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BERNIE ECCLESTONE

ON WHAT IS UNDOUBTEDLY THE WORLD'S FASTEST RETURN ON INVESTMENT

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DEAL-MAKING MAGIC

Sponsorship deals, where the rights-holder pays the sponsor, may sound like the stuff of dreams but, as The Elevator finds out, it's all in a day's work for one company.

WORDS: CHRISTIAN SYLT

TIMES are tough for sponsorship. Marketing budgets are some of the first cut by companies striving to maintain margins as revenues fall. And although association with cash-guzzling rights-holders may be seen as a sign of strength in a bull market, during a downturn it looks imprudent, especially if it only yields visibility through a handful of logos. However, companies looking to make the most of an upswing in market conditions still have to promote themselves. The difference is they now place more importance on positive image transfer, lack of clutter and a tangible return on investment (ROI). Traditional sports properties often fail to deliver all three so sponsors are increasingly looking for more unusual opportunities and they don't come more different than Disney.

Disney has a wide range of partners, from Hewlett-Packard and Siemens to Nestlé and Coca-Cola but the exposure they get is far from typical. Some partners work with Disney to design and brand theme park attractions, others opt for product placement in shows on its ABC network or even branding at premiéres of movies made by its Miramax studio.

Although it may not be well-known in the field, Disney has been involved with sponsorship longer than most sports. In 1955 Walt Disney himself enlisted Coca-Cola to help finance the then-gigantic $17m construction cost of his first Disneyland theme park in California. An innovative marketing deal was struck where Coca-Cola was given rights to be the sole supplier of soft drinks within the park in return for its backing. It remains a partner to this day and the bonds Disney has built with blue chip businesses have blossomed.

Disney now has around 20 global partners with around the same number of companies sponsoring attractions locally at its park complexes in the US, France, Hong Kong and Tokyo. Whilst the sports sponsorship sector has been in a downward spiral this year, Disney has had a Prince Charming to accelerate the company through the turmoil.

"We have seen no decline in the revenue generated from the partnerships from the declining economy," says Lawrence Aldridge, Disney's senior vice-president of corporate alliances, adding, "everyone else may be losing sponsorship dollars but we are gaining." In the past 12 months alone Disney has renewed its deal with Visa in Asia until 2014 and has signed new alliances with the AARP, a US association of 40m senior citizens and France's second largest retail bank Crédit Mutuel.

The Crédit Mutuel deal was a huge coup given the downturn in fortunes of the financial services sector which led to the Royal Bank of Scotland (RBS) and ING announcing earlier this year that they would cease their Formula One sponsorships at the end of their current contracts.

