

BALANCING ACT

By Julie Z. Sneath, Russell W. Lacey, Robert Zachary Finney, and Angeline G. Close

27

In the highly volatile environment of healthcare marketing, event and sponsorship marketing have emerged as important components of an organization's promotional strategy. Organizations can (1) stage their own events or partner with another organization (with similar target markets and objectives) to stage an event, (2) sponsor another organization's event, or (3) do both.

According to a 2005 George P. Johnson/Meeting Professionals International (MPI) Foundation study (www.gpjco.com), face-to-face event marketing continues to provide the greatest return on investment for major pharmaceutical, medical equipment, and medical service organizations. Between 2002 and 2003, the average number of healthcare marketing events increased from 13 to 60. During the same period, the proportion of dollars spent on sponsorship declined from 21% of marketing budgets to 16%. Furthermore, although the costs associated with sponsorship of nonproprietary events (e.g., sponsorship fees, advertising to leverage the sponsorship relationship) continue to rise, only 24% of organizations increased sponsorship budgets in 2004; 51% held sponsorship budgets steady. In comparison, 31% of organizations increased event marketing budgets in 2004; 55% held event marketing budgets steady.

Choosing between proprietary and nonproprietary events requires careful consideration.

The downward trend in allocations for sponsorships might partly be explained by regulatory changes for pharmaceutical companies. However, the shift from sponsoring other organizations' events also suggests that perceptions of sponsorship effectiveness have diminished. Meanwhile, the heightened number of stand-alone or partnered proprietary events indicates the increasingly pivotal role of event marketing in healthcare promotions.

Sponsorship marketing occurs when an organization offers financial support or in-kind resources for access to, or a relationship with, the event's audience. The sponsorship also might serve to transfer the event's associated image to the sponsor's brand. Because of the event's relaxed setting, social nature, and/or vibrant and compelling surroundings, consumers are thought to be more amenable to marketing messages (and perhaps more inclined toward healthcare brands). Furthermore, attendees generally choose to go to the event, rather than merely receive the marketer's message through traditional communication channels.

Event marketing consists of activities designed to create experiences for an organization's customers. In 2005, the MPI Foundation reported that 96% of worldwide corporate marketers utilize events in their marketing mix. The research further indicated that healthcare organizations spend more on external events (for customers, prospects, and vendors) than internal events (for employees, sales teams, and partners). Event marketing presents an opportunity to meet and interact with consumers. Although it can be used to support sponsorship marketing activities, and vice versa, both are distinct communications tools: They can occur autonomously. Indeed, the synergistic quality of sponsorship and event marketing encourages their dual use.

Despite sponsorship marketing's popularity in healthcare, concerns about its ability to generate satisfactory returns have called into question its continued use. Furthermore, critics' charges about traditional advertising media (e.g., TV, radio, print, outdoor)—message clutter, audience fragmentation, and rising costs—now are being levied against sponsorship marketing.

Proprietary vs. Nonproprietary

Few studies have empirically assessed the outcomes associated with proprietary and nonproprietary event marketing, and seemingly no healthcare research has added to the debate of which approach is better in meeting objectives. A number of issues, regarding event cost vs. value, affect the value proposition for each. Exhibit 1 presents the key differences between proprietary and nonproprietary events.

Nonproprietary events. Perhaps the greatest advantage to sponsoring an event is access to a broader, more diverse

group. As a rule, nonproprietary events (e.g., sponsorship of a high-profile sports event) provide a wider reach and larger market size than normally would be available if the organization were to stage its own events. Sponsored events can yield exposure to tens of thousands (even hundreds of thousands) of people, and likely would require numerous proprietary events to approach comparable reach.

Although sponsorship of a nonproprietary event can carry heavy absolute costs, large audience turnout often creates low cost per exposure, producing cost-effective results. In contrast to marketing through an organization's events, sponsored events don't place the entire financial burden on one organization. Instead, the financial risk is limited to sponsorship fees,

and any costs associated with communicating the sponsorship and/or establishing a marketing presence during the event.

Nevertheless, the total cost of sponsoring an event can be sizeable. And depending on the event, the rights-to-activation ratio (the ratio of sponsorship fee

to other sponsorship-related expenditures) can vary. However, in 2004, 14% of sponsors spent twice as much for sponsorship activation than for sponsorship rights, 10% spent three-to-five times more for activation than rights, 13% utilized a 1:1 ratio, and only one-third spent more for rights than activation. Interestingly, 25% of organizations didn't know how much was spent to support sponsorships.

