Corporate hospitality in sport: evolving practices

A summary of the factors influencing today’s corporate hospitality in sport - by ATPI’s Ernst Kalbfleisch
Introduction

Attending sporting events with a business objective in mind - this is where corporate hospitality and sport come together.

Featuring consumer promotions with prize winners, incentives for staff members or the sharing of unique experiences with clients, the practice and implementation of corporate hospitality in sport has gone through many changes over the last ten years. So what sort of impact have corporate hospitality as a marketing discipline and the dynamic world of international sport had on each other?

What this insight will tell you

- How sport has developed internationally
- The role of socio-demographics
- The consequence of growing professionalism
- How norms and values have changed
- Current trends

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International sports

Above all, the power of the live sports experience is still huge. This is not necessarily a trend, but rather an essential key theme. Sharing special sporting moments, often on foreign soil, is tangible and unique. It has an enormous impact on business relationships. Clients and business partners will remember exceptional experiences forever.

Scarcity of assets has rapidly become an issue over recent years, fuelled by the increasing importance of partnerships in sport. Major sponsors are more important than ever. This is demonstrated, for example, by the privileges, availability and rights granted to commercial partners and local Olympic committees by the IOC. A very practical consequence of this is the effort that travel and event companies have to make to obtain enough entrance tickets, hotel rooms, flights and local transportation for their clients. Additional work is also involved in guaranteeing quality and keeping prices acceptable.

In contrast, however, the rise of serious sponsorship activities in sport is an absolute upside of this trend. There is a growing number of companies who have many marketing rights during a sporting event and they increasingly activate these rights in the context of corporate hospitality. As a sports event company, our role can sometimes be more about providing support and logistics for events, while at other times it is all about facilitating them, as is often the case with the Olympic Games. The rule with many sponsors is: if you do it, do it well.
Socio-demographics

Our society now includes a generation that is more prosperous and has therefore also been able to experience more. The average person aged 40 has already experienced more than someone the same age 30 years ago. You could say that the bar for the ultimate sport experience has therefore been set higher and higher. The accessibility, the average resources and naturally the range of top-level sport has increased enormously.

People are becoming increasingly aware of the work-life balance, which affects how they look at corporate hospitality. For weekend events, the guest’s partner is nearly always invited as well. And with foreign trips a guest often cannot be away for too long, nor do they want to be. Partly due to this, short trips have become successful in recent years. The success of the 24-hour packages for the London Olympic Games, Commonwealth Games and Rugby World Cup are evidence of this.

Participation in sport has increased greatly, including in the business context. Health is more than a trend and active participation in sport is on the rise. Here too, genuinely exceptional experiences are the big thing. New York, Berlin and London for the runners and the Pyrenees, for example, for cycling fans. Charities also have an encouraging effect. Recent years have seen the number of events and participants greatly increase for charity events of this kind, both domestically and internationally. They combine the ultimate emotional experience with the opportunity to reinforce business relationships.

Obviously the extent to which one can enjoy sports events from home has developed with the introduction of online technology and (social) media. The decision to follow an event at home rather than experience it live is sometimes quite understandable. Increasing political unrest and terror threats also play a part in this. This issue arose in Sochi in 2014, for example, and it is a factor to be considered in relation to most large international sporting events nowadays.
Growing professionalism

Whereas in the past it was often the executive secretary who had corporate hospitality in their portfolio, our point of contact nowadays is the marketing director or sponsor manager. This means that the industry has reached a higher level, resulting in a growing demand for tailor-made solutions. We visit many sport sponsors and this increased requirement for professionalism is apparent everywhere.

We also see this higher level with communication programmes around corporate hospitality events. Previously that same secretary would e-mail a list with the names of those invited to corporate hospitality programmes. Communication both internally and externally is now of an entirely different order. Registration websites, an invitation policy, a specific project identity and sometimes hotel room drops are examples of this. The incorporation of all of these aspects into a comprehensive programme is increasingly becoming the rule, thus making the client approach more professional.
Focusing on a large group of clients with a professionally set-up programme of this kind is highly appreciated – and this is also (and maybe primarily) the case for those guests who do not go on the trip. Return On Investment (ROI) is a serious topic. The necessity to connect and network is more significant than ever in these economic times.

Sponsorship and its activation is no longer only relevant for marketers and their clients. Apart from them there are many more interested parties who can benefit from this. Hospitality in sport is also used in the context of HRM projects, internal sales incentives and recruitment. Accountability for a sponsorship is further emphasised as a result. The objectives are clear and the sponsorship is more widely communicated within the organisation, thus creating more scope.
Norms and values

The core of the matter is primarily the perception of the person who has received an invitation for a sporting event. May I? Is it something for me? Can I? Accountability both internally and externally is the order of the day.

This is sector-related, of course, and pharmaceutical companies were among the first to face this, followed by the financial sector. But over the years this has expanded to multiple sectors. Compliance is also an issue. Careful compliance with the rules is increasingly important. Of at least the same importance is naturally today’s economic reality. You do not want to present a poor message to the outside world and budgets are not always at the level of ten years ago either. This is a serious development for the corporate hospitality industry.

The incorporation of a professional programme with relevant content into corporate hospitality programmes is a phenomenon which did not exist ten years ago. Knowledge sessions or meetings often make up a big part of the day. In addition, guests are increasingly paying for (a part of) the trip and often the guests of clients bring this up themselves. Many clients have seen an increase in the number of rejected invitations.

The CSR factor within sponsorship, and therefore also within corporate hospitality, has increased. Social projects were integrated into client programmes during the World Cup in Brazil and we will undoubtedly see this again at the Rio 2016 Olympic Games. Guests want to see close-up how a top-level sporting event can contribute to improved conditions for the local population.
Some trends

Location is everything
Easy access and authenticity are conditions for an event to be successful. Exceptional locations are crucial for the attractiveness of an event. Internationally, our influence on the result of a bid of an organising country or city is obviously limited; however the consequences are huge. The difference in appeal between Rio de Janeiro and Sochi does not need to be explained. In addition, the role of the city itself has become much more of a factor for clients, pivotal to their decision.

Multiple audiences
Corporate hospitality is often not just very important for our clients, but also for event organisers. This applies to top-level sport both domestically and abroad. Various specific target groups are catered for, with events such as Ladies Day and Kids Clinic, and accommodation has to be transformed into a sporting village for everyone. The programming of professionally relevant content for guests is also opted for. This offers opportunities for sports associations in challenging times.
Five elements sum up my perception of the evolving practices around corporate hospitality in sport.

There is no ultimate truth, but I do see a number of clear trends: more professional, more challenging, new demands, new values and different budgets. There can be no doubt, however, that one aspect should not be underestimated: the magic of actually experiencing top-level sport!
After completing his studies in Communication Management, Ernst Kalbfleisch joined ATPI in 2005. His initial training was in Operations, where he was part of ATPI’s Olympic team in 2006 (Torino) and 2008 (Beijing). The in-depth knowledge and expertise gained while operating at the crossroads of commerce, sports and client management has made Ernst a valuable member of ATPI’s Client Services team. He is our expert in the field of sports bodies, corporate hospitality and sponsorship activation and has been involved in all ATPI’s major sports projects over the past ten years.

About the expert

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