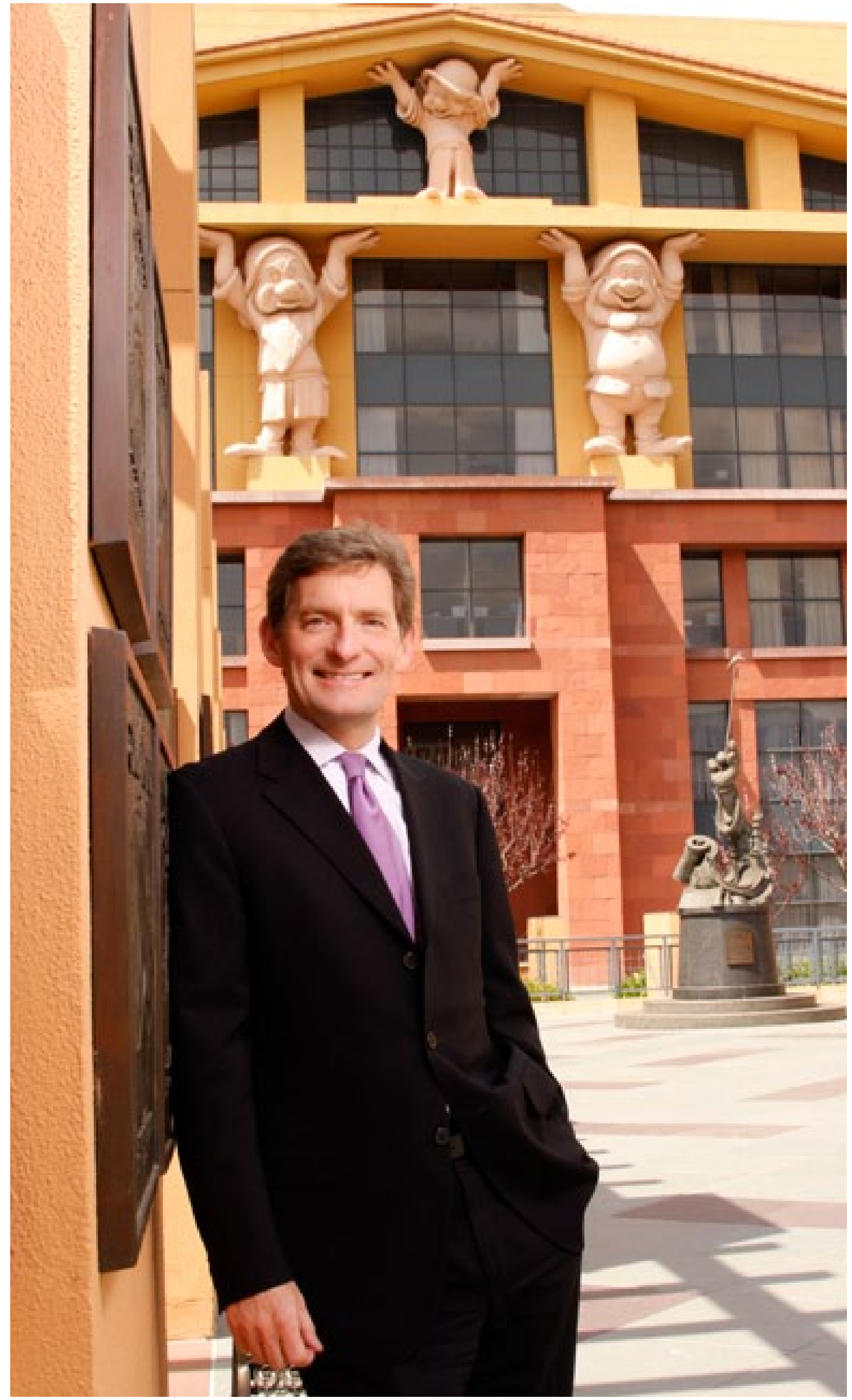
Under the terms of the Disney deal Crédit Mutuel became the official banking partner of Disneyland Paris and is the only bank to have branding within the theme park. It is also the only bank to provide offers for Disneyland Paris including special deals on family resort packages. These are marketed to Crédit Mutuel's 15.3m clients which gives the bank a competitive advantage when trying to attract youth savers, in particular. In turn this gives wide exposure to the Disney brand and attracts more guests to its park.

Disney's sponsorships are comparable in value to the top deals in sports ranging from seven to eight figures per year. The company's unique and uncluttered parks are key drivers behind the brands' decisions to sign with the company. They also hope that the magic of one of the world's most beloved brands will rub off on them and companies don't come much more squeaky-clean than Disney.

"With sports or celebrity sponsorships you have got issues," says Aldridge explaining that "you had the Tibetan issue with the Chinese Olympics. Mickey doesn't do that and we protect the Disney brand so you're not going to get those issues." This has proved to be a silver lining for Disney during the cloud of a recession. Disney is not synonymous with excessive spending and so signing an alliance with the company isn't likely to be seen as frivolous even in a downturn.

"We are seeing a number of partners pulling out of other sponsorships but staying with us," says Aldridge and industry experts expect that Disney's magic will propel it to become number one in the sponsorship sector.

RIGHT: LAWRENCE ALDRIDGE, SENIOR VIZE PRESIDENT OF CORPORATE ALLIANCES, THE MAN WHO MAKES THE DEAL MAGIC HAPPEN FOR DISNEY.



"Ultimately they will have a global sponsorship profile much larger than the Olympics," says Steve Madincea, managing director of Prism, the leading sponsorship agency owned by advertising giant WPP. He attributes this to Disney's family focus, the strength of the Disney brand and its "full range of offerings." Indeed, the option of picking and mixing parts of the company to sponsor is one of four core differences between a partnership with Disney and one with sports rights-holders.