Nonproprietary sponsorships also can build brand awareness and strengthen brand image through transfer of the event's associated image. For example, healthcare education combined with a sporting event would transfer the event's entertainment, recreation, and fitness dimensions. In addition, nonproprietary events often provide extensive media coverage: on local, regional, national, and even international levels.

Proprietary events. As an alternative or complement to sponsoring nonproprietary events, an organization can market its goods and services by staging its own (stand-alone or with a partner) events. For example, the Susan G. Komen Breast Cancer Foundation hosts and sponsors "Breast Cancer 3-Day" events: Participants walk 60 miles over three days, to raise money for breast cancer research and patient support programs. Fueled by the cost-conscious industry climate, many organizations have found that sponsoring a nonproprietary event might cost more than producing their own event—despite the latter's potential for hidden costs (e.g., administrative, advertising). Even though the primary cost reduction of proprietary events is sponsorship fee elimination, factors beyond absolute cost savings are stimulating the trend toward proprietary events. Three major nonfinancial drivers are increasing its popularity.

Critics' charges about traditional advertising media now are being levied against sponsorship marketing.

- Because of exclusivity, the marketer eliminates message clutter (information overload)—and avoids the often precarious position of competing with other healthcare sponsor organizations and their activities. In isolation, the marketing message is more likely to resonate with targeted consumers. Although a proprietary event burdens the marketer more in providing a compelling reason for attendance, attendees are virtually certain to notice a proprietary organizer’s presence.
- Proprietary events offer precisely targeted communications and a more narrow, well-defined audience. For example, hospitals frequently use independent, grassroots community-outreach events—involving educational programs or health fairs—to develop relationships with consumers and present diagnostic testing services/health education materials.
- Proprietary events ensure that the marketer maintains complete organizational and financial control. Hence, the organization avoids relegation to a subordinate role by outside organizations and activities, higher-tiered sponsors, and requirements to conform to sponsorship and other event restrictions.

Nonproprietary Study

To better understand the outcomes of nonproprietary events, we examined the field study results of adult spectators attending the 2004 Tour de Georgia. This annual event consists of a weeklong professional cycling race, several ancillary events,

and exhibitions in 11 host cities. Numerous sponsors, representing a diverse array of industries (e.g., healthcare, transportation, consumer goods), support the event and are present throughout it. In 2004, the Tour’s second year, sponsorship fees ranged from \$1 million (cash) for the title sponsorship to as little as \$10,000 for Friends of the Tour sponsorship (a cash and in-kind combination). More than 4,000 volunteers and 550 staff members participated in the event, with estimates of 750,000 spectators across the host cities.

Primary beneficiaries for the Tour are Georgia (the event boosts tourism and the economy) and the Georgia Cancer Coalition (a portion of the event’s revenues are set aside for this public-private coalition of organizations, which primarily promotes health awareness and education, and increases access to healthcare). Although 99% of its revenues are derived from sponsorship fees, given the large number of sponsorships, the 2004 Tour contributed nearly \$25,000 to the coalition. The coalition also realized an estimated \$3 million in publicity, as a result of the Tour’s extensive media coverage. In addition, the Georgia Health Exposition was a major event sponsor (at the \$100,000 Signature level). This group of hospitals and health-care providers’ exhibits and information booths offered spectators a unique health and cancer education experience, on behalf of the coalition. The Expo is an appropriate sponsorship for examination because it’s associated with a large and diverse market, it reaches many current and potential customers, and it shares event space with other key sponsors.

Sampling method and questions. Undergraduate students administered a survey to adult spectators attending the event in five of the host cities. A total of 565 surveys were completed by 189 females and 344 males. Their average age was 42.2 years. More than half (53.9%) reported annual household incomes in excess of \$75,000, and 40% reported annual household incomes between \$25,000 and \$75,000. In exchange for survey participation, respondents received a commemorative pin inscribed with the sponsor’s name.

