

# MarketingWeek

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## The most valuable brand on the planet

Brand Finance reveals the world's most valuable brands



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## Can Disney really become a bigger global sponsorship vehicle than the Olympics?

### Cross-media deals are behind Disney's success, explains Christian Sylt

**A**fter finance and property, two of the worst-hit sectors in the economic downturn have been travel and media. Disposable income has dipped and advertising budgets have been slashed. With about a third of its \$37.8bn (£25.9bn) revenues coming from theme parks and the balance brought in by television channels and movie studios, Walt Disney Company doesn't appear well placed to script a happy ending.

But like all good Hollywood blockbusters, there is a twist. Through clever corporate alliances, the company is generating its revenues from the most unexpected sources.

Disney has a portfolio of corporate alliance partners ranging from Hewlett-Packard and Kodak to Nestlé.

Steve Madincea, managing director of Prism, WPP's biggest sponsorship agency, claims the media company is not only set to reap the financial rewards of this arrangement but could have: "A global sponsorship profile much larger than the Olympics."

It is not just the size of Disney's portfolio that is worth marketers taking note of but the nature of the deals. Many of the partnerships range over a variety of media. Some partners work with Disney to design and brand theme park attractions while others opt for product placement in shows on its ABC TV network or pop up at premieres of movies made by its Miramax studio.

Disney has been involved in partnerships since its founder enlisted Coca-Cola to help finance his

first theme park in the 1950s. An innovative marketing deal was struck, giving Coca-Cola the rights to be the sole supplier of soft drinks within the park in return for its backing. It remains a partner to this day.

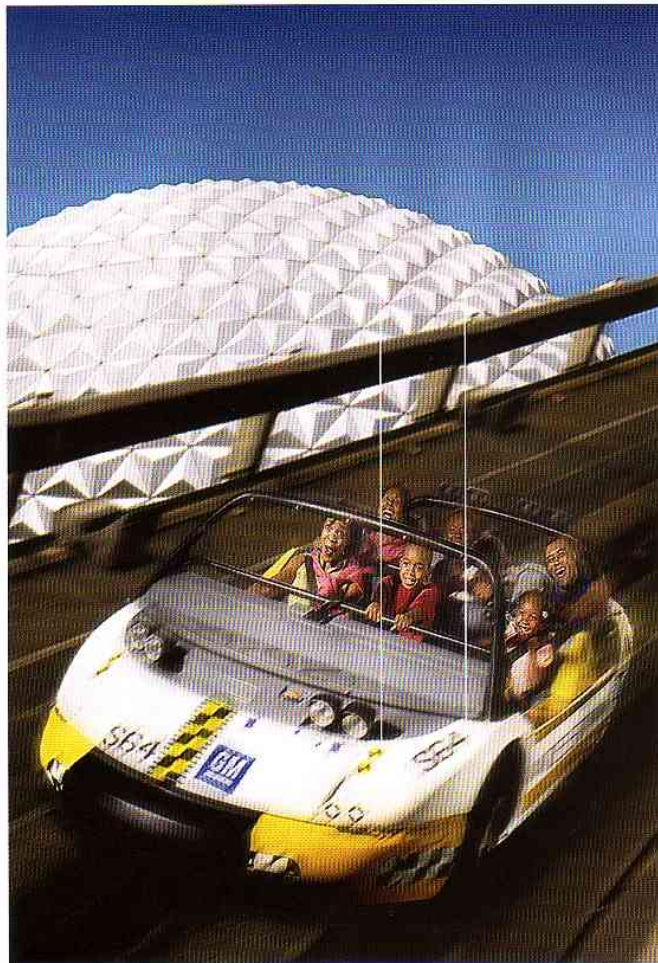
Disney now has about 20 global partners with about the same number of companies sponsoring attractions locally at its park complexes in the US, France, Hong Kong and Japan.

Lawrence Aldridge, Disney's senior vice-president of corporate alliances, reveals: "Our business is doing really well. Everyone else may be losing sponsorship dollars but we are gaining."

Aldridge recently signed Visa as an Asian Disney partner and he is believed to be on the verge of securing an alliance with a European bank – a huge coup given the weak reputation of the banking sector.

A former oil company executive, Aldridge





joined Disney in 2000. His lack of a media background has been seen by the business as an asset. "A couple of years ago Tom Staggs [Disney's chief financial officer] wanted somebody without a traditional promotional marketing background to take a fresh perspective on what corporate alliances were about," explains Aldridge.