"Sports sponsorships tend to be in straightforward packages," says Aldridge explaining, "we craft our deals based on what the partner wants." For example, German technology firm Siemens has naming rights of Spaceship Earth, the flagship attraction in Disney's Epcot science-themed park in Florida. A sign saying 'presented by Siemens' hangs outside the ride which takes visitors through model scenes explaining the history of communications. At the end of the attraction there are high-tech educational games themed to some of Siemens' products. "Epcot stood for 'Experimental Prototype Community of Tomorrow' and that idea of the future and building and developing technologies fits nicely with Siemens," says Tom Haas, chief marketing officer of Siemens Corp. But the theme park exposure is just the tip of the iceberg in this partnership.

Amongst the many areas of collaboration, Disney has written books for Siemens to help children with hearing difficulties get accustomed to its hearing aids. "Audiologists tell us that they chose to go with the Siemens paediatric hearing aid because of this programme," says Haas adding, "that one storybook has spawned another story which is talking about childhood allergies. We are even talking now about doing something on childhood obesity."

In addition, Haas says that under the partnership, "the ABC Studio screen at Times Square is sponsored by Siemens so you will see the Siemens logo under the jumbotron. Very often when they are filming Good Morning America or Nightline they will zero in on that screen so it is exposure for Siemens." As part of its Disney deal Siemens has even managed to get its medical products placed in Grey's Anatomy, the ABC medical drama.

It is reportedly a 12-year deal which matches some sports sponsorships, however, the quality of exposure is the second differentiator.

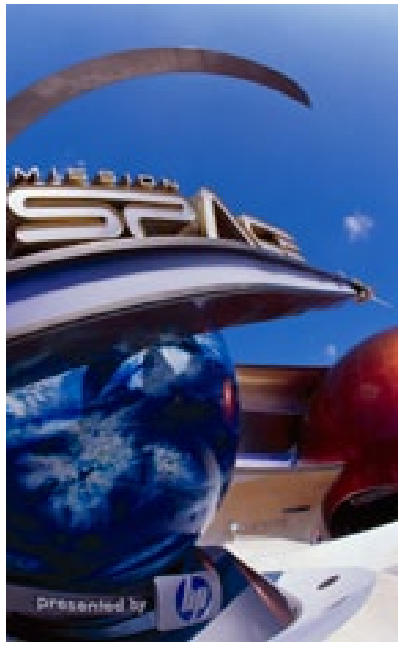
"When people think of sponsorship they think of sport and that's limiting because, for one, it's getting very congested," says Aldridge. "In the park you're connecting with the consumer at a time of heightened emotional engagement. It's a magical environment, an uncluttered environment and it offers product exclusivity," he adds.

The number of eyeballs they attract is equivalent to the top sports events with Disney's parks having over 100m visitors annually. Its parks occupy the top eight positions in the rankings of the world's most visited theme parks and with 34,000 hotel rooms onsite at its parks, Disney is also able to get demographic data on its visitors that most rights-holders would dream of. It makes a tantalising package for sponsors.

"Over the last few years we have advised several companies moving from major sports programmes," says Xander Heijnen, chief operating officer of consultancy firm CNC. He adds, "in every case, the company was willing to exchange the quantity of eyeballs for the quality of the communication. A high share of voice in a small entity can be more valuable than a whisper in international football."

But what makes visibility in Disney's parks particularly effective is the subliminal way that the brands are incorporated. Innovation is Disney's hallmark and it is the third contrast between its sponsorships and those in sport.

At the most exotic end of the spectrum, HP collaborated with Disney and NASA to create Mission Space, a ride in a giant centrifuge which simulates space travel. However, innovation isn't just limited to the technology partners. "Coca-Cola works with us to create new drink type formulations. They create unique drinks for the parks using Coca-Cola products and we test satisfaction," says Aldridge. Brad Taylor, Coca-Cola's global director of strategic partnership marketing, explains that one of the biggest benefits of being a theme park sponsor is, "being able to sell all of our beverages to theme



MANY MULTI-NATIONAL BRANDS LIKE HP, SIEMENS OR COCA COLA SEE THE STRONG BENEFITS OF STRATEGIC ALLIANCES WITH DISNEY.

park visitors and doing so in unique ways that help enhance the consumer experience."

Disney also offers partners the opportunity to get a tangible return that they would struggle to get with any other sponsorship. This is the final difference with a Disney deal and it really is the stuff of dreams for sponsors.