Data analysis and results. Participants were asked to identify Tour activities they’d experienced, and their reasons for doing so. The majority (56.9%) experienced festival activities, one-third (33.2%) experienced the Expo, and approximately one-fourth (27.8%) experienced other sponsors’ exhibits (e.g., cycling companies). Of those who attended the Expo, slightly more than half (51.1%) did so because they “wanted healthy lifestyle information.” Other reasons

Exhibit 1
Key differences

Criterion	Proprietary events	Nonproprietary events
Market size	Smaller and less diverse	Larger and more diverse
Market reach	Narrow in scope	Broad access
Access to new customers	Usually limited	Potential for opportunities
Target markets	Well-defined	Wider, but might be less precise
Brand position	Dominant brand	Usually a subordinate brand
Brand image	Limited to its own events	Transferred from events
Marketing messages	Reduced message clutter	Increased message clutter
Marketing control	Absolute control	Limited or no control
Media exposure	Local to regional	Local to international
Sponsorship fees	None required	Required for sponsorship
Promotional costs	Assume all costs	Share with other sponsors
Cost advantage	Absolute costs	Cost per exposure

Exhibit 2

Emerging issues and implications

Environmental issues		Strategic issues				Resource issues	
Recognizing limits of sponsorship	Saturated event marketing	Strategic focus of events	Forming stakeholder relationships	Reciprocal nature of relationships	Gaining greater control	Limited marketing resources	Heavy reliance on volunteers
<p>Implications:</p> <ul style="list-style-type: none"> • best used for brand building • difficulty in assessing return on investment • higher costs, facing more budgetary scrutiny • marketers favor event marketing over sponsorship, because of lower cost and measurability 	<p>Implications:</p> <ul style="list-style-type: none"> • difficulty gaining competitive advantage • quantity of events undermines attendance • regulatory restrictions favor educational seminars • challenge to break through clutter with distinctive events 	<p>Implications:</p> <ul style="list-style-type: none"> • concentrating on healthcare-related activities • events must offer good fit with targeted product lines • intensifying support of organization's health mission • requires systematic decision-making guidelines 	<p>Implications:</p> <ul style="list-style-type: none"> • requires macro view of event marketing • directing events to non consumer stakeholders (e.g., physicians, employees) • relationship building requires stakeholder database 	<p>Implications:</p> <ul style="list-style-type: none"> • vital to demonstrate community support • reciprocity ties up funding and limits event participation • demonstrating civic support might result in inequitable events 	<p>Implications:</p> <ul style="list-style-type: none"> • higher costs usurp marketing funds • identifies those aspects most appropriate to control • trade-offs of hosting proprietary events vs. co-participation 	<p>Implications:</p> <ul style="list-style-type: none"> • dilemma of too many worthy events and not enough money • planning is more difficult because of large numbers of requests to help community • challenge to do more with less 	<p>Implications:</p> <ul style="list-style-type: none"> • staffing is major and a scarce resource, particularly for clinicians • event execution weakened by lack of trained professional staff • might turn down events because of insufficient volunteer staff • more frequent events dilute volunteer capacity to support events

30

for experiencing the Expo: to obtain cancer information for themselves (14.1%), to obtain cancer information for friends or family members (15.8%), and because they were cancer survivors (4.9%).

The study also investigated the number of days spectators planned to attend and how much they expected to spend on their trip (e.g., travel, food, lodging, recreation). On average, those who experienced the Expo stayed longer (2.73 days vs. 2.09 days) and spent more (\$242 vs. \$201) than those who hadn't. The former group was 3.5 years older and had slightly higher income than the latter. However, regarding intention to return the following year, there was no difference between them. An analysis of variance (ANOVA) indicated that age and amount spent were positive predictors of intention to return ($p < .01$). However, income and experience with the Expo were not significant factors ($\text{Adj. } R^2 = .51$) in predicting intention to return.

Anchored by the Tour, the estimated number of spectators visiting the Expo was 250,000. Through its presence, the coalition gained substantial market exposure. Not surprisingly, the majority of respondents attended the Tour for the professional cycling race—not the Expo. Only five respondents (less than 1%) attended the Tour primarily to visit the Expo. Moreover, ANOVA indicated that there was little-to-no influence of the Expo on spectators' perceptions of the overall experience. Although the cost of staging the Tour was \$3 mil-

lion, it could be argued that the event was cost-effective for sponsors, given the number of attendees. Had the Expo or coalition attempted to reach the same number through proprietary event initiatives, it's uncertain whether cost-per-exposure results would have been lower.

