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CHARITY SPONSORSHIP

A COMPREHENSIVE
REPORT ON THE STATE
OF THE INDUSTRY

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Shortly after taking over the helm of global consumer goods conglomerate Unilever in 2019, CEO Alan Jope stunned the marketing world by declaring that brands without a social purpose had no long-term future with the company. In so doing, Jope became the most prominent advocate of a trend that has pushed many brands to the forefront of burning social issues and given fresh wind to properties in the charitable, or cause space.

Jope's challenge to Unilever brand managers was backed up by compelling data. In 2019, Unilever's 28 Sustainable Living Brands grew 69% faster than those without purpose at their core. Media monitoring agency Kantar's Purpose 2020 study showed how brands that consumers see as having a positive impact grow at twice the rate of other brands.

Brittany Hill, CEO and founder of Accelerist, says business leaders now understand that social responsibility can be a revenue generator. It can reduce turnover rates and turnover costs, increase customer loyalty, and enhance profitability.

"Corporations are waking up and realizing that they need to have an ambition beyond commercial success," says Tim Wood, Director of Fit Brand & Partnerships and author of Your



Amazing Brand Story: How to help more people and make more money. That means truly engaging with the people who matter to their organization.

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Charitable causes have benefited from this. Hill, who wraps sponsorship and corporate giving into one package, says that package has grown by about 25% over the last 12 months. It is outpacing individual giving by about 5 to 1 in terms of growth rate, she adds.

However, the nature of the relationship between causes and the corporate sector is changing, and that change may be accelerated by a looming recession.

With brands increasingly adopting purpose as a core attribute, charities are being called upon to help float many boats – awareness, affinity, sales, but also community relations, employee



attraction and retention, and government relations. In the B2B space, many companies are looking at cause commitments as part of their vendor qualification process, says Hill.

Consultant Larry Weil, popularly known online as Larry the Sponsorship Guy, doesn't expect cause sponsorship to be hit hard by an economic downturn, particularly if it is not long-lasting. The optics of cutting a cause sponsorship in a time of need are poor. Hill expects continued growth, albeit at a slower pace.

However, a cause sponsorship budget that once might have been centralized under brand marketing or community relations may now be spread among several divisions within the same company. If the economy declines, expect this trend to accelerate. Charities are responding to this, says Hill. "Two thirds of them tell us that they are actually planning to diversify their corporate funding sources," she says,



drawing from different corporate departments and soliciting sponsorship from non traditional industry categories.

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Maria Perez, sponsorship coach, consultant and broker at causemarketingconsultant.com, sees opportunities in strategic alliances that may bring together a cause, a brand and a third party – a sports team, for instance. Qualtrics, the jersey patch sponsor of the NBA's Utah Jazz, has turned over that asset to its own charity, 5 for the Fight, allowing the charity, the brand and the team to leverage each other's audiences. Amazon purchased naming rights to Seattle's new arena, but has named it Climate Pledge Arena to promote The Climate Pledge, an Amazon-led initiative promoting a path to net-zero carbon emissions among signatory companies. Smartsheet, sponsor of the McLaren Formula One team, launched its Sponsor X program in 2022, under which it surrenders all its on-car branding to a selected cause – Deadly Science at the Australian Grand Prix, The Human Genius Project at the US Grand Prix.



Purpose, combined with a weakening economy, has accentuated the importance of metrics. Causes are facing increasing pressure to prove their value. Over the past several years, sponsorship pros have preached that causes should focus on delivering brand metrics to demonstrate their value to sponsors. That's still true, but the advent of purpose-driven marketing has added another important layer. Cause sponsors are also looking for empirical evidence of social impact.

“Companies are approaching cause sponsorship or cause commitments with a more sophisticated lens,” says Hill, seeking metrics that reflect outcomes, not outputs, not how much money was raised, but how many lives were impacted, and how. In a recession, outcomes will be scrutinized even more carefully, and money will flow to those charities that can demonstrate the difference they make. Those tangible differences are the proof points of success and will be integrated by the sponsor into the brand story.

“There are very few companies partnering with the charity sector because they love it, and if they do, it's called philanthropy,” says Wood. Alan Jope's call to Unilever brands was not to identify a purpose that was meaningful to the brand. It was a call to find a purpose that was meaningful to the brand's customers, and to embrace it fully and completely as its own. Purpose



is utilitarian. It responds to the well-documented desire among Millennials, who by 2025 will comprise 75% of the global workforce, to support brands that align with them on social issues.

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“Causes take brands where they can't take themselves,” says Perez. Associative value is not enough. It's not sufficient simply to try to squeeze yourself beneath a cause's halo. Brands need social proof that the association is delivering real value. “You can't just be a B-Corp. It's not enough,” Perez says.

Wood agrees. If a brand is going to tell a story, it must be prepared to make a long-term commitment to being part of the solution, he says. Brands unwilling to do that should avoid the charitable sector entirely.



And brands, increasingly, are becoming bold, making big commitments, but in return expecting transformative change. Hill calls them moonshots. Retailer Macy's Mission Every One is a recent example – a \$5 billion commitment by 2025 to advance equity and sustainability, with a list of specific, time-limited objectives.

Commitments like this are opportunities for charities that can match the brand's ambition. "Corporates go to those that are leading, those that are making an impact. They don't go to those that are struggling," says Wood. But scale and resources are precisely what's lacking across the cause sector. According to Perez, "the biggest problem is lack of infrastructure and investment."

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Consider how this played out for Deadly Science, a modestly-sized charity that brings STEM resources to remote Indigenous communities in Australia. Smartsheet's announcement that it would surrender its on-car branding to the cause at the 2022 Australian Grand Prix earned Deadly Science national attention and gave CEO Corey Tutt a presence in the McLaren paddock during race weekend, an opportunity to glad-hand with some of the world's most active corporate sponsors. Yet Tutt, though

grateful for the opportunity, describes it as a "sugar hit," a flash of attention that has yielded little in tangible long-term benefit. Already overextended, he was staggered by the scale of the enterprise and blames himself for not taking better advantage of it.

"I probably didn't give the best of myself when the Grand Prix was on," he admits. "Perhaps I could have been a little bit better in my messaging."

Or perhaps it was simply a failure of vision. Charities have to think more boldly about the impacts they can make in partnership with companies, Hill says. They must dare to dream big.



Six Key Takeaways



Understand your value. “We’ve seen in our own studies that non-profits undervalue themselves by about 30%.”

– Brittany Hill, CEO and founder of Accelerist



Hone your digital marketing skills. “If you don’t have [digital marketing] integrated into what you’re doing, you’re missing out on a space that may be one of your sponsor’s strengths.”

– Larry Weil, Founder of The Sponsorship Guy



Understand the competitive landscape. “Nonprofits think they’re competing with each other. Actually, they’re competing with everything their prospect thinks they should spend their money on to improve their situation. If they think buying a new fleet of trucks will make them better, that’s what they’ll do.”

– Larry Weil, Founder of The Sponsorship Guy



Your first task is to understand what your prospect needs. Leave your mission at the door and do discovery. “Once you go down that path and there’s parity, you’re golden.”

– Maria Perez, Marketing Consultant, The Match Maven



Don’t think that everyone shares your passion.

– Maria Perez, Marketing Consultant, The Match Maven



Know your audience and build amazing experiences for them, with your sponsors.

– Chris Baylis, The Sponsorship Collective

ABOUT THE SPONSORSHIP COLLECTIVE

The Sponsorship Collective is a consulting agency committed to helping properties find clarity, stand out from the crowd and build lasting partnerships in a repeatable and scalable way.

Find out more here: sponsorshipcollective.com