"What we're really interested in doing with each of our partners is using Disney's assets to drive their business as well as achieve their market objectives," says Aldridge. Disney spends $12bn a year on goods and services and its partners are often at the front of the queue when the company comes to place orders. "We've outsourced some of our print managed services to HP," says Aldridge but this is nothing compared to Disney's shopping list of products purchased from Siemens.

"We do some water filtration systems for the Disney pools, the parks and hotels," says Haas adding that, "Sylvania lighting is one of our companies which does the Disney parks' lighting. Disney buys ride controls from Siemens energy and automation and we do fire safety and security systems. Likewise we have done some things with their cruise lines so there is a lot we provide and we are continuing to find new opportunities." In just over four years Siemens has got involved with every division of Disney even working with it on lighting its theatre productions.

Whilst some sports have a view that it is a privilege for companies to partner with them, and so they should accept what is given Disney looks at how it can ensure that its sponsors can maximise their ROI. It is a virtuous circle since the more satisfied the sponsors are, the longer they stay. "It is value creation across multiple streams," says Aldridge adding, "our role is trying to figure out that value exchange and drive a significant value. That is one of the big differentiators between us and a sport like Formula One where you are a straight marketing sponsorship player. What we are looking at is how we create value for our partners." It is a long-term strategy.

"We are acquiring digital assets all the time," says Aldridge. "As we look at our strategy going forward one of the key differentiators we are going to be able to offer to partners is linking your physical presence with digital assets." He adds that of, "the areas that have real growth for us, one is B2B. I think the technology space is another area where I think we have real opportunities."

Aldridge will soon have a superhuman hand to help him as Disney announced at the end of August 2009 that it would acquire Marvel comics in a stock and cash transaction worth $4bn. With Marvel comes icons such as Spiderman and the Hulk and new opportunities to build sponsorhip associations. Then there's the new opportunities being presented by

Disney's inexorable geographical spread.

The company currently runs 11 theme parks worldwide but in November 2009 the Chinese government gave its approval to the construction of a $3.5bn Disney park in Shanghai. It is part of a two-pronged strategy to penetrate this lucrative emerging market, as Disney already runs a park in Hong Kong. Sponsors are likely to follow.

"I think we're under-represented with international partners," says Aldridge adding, "when we're looking at where our businesses is going, whether it's India, China or Russia, they are exploding in those countries and I think there's some interesting plays there."

Critics may claim that the target audience is too-focussed on children but Disney's studies show the benefit of this. "We know from our research that 80% of the household budget is controlled by women and influenced by kids," says Aldridge adding, "I had no idea how to use text messaging until it was taught to me by my kids. You see that with the plasma screen TV too - quite often it's the kid nag factor."

Disney has the kids' market pretty much sewn up but Aldridge also spotted a gap in the market for targeting sponsorships at female executives after research showed that they are rapidly increasing in number. "Most business-to-business entertainment is geared to guys ... they need to start looking to complement that in a way to tackle women," he says.

Disney's solution is hidden in the heart of each of its attractions where there is a corporate lounge exclusively for the partner's use. Top employees and clients are invited to the lounges which offer free refreshments and queue-cutting ride access 365 days a year. It appeals to all ages and genders.

Ultimately, the diversity of the options available could be the biggest challenge for Disney's partners. Every different element of the deal needs effective promotion and Taylor cautions that, "if you don't have money to activate the sponsorship both in-park and in-market, then you probably won't get a reasonable return on your investment".

Haas adds that prospective Disney partners need to, "do homework and analysis. It has got to fit your needs but at the same time you've got to be open to some ideas. You've got to be creative at how you look at telling that story. You have to challenge your own marketing team to be more creative".

Heijnen suggests that Disney's, "very American image and their lack of certain values such as competition", are the key points which may put off prospective sponsors. This may not always be an obstacle though. Haas says that Siemens specifically chose to partner with Disney to, "help Americanise the brand" and he adds that, "we feel that it is helping us in the long run build our business. It is adding positive values to the Siemens brand, it is gaining sales for Siemens, in many different areas, not just with Disney. There is certainly a positive effect with being associated with such a strong and wholesome brand as Disney.". Nevertheless, those expecting results with the wave of a magic wand may be disappointed.

"These kind of things take time and you have to have patience," says Haas. Disney doesn't even leave this to chance as Aldridge says that it has an account team is on hand to manage and advise partners. It is this kind of magic touch which has turned Disney's corporate alliances into fairytale marriages.