The Proprietary Approach

Proprietary events are commonly used by another health-care organization, the American Cancer Society (ACS). Its 3,400 local offices largely employ them to educate consumers about cancer prevention, treatment, and advocacy. (During each event, ACS uses brochures, interactive exhibits, and signage.) They foster community and provide important—potentially lifesaving—information. The small but frequent events (e.g., cancer walks, educational seminars, dances, auctions, food competitions) also are a vital source of funding for research and services.

Depending on the objective, an ACS event can be implemented for little or no direct cost. A breast-cancer awareness walk might be held in a park or on the street, and a "Look Good ... Feel Better" program might be held in a hospital or community setting. The events, planned and implemented by staff and volunteers, are paid for with donations from individuals, organizations, and businesses. ACS also stages events without full financial support through contributions. In these cases, it is common for expenses to total 10% of proceeds,

particularly if the event has a fund-raising objective. Despite expenditures, the events often accomplish ACS' financial goals, while reaching large audiences and obtaining extensive media coverage.

- In the last 10 years, the annual Broadway on Beachside in Westport, Conn., has raised more than \$3.5 million and educated thousands. It's widely promoted throughout the region.
- The Chili Cook-Off in Mobile, Ala., can draw 12,000 attendees and realize more than \$130,000 in proceeds.
- The Texas-themed Cattle Baron's Ball in Santa Clara County, Calif., can raise in excess of \$1 million.
- In 2004, the total proceeds from 3,400 Relay for Life events—educating more than 3 million—exceeded \$243 million.

Practitioner Perspective

A convenience sample of 20 communication specialists, marketing directors, and vice presidents of U.S. healthcare organizations participated in a qualitative study, assessing issues and current practices in event-related marketing. Although the sample was not representative of the entire population, the study's authors contacted individuals from a variety of healthcare organizations, including physicians, hospitals, hospices, and insurance and pharmaceutical companies. By telephone, each participant was asked 10 open-ended questions regarding participation in these activities, decision criteria, marketing objectives, budgets, staffing, and methods for evaluation. They also were asked to make recommendations and offer advice to healthcare organizations considering using sponsorship and/or event marketing as a promotional strategy component. Participants and their organizations were assured anonymity.

The study uncovered a variety of issues, many of them new: recognizing limitations of sponsorship and event marketing (e.g., difficulty in assessing return on investment, clutter, regulatory restrictions), using events to develop and enhance relationships with internal and external stakeholders, and need for greater strategic focus. Other issues were heightened control and increasingly limited financial and human resources. The issues and their implications are summarized in Exhibit 2.

Participation. All respondents indicated that event-related activities were important forms of promotion for their organizations, and all but two organizations engaged in sponsorship

and event marketing activities. However, respondents also stated that their organizations' sponsorship activities were "fewer in number than in past years," "limited," or "rare." The reasons for limitation varied, but respondents frequently mentioned sponsorship cost and issues with effectiveness/control. In addition, they expressed concerns about message clutter when multiple sponsors were associated with an event. One respondent stated, "[Our organization] would rather pay \$1,000 to be the only name on the T-shirt than pay \$100 to be on there with 25 other sponsors." Others explained that many sponsorship opportunities were inconsistent with the purpose or strategic focus of their organizations.

Every organization in the study engaged in event marketing activities (proprietary and/or nonproprietary). Results suggest that these providers viewed event marketing more favorably than sponsorship marketing. Interestingly, respondents stated that their organizations' event marketing activities were more closely scrutinized (a cost-driven and result-oriented emphasis) than in past years. For example, respondents used terms such as "more selective," "bang for the buck," and "doing more with less" when asked to discuss their organizations' participation and reasons for engaging in event marketing activities. Although proprietary events appeared to be preferred, providers also partnered with organizations to enhance their brand (when the target market is appropriate), to share costs, to benefit the community, or for reciprocity.

Objectives. Responses concerning objectives were fairly consistent: Nearly every organization identified awareness and education. In addition, brand enhancement, community presence, image (e.g., "good citizen," "health advocate"), and fundraising were desired outcomes. Database enhancement, customer retention, and relationship building were recognized as important determinants of participation; relationships included potential and current consumers, customers (e.g., referring physicians, city governments), and employees. For some hospitals, events were opportunities to position themselves as the "go-to option" for care.

