The Relative Value of Sponsorship Engagement in Brand Activation Strategies

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BAV Consulting
# BAV® Consulting’s Proprietary Brand Database: BrandAsset® Valuator

## The Largest and Longest Study of Brands in the world

- Building since 1993
- Over 740,000 respondents
- 50,000 brands across 200 categories
- 276 studies in 51 countries
- $140 million invested since inception

## United States BAV®

- Measured quarterly since 1993
- BrandScape of 3,500 brands
- Panel of 16K consumers
- Custom studies are can be anchored back to database for depth and breadth

## Academic Partners Continually Developing the Model

- **Kirk Wakefield**
  Passion and fan model
- **Bob Jacobsen & Natalie Mizik**
  Tie compustat valuation and brand metrics
- **Kevin Keller**
  Brand resonators and consumer funnels
- **David and Jennifer Aaker**
  Leading emotional Attributes
- **Rajeev Batra**
  Power of a global brand

## A Comprehensive Set of Measures

- Brand health
- Brand imagery/personality
- Consumer funnel: Usage, Preference, Consideration, Loyalty
The BAV model uses 4 pillars to assess brand health, development, momentum, and competitive advantage

**ENERGIZED DIFFERENTIATION**
- **Brand Strength**
  - LEADING INDICATOR
  - Future Growth Value
- **Percentile rank**

**RELEVANCE**
- **Brand Stature**
  - LAGGING INDICATOR
  - Current Operating Value
- **How appropriate the brand is to you**
  - Relates to market penetration

**ESTEEM**
- **How well regarded the brand is**
  - Relates to loyalty

**KNOWLEDGE**
- **An intimate understanding of the brand**
  - Relates to depth of consumer experience
Optimizing Brand Strength directly drives stock price

BAV’s **Brand Strength Fund** nets $21,169 (+112%) vs. NASDAQ’s $13,357 (+33.6%) on $10,000 initial investment made 10 years ago
Energized Differentiation: the engine of the brand train

The brand’s meaning, identity relates to margins

- A Brand’s point of difference
- Relates to Pricing Power
- Differentiation is the leading element for emerging, successful brands
- Differentiation is the leading negative indicator for brands that are getting into trouble
Sponsor brands have higher perceived Brand Strength and Differentiation among fans because fans are more engaged with their media.

Fans, in particular, find sponsor brands to be more Differentiated and Relevant.

Average NASCAR sponsor Pillar Performance

- Energized Differentiation: $\Delta = 33$
- Relevance: $\Delta = 23$
- Esteem: $\Delta = 15$
- Knowledge: $\Delta = 5$

Source: BrandAsset® Valuator USA NASCAR Fans and Non-Fans, Note: Fan defined by usage or consideration of NASCAR
Engagement

- “turning on a prospect to a brand idea enhanced by the surrounding context” (Advertising Research Foundation, Elliott, 2006)
- Engagement involves evoking emotion in the audience
- Traditional media engages the audience with cognitive and emotional measures at low amounts of attention (Heath 2009)
- Sponsorship and online contexts engages active participation among the audience at high levels of attention (Whelan and Wohlfeil 2006)

**Opportunity to physically track via RFID**

Activation

- Activation describes the relationship between environmental stimuli and emotional processing
- Originates in psychobiology (Kroeger-Riel 1979)
- Activation in sponsorship terms is interpreted as measurable communication consciously observed by the audience
1. What is the relative value of sponsorship engagement and activation in driving brand differentiation? 
   - How can we employ RFID technology to prompt and measure relevant behaviors?

2. Accounting for traditional media, what is the contribution of sponsorship activation?

3. Accounting for traditional media and sponsorship engagement and activation, what is the contribution of second screen engagement?
The Event: The Championship Challenge
November 15-17, 2012; Last NASCAR race of the season

Fans entering any of the gates at the Homestead Miami Speedway (1) were intercepted and invited to register for the Championship Challenge (2) inside the gates to win prizes based on the frequency of checking in at 12 stations across the 3-day event. Patrons could also opt for engagement via four green-screen photo booths for mobile uploads (3). For check-ins and photos, participant were given an RFID-tagged lanyard to wave in front of the check-in RFID (4-5).
<table>
<thead>
<tr>
<th>Sponsor</th>
<th>Space (Sq Ft)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Ford (Ford Eco-Boost 400)</td>
<td>45,000</td>
</tr>
<tr>
<td>2. Sprint (NASCAR Sprint Cup Series)</td>
<td>15,400</td>
</tr>
<tr>
<td>3. Speed TV</td>
<td>14,400 (includes audience space)</td>
</tr>
<tr>
<td>4. Coca-Cola</td>
<td>2,400 stage (open thoroughfare in front)</td>
</tr>
<tr>
<td>5. Army</td>
<td>12,100 (outside gates)</td>
</tr>
<tr>
<td>6. New Holland</td>
<td>7000*</td>
</tr>
<tr>
<td>7. Geico</td>
<td>5000</td>
</tr>
<tr>
<td>8. Contender Boats</td>
<td>2000*</td>
</tr>
<tr>
<td>9. Best Buy</td>
<td>1600</td>
</tr>
<tr>
<td>10. Yamaha motors</td>
<td>4 charging stations</td>
</tr>
</tbody>
</table>

