



UNIT 8 – CASE STUDY

Microsoft's "Free" Sponsorship

Microsoft®

Name _____

Class Period _____

**** Sponsorship: A SEM Case Study ****

NASCAR sponsorships don't come cheap. Primary sponsorship of a race car, which allows a company to put its logos and colors on a car's hood -- the prime position for maximum exposure during a race -- currently runs around \$20 million a season. This represents a big jump over a decade or so ago, when around \$8 million would buy the same spot. However, the potential payoff can be huge. According to RaceStat, a syndicated NASCAR research project, 71 percent of the NASCAR audience reported that they "almost always" or "frequently" choose a product involved in NASCAR over one that is not, simply because of the sponsorship.

Sports organizations look to big corporations to help underwrite rising operating costs for one important reason: big time sports and entertainment are expensive. Even minimal sponsorship packages cost tens of thousands. Relatively few companies can afford the investment required for a partnership with premier sports properties that will maximum corporate visibility.

Enter Microsoft. Leave it to the software giant to circumvent the "system" and get its name in front of millions for virtually nothing. The company has taken a different -- and somewhat controversial -- approach to its sponsorship of Michael Waltrip's #00 NASCAR Sprint Cup Series car. The company has been attempting to get those who sell its products and the small businesses using its small business software to pay thousands of dollars each in exchange for promotional images on representations of the #00 car (note that these "secondary sponsors" do not get to put their logos on the car itself). These smaller firms can post these images on web sites as part of their promotional efforts. Of course, Microsoft itself gets the biggest benefit from securing the \$1,000,000+ spot the Waltrip team has provided on the REAL car for its Microsoft Small Business logo.

Microsoft isn't the first to offload some its financial exposure onto those who do business with it. Target Corporation, a longtime sponsor for the Chip Ganassi Racing team, has offered vendors a piece of the action: They might get a NASCAR-themed display in Target stores or even have their logo prominently featured on a car for a single race. Other corporations put the finger on suppliers, retailers of their products, or others with whom they do business in an attempt to recover part of a large investment in NASCAR.

The reception in the first few months has been lukewarm at best. Approximately 40 firms have forked over \$165,000, or a little over \$4,000 per participant. Michael Malina of Rainmakers International, the Santa Monica, Calif., media placement firm that brokered the deal between Microsoft and Waltrip, says the Waltrip team will need at least another 200 sponsors to break even on the investment.



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Microsoft is utilizing its web site to attract additional secondary sponsors. In bold letters, it promises participants "Images of their company's logo on the #00 car." As a company spokesman makes clear, however, they're only images.

**** Case Study Questions ****

1. *Why is sponsorship an important medium for businesses for promoting brands?*
2. *What is your opinion of Microsoft's strategy? Do you think the "secondary sponsors" are getting enough value for their investment?*
3. *From Microsoft's standpoint, what are the risks of this arrangement with Waltrip? With the "secondary sponsors?"*
4. *Can you think of additional ways that NASCAR teams can expand sponsorship opportunities to smaller firms?*
5. *You are managing the marketing function for a small firm. A representative from Microsoft offers you a "secondary sponsorship." What factors would be important to you when evaluating this opportunity?*

SOURCES:

Microsoft's 'Free' NASCAR Sponsorship, Forbes.com, 8/12/08

NASCAR.com

entertainment.howstuffworks.com

<http://www.jayski.com/teams/nascar-sponsors.htm>