#### COMPANY-WIDE PARTNERSHIPS

Aldridge's remit was to maximise the returns by ensuring that corporate alliance opportunities permeated the entire company. He shook up Disney's partnership structure to achieve this. "When I took the job, 100% of the partners were wedded to the park and there were other elements. What we have been doing is looking more broadly, in terms of understanding what the partner wants and how Disney's assets can be used," he says.

A partnership between Disney and Siemens

demonstrates how Aldridge's deals run across multiple elements of the media business' portfolio. The German technology company has overt naming rights for Spaceship Earth, the flagship attraction in Disney's science-based Epcot theme 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 a more subtle level, the end of the attraction features high-tech educational games developed by Disney showcasing some of Siemens' technologies. Disney books have also been written to help children with hearing difficulties get accustomed to Siemens' hearing aids.

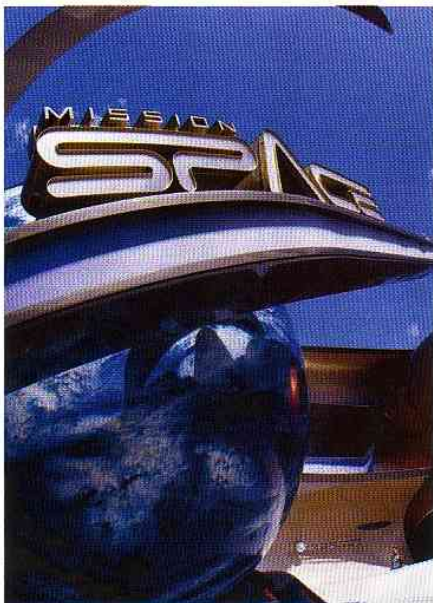
Siemens medical products have even appeared in Grey's Anatomy, the medical drama broadcast on Disney-owned ABC. "Our 'Imagineers' have converted the Siemens story into something

that is truly entertaining and that's what you're paying for. It's very different to naming rights at a stadium or something like that," explains Aldridge.

Madincea agrees: "Too many sponsorship platforms try and force a sponsor to accept their standard package where Disney uses its inbred creativity to help sponsors fully leverage their investment."

Other partnerships include tasting stations in parks offering free samples of new Coca-Cola flavours to guests who give feedback on the taste. A space simulation ride came courtesy of a relationship with NASA and Hewlett-Packard. Likewise, General Motors has developed Test Track, a rollercoaster themed as a car test circuit; when GM wanted to publicise its hydrogen cell cars, it gave them to top Disney executives and this was broadcast on ABC. ►





Aldridge is unwilling to reveal the value of Disney's alliances, arguing that each deal is bespoke for the brand involved. But the numbers involved are potentially massive – the Siemens partnership is reportedly a 12-year deal estimated to be worth \$100m (£68.4m) in total.

Disney argues that the number of eyeballs its parks attract is equivalent to any top sports event with more than 100 million visitors annually. The parks occupy the top eight positions in the rankings of the world's most visited theme parks and with 34,000 hotel rooms onsite, Disney is also able to obtain demographic data on its guests of which most rights-holders could only dream.

However, Xander Heijnen, chief operating officer of consulting firm CNC Communications, warns: "Its America-ness may be a bit too dominant for some potential partners.

"Also, in terms of values such as competitiveness, innovation or sportsmanship, Disney scores rather low compared with, say, a sports

series. But with its reputation and resources, the potential is near limitless."

There is a corporate lounge exclusively for partners to use. Top employees and clients are incentivised with visits to the lounges which offer free refreshments and queue-cutting ride access 365 days a year.

"A programme which allows the associates or employees of a firm to be part of something bigger may be well more valuable than a large cardboard soft drink bottle on a football pitch," predicts Heijnen.

#### CHILDREN REALLY ARE THE FUTURE

While some might claim that Disney's target audience is mainly children, Aldridge says that even for adult purchases, these are important people to reach. "Our research shows that 80% of the household budget is controlled by women and influenced by kids," he says, adding that involving Disney can help get children to become early advocates of products.

# THE REGIONAL CREATIVE CHALLENGE HAS BEGUN

Every two weeks top creative agencies from one UK region put forward their best designs in an attempt to win your vote! There can only be one winner at the end of the fortnight and it is up to you to decide which creative will go through to the Regional Grand Prix.

