valuable than \$.02 per attendee
30-second Ads on Jumbotron	Number of attendees who will see	\$.0025–\$.05	<ul style="list-style-type: none"> • Ads are generally valued at \$.03 per attendee • Count only the number of attendees likely to see the ad
PA Announcements	Number of attendees who will hear	\$.0025–\$.05	<ul style="list-style-type: none"> • Generally valued at \$.0025 and low percent of attendees hear • May be higher if sponsor acknowledgement is well integrated into the performance



IEG's Tangible Assets Worksheets

Guaranteed Sponsor ID in Measured Media

Description	Reach	Amount	Notes
ID on Property's Media Buy	Value of ad buy with sponsor ID	5–10%	<ul style="list-style-type: none"> Value at between 5 and 10% of rate card value of media that includes sponsor ID Generally 10% for title; 5% for cosponsors Include both paid and donated media
ID Visible on Event Broadcasts	Equivalent value of televised signage time	10%	<ul style="list-style-type: none"> Generally value at 10% of media equivalency value

Mailing Lists

Description	Reach	Amount	Notes
Use of Property Mailing List	Number of names mailed	\$.075–\$.15	<ul style="list-style-type: none"> Use \$.15 if list is not compiled, not sold à la carte and is fairly well targeted Can be more valuable if names are not available elsewhere and are of a highly loyal constituency

Sampling

Description	Reach	Amount	Notes
Product Sampling	Number of people sampled	\$.04–\$.15	<ul style="list-style-type: none"> Inserts in goody-bags: generally \$.04 Face-to-face sampling: generally \$.15 Count only the number of people likely to be sampled, not necessarily total number of attendees

Tickets and Hospitality

Description	Reach	Amount	Notes
Tickets to Event	Number of tickets	Face value or percent of capacity	<ul style="list-style-type: none"> If ticket has face value, use unless event gets less than 70% capacity, then discount If ticket has no face value, use range of \$25 to \$750 depending on desirability of ticket or pass
Facility Usage for Sponsor Function	Number of days	Face value or sponsor discount	<ul style="list-style-type: none"> If facility is rented out, use standard rental fee If no face value, base on comparables

Advertising in Measured Media

Description	Reach	Amount	Notes
Ad in Audited Media	Rate card value of ad	100%	<ul style="list-style-type: none"> Value at rate card and unbundle from the sponsorship benefits so as to make offer as transparent as possible



IEG's Guide to Intangible Assets

Description	Notes
Prestige of Property	Create value by building equity in your brand. The brand—along with audience delivered—is the product a property offers. It is the imagery sponsors are looking to associate with.
Recognizability and Awareness	Create value by promoting the brand. Focus on increasing the likelihood that placement of property's marks and logos on packaging or in sponsor promotions will move more product.
Audience Loyalty	Create value by educating your audience and then demonstrating your audience's affinity for the property is high, or at least higher than affinity for sponsor's brand and will rub off to sponsors.
Category Exclusivity	Create value by offering category exclusivity. More value is added the further it extends into the property and the more saleable categories it extends to. May not be appropriate in all cases, e.g., media.
Protection from Ambush	Create value by ensuring nonsponsors can't get the spotlight and look like a sponsor. Avoid selling benefits á la carte.
Degree of Sponsor Clutter	Create value by keeping property as clean as possible so that each sponsor gets noticed. Concentrate on selling fewer, bigger deals. Offer proprietary programs.
Ability to Activate	Create value by delivering turn-key promotions that allow sponsors to engage the audience.
Networking Opportunities	Create value by offering opportunities to run cross-promotions with cosponsors and/or identify new distribution channels. Avoid selling all sponsorships to companies whose products/services are distributed through the same channel.
Media Coverage Potential	Create value by driving media to your events. Substantiate with third-party media equivalency reports.
Established Track Record	Create value by fulfilling the sponsorship. Work towards a sponsor renewal rate of better than 70%. Provide sponsors with regular follow-up reports. Fulfill everything that was promised and overdeliver.