*Located outside gates
• 2073 subjects registered for the Championship Challenge received emails on Monday (11-27, following the Thanksgiving Holidays) from the Homestead Miami Speedway requesting participation in a survey. Reminders were sent two days later.

• An incentive of a $10 online gift card was offered.

• 390 (18.8%) responded to the survey and 330 (15.9%) completed the entire survey regarding sponsors.

• Completes were not significantly different from incompletes in terms of hours spent at the track (17.24 vs. 15.47, F_{1, 372} = 1.76, p = .19) or reported excitement experienced at the event (5.05 vs. 4.91, F_{1, 369} = .76, p = .38). Thus, non-respondents do not appear to be different from respondents with respect to behavior or emotion associated with the event.

• Based on emails provided by subjects, responses were matched with the RFID data collected over the course of the three race days. A total of 216 subjects were correctly matched. Those without matching emails were no different than those matching in terms of event attendance (17.17 hours), but did report higher levels of excitement (5.85) than the non-respondents (4.91). Hence, the sample may be characterized as exhibiting greater enthusiasm about the experience.
RESULTS
Passion

Engagement - RFID

Time at Event

Traditonal Media Consumption

Negative effect

2nd Screen Media Consumption

Activation Non-sponsors

Sponsor Activation

Sponsors

Differentiation Sponsors

Net Promoter Score

Differentiation Non-sponsors
NASCAR sponsors see a lift in brand equity, usage and consideration among respondents passionate about NASCAR

"Please indicate how passionate you are about the following sports leagues, where 0 – not at all passionate and 10 – extremely passionate"

Source: BrandAsset® Valuator USA, High Passion about NASCAR, Low Passion about NASCAR 2012. Notes: High Passion defined as 8-10 on 10 pt scale, Low Passion defined as 0-3 on 10pt scale.
Passion alone was not enough to stimulate higher activation among participants, but it affected time spent at the event – allowing for more chances to check in.
Number of towers visited (higher RFID activity) led to higher average activation

Increased involvement in sponsorship activities helped participants better identify and understand sponsor brands.

Total towers visited is related to growth in sponsor brand activation and decreased activation among non-sponsors.

Relationship Between RFID and Activation

Coefficients from Structural Equation Model

<table>
<thead>
<tr>
<th>Sponsor Brands</th>
<th>Non-Sponsor Brands</th>
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</thead>
<tbody>
<tr>
<td>Army</td>
<td>0.146</td>
</tr>
<tr>
<td>Coca-Cola</td>
<td>0.106</td>
</tr>
<tr>
<td>Ford</td>
<td>0.091</td>
</tr>
<tr>
<td>SpeedTV</td>
<td>0.119</td>
</tr>
<tr>
<td>Sprint</td>
<td>0.149</td>
</tr>
<tr>
<td>Apple</td>
<td>-0.066</td>
</tr>
<tr>
<td>Rolex</td>
<td>-0.141</td>
</tr>
</tbody>
</table>

Average Sponsor Brand Activation

Total Tower Check-ins vs. Average Activation
While mere exposure to sponsors had no effect on activation, size of the sponsorship activity is related to brand activation.
Activation led to greater perceived brand differentiation and likelihood to recommend in sponsor brands.

**Perceived Brand Differentiation**

- **Brand Activation > 0**
- **All Miami Respondents**

**Likelihood to Recommend Brand**

- **Average NPS Score**

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**Sponsorship Sq. Footage**

- **45,000**
- **4 Non-Sponsors**
Sponsorship activation is a stronger driver of brand differentiation than traditional media consumption and second screens.

Coefficients based on Structural Equation Model

Activation \(0.605\)

Traditional Media \(0.146\)

2nd Screens \(0.096\)
Discussion of Implications

- Sponsorship engagement (RFID) leads to increased activation of brand
  - Photo engagement no direct effect on activation, but on excitement
- Mere exposure (time spent at event) has no direct effect on activation
- Activation leads to increased perceptions of brand differentiation and likelihood to recommend a brand
- Comparatively, sponsorship activation more strongly influences brand differentiation than traditional media or 2nd screens among attendees
- Among these fans, Facebook and texting multi-tasking is associated with increased attention presumably leading to enhanced brand equity