Now it is West and Wales' turn to showcase their creative concepts from Bray Leino, Golley Slater and McCann Erickson. Head to [www.upeveryonestreet.co.uk/region](http://www.upeveryonestreet.co.uk/region) to see more designs from these agencies and place your daily vote to ensure your favourite gets a place in the Regional Grand Prix.

If you want to showcase your creative

concepts and win the opportunity to join the best of the best in the Grand Prix in July then head to [www.upeveryonestreet.co.uk/wildcards](http://www.upeveryonestreet.co.uk/wildcards) and upload your execution to compete for the public's vote.

In a fortnight the competition moves on to Yorkshire with agencies ATP advertising, JDA, Home and Uber ready to step up to the challenge and put forward their concepts to win a place in the Grand Prix.

#### The Midlands Winner: Freya - RBH



The Midlands was the first region to step up to the challenge. After nearly 12,000 online votes Freya Lingerie (Eveden) was the public's choice with creative agency RBH winning the first round of the Regional Creative Challenge.



In the case of GM's Test Track, the visitors to Disney theme parks fit well with the car manufacturer's customer profiles. They mostly have middle- and upper-incomes and almost all have high-school diplomas. What's more, most are married with children, which allows GM to build early relationships with youngsters. Disney even has plush Test Track toys to drive the message home.

Disney prohibits GM from selling any cars onsite but it is still well worth it, as Aldridge claims: "Test Track is GM's largest lead generator of any showroom in the world." Perhaps the biggest testimony to the value of the deal is the fact that GM has not pulled out, despite its financial woes.

The relationships built with partner brands are also taken beyond the promotional sphere at Disney. The company reportedly spends \$12bn (£8.2bn) 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 Hewlett-Packard," says Aldridge and GM is allowed to supply fleet vehicles to Disney World's 50,000 employees.

#### PHOTO OPPORTUNITIES

Beyond Test Track, photo opportunities with historic Cadillacs litter the Grand Floridian, Disney's Victorian themed hotel in Florida and the European Opel brand is used in the stunt show at Disney's US movie park. The Jonas Brothers, a teenage pop act contracted to Disney, even played a concert for GM staff and its clients at the Disney studio buildings in California.

"We can do virtually anything provided that it meets our brand guidelines," says Aldridge. "There are certain sectors we can't do. We won't do gambling, we won't do cigarettes and we can only do alcohol as far as it relates to Miramax or our ESPN Sports [TV] brand."

It seems that fast food is also losing favour at Disney. The brand recently parted ways with

McDonald's and Disney has introduced nutritional guidelines restricting who it can partner with in this area.

In the long term, this should be beneficial but in the immediate future, Disney still needs all the financial help it can get. The company's share price has slumped 46% from a high of \$34.99 in May 2008 and Aldridge is broadening his outlook to grow the business.

#### GLOBAL OPERATION

"Most of our partners are American but it needs to be a global operation, which means talking to the real international players and the brands from emerging economies," he says. "Our five-year goal is to globalise our partnerships."

With media companies in such severe financial turmoil, Disney's ability to generate income through such alliances will be under close scrutiny. The company will be hoping that this story ends up with its corporate marriages leading to a fairytale ending. ●

#### Golley Slater - Regina (T-Side)



**Amy Corbett**  
Head of Loyalty  
Development  
Gala Coral Group

Innovative tie in to the bus; the strap line is really bought to life with the creative enforcing the difference an extra layer can make! This is bound to be an eye catcher and have resonance. A simple message executed beautifully.

#### McCann Erickson - Cathay (Superside)



**Helen Dickinson**  
Group Marketing  
Manager, GMG Radio

A very simple headline delivered with humour, which will capture the attention and bring a wry smile. The agency has achieved strong branding on the ad, even when it's been placed upside down!

#### Bray Leino - Sugar Puffs (T-Side)



**Lorraine Jones**  
Planning Director,  
PHD North

Too many bus sides rely on squeezing in as much text as possible and fall down because of this. This is a really neat use of a well known icon to draw attention to the ad in a fun and engaging way, that completely encapsulates the product message.

Vote to put your favourite through to the Regional Grand Prix! [www.upeveryonesstreet.co.uk/region](http://www.upeveryonesstreet.co.uk/region)