Decision criteria. Although a variety of issues were examined when deciding to sponsor an event, stage their own event, and/or participate in another organization's event, many providers took a strategic approach to their promotional activities. Most of the organizations considered event-related activities in terms of the overall business plan; only a few made decisions at the department or unit level. Respondents' decision criteria included objectives, synergy (mission and target market), growth, brand management, media exposure, relationship enhancement (customer relationship management) and reciprocity ("you scratch my back and I'll scratch

For some hospitals, events were opportunities to position themselves as the "go-to option" for care.

BEST PRACTICES

- **educational focus**
- **relationship building**
- **active participation**
- **service line growth**
- **targeted customers**
- **bottom-up budgeting**
- **formalized decision-making criteria**
- **healthcare emphasis**
- **sponsorship minimization**
- **selectivity**
- **results measurement**

yours”), community need, a healthcare connection, legal constraints, and control of message/content/costs.

Budgets. Methods differed for establishing event-related budgets, but there was a common increased emphasis on cost reduction and return on investment; most providers don’t sponsor or stage events for philanthropic reasons. Although the majority indicated that budgets were developed annually, a handful suggested they’re determined monthly or ad hoc. Consistent with their strategic approach, most of the organizations identified events, event types, and funding levels needed to accomplish objectives—and then allocated funds accordingly. Some budgets were determined using a percentage of the brand’s revenues, and others used historical records, census data, and competitive information. Interestingly, some organizations approached budgeting more arbitrarily; two respondents indicated that their budgets were determined by “trial and error.”

Staffing. Although staffing was a budgetary issue for organizations that paid employees to participate in events, it also was an important issue for organizations that used volunteers. Unlike sponsorship, event marketing requires that employees/volunteers be present. Even though event-related activities are labor intensive, most organizations employed small marketing staffs (one respondent referred to them as “skeleton staffs”)—some with only one or two employees. Consequently, they often relied on the same core group to staff every event—which is why respondents expressed con-

cerns about employee workload, burnout, and the need to supplement event staff with volunteers.

Evaluation methods. Respondents agreed that, like other methods of promotion, it was difficult to measure outcomes (e.g., return on investment, awareness) of sponsorship and event marketing—although a cost-benefit approach was desirable. Their evaluative measures included attendance, revenues, database enhancement, market share, amount of funds raised (from sponsors and/or attendees), number of attendees vs. costs, attendance confirmations, and media exposure (in dollars). Some organizations also considered qualitative measures such as informal attendee feedback or “how smoothly the event went.”

Advice and recommendations. Respondent advice to organizations contemplating using sponsorship and/or event marketing was relatively straightforward. Not surprisingly, much of it was strategic. These included clearly identified objectives, selectivity, targeted marketing, customer relationship management, event planning, event evaluation, and synergy with other elements in the organization’s promotional strategy. The importance of event “presence” and “shelf life” also was a theme. Most respondents recommended that organizations engage in fewer but better events. (See the “Best practices” sidebar.)

Implications of Assessment

These findings offer valuable insight into proprietary and nonproprietary events, particularly in terms of healthcare marketing strategies. Ultimately, an organization’s decision to sponsor or stage events requires careful consideration of a variety of factors. Although the chief concerns generally are objectives and budget, the marketer must examine the trade-offs of each method. There is strategic value in both approaches: Each can increase brand awareness and educate consumers about wellness and preventive medicine. **MHS**

Additional Reading

Armstrong, James (2001), *Planning Special Events*. San Francisco: Jossey-Bass.

Hoyle, Leonard (2002), *Event Marketing*. New York: Wiley.

McLeish, Barry (1995), *Successful Marketing Strategies for Nonprofit Organizations*. New York: Wiley.

About the Authors

Julie Z. Sneath is associate professor of marketing at the University of South Alabama in Mobile. She may be reached at jsneath@usouthal.edu. **Russell W. Lacey** is assistant professor of marketing at the University of New Orleans. He may be reached at rlacey@uno.edu. **Robert Zachary Finney** is assistant professor of marketing at the University of South Alabama. He may be reached at zfinney@usouthal.edu. **Angeline G. Close** is assistant professor of marketing at North Georgia College & State University in Dahlonega. She may be reached at agclose@ngcsu.edu.

Copyright of *Marketing Health Services* is the property of *American Marketing Association* and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.