

# Corporate Sponsorship Report:

## A 2000-2006 Analysis of Corporate Support for LGBT Organizations and Events



## Summary

The Corporate Sponsorship Report from Commercial Closet Association (CCA) is the first ever to track national corporate sponsorship spending on major events and organizations in the lesbian, gay male, bisexual and transgender (LGBT) community. CCA collected data from 22 top LGBT organizations and events to analyze corporate spending on a year-by-year, company-by-company, and organization-by-organization basis and to analyze trends.

While advertising in the LGBT marketplace and sponsorship in general are both tracked, this report brings first-of-its-kind data about corporate spending on LGBT sponsorships in the United States to the field.

From 2000 to 2006, corporate sponsorships of LGBT events and national organizations surged by 282.5% among the top 40 sponsors in each year, from \$1.77 million in 2000 to \$6.77 in 2006.

The growth percentage of LGBT sponsorships, up 26.5% from 2000 to 2006, significantly exceeded both the mainstream sponsorship marketplace as well as LGBT media advertising. General sponsorships increased 7.5% for the period, while targeted LGBT media advertising grew 11.7%.

The quadrennial Gay Games achieved a record \$2.5 million in corporate sponsorships in 2006, making it the second highest earner that year, behind the Human Rights Campaign and ahead of the Gay & Lesbian Alliance Against Defamation, each of which also achieved strong growth. A majority of organizations and events surveyed reported triple digit growth rates across the seven year period.

This report analyzes the trends that fueled this growth and recognizes leaders in corporate sponsorship support of the LGBT community.

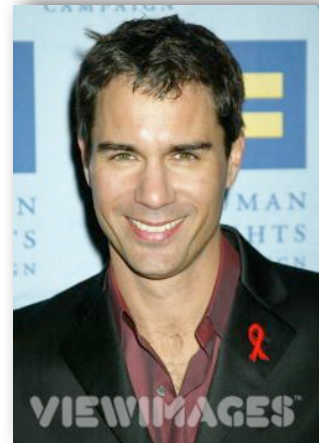


## Introduction

Since the founding of Commercial Closet Association in 2001, our core mission has focused on ways to educate the marketplace about respectful and inclusive representations of lesbians, gay men, bisexuals and transgender (LGBT) people in advertising.

Yet, advertising imagery and expression are only one path marketers take to connect with their audiences. Leading companies and popular brands approach the LGBT marketplace from many angles, including corporate philanthropy and sponsorships of nonprofit organizations and events. In fact, as our new Corporate Sponsorship Report

illustrates, sponsorships are a cornerstone for many companies in achieving their own standards for corporate responsibility as well as business goals. Corporate support through sponsorships is considered an integral part of a comprehensive marketing strategy and can develop an important and lasting message that companies wish to deepen their affinity with under-served and often-overlooked audiences such as the LGBT community.



During the survey time period, buying power for the estimated 15.3 million American LGBT adults (6.8% of people 18+) is estimated to have gone from \$451 billion in 2002 to \$660 billion in 2006, according to Packaged Facts and Witeck-Combs Communications, Washington, DC. In addition, more detailed LGBT demographic information has become available through the 2000 U.S. Census and 2007 American



Community Survey about over 780,000 same-sex couple households, as well as through numerous smaller, private marketing studies.

Sponsorships are an attractive, if not necessary, option for corporations seeking to reach the large numbers of LGBT individuals not reached by traditional LGBT media, as well as a way to directly support the community (and sometimes its causes) while also building one-to-one consumer relationships.

Corporations have a wide variety of options for LGBT-targeted sponsorships with branding and sampling opportunities. Top sponsors of large national organizations and events like the Gay Games pay \$100,000 and up to get marquee mention. GLAAD has its annual Media Awards in New York, Los Angeles, San Francisco and Miami, while the Human Rights Campaign has a network of regional dinners. Such events may feature top politicians, celebrities and corporate executives, attracting high-net-worth individuals and opinion leaders paying hundreds of dollars to attend.





Almost every city has free annual Pride parades and festivals attracting tens to hundreds of thousands of people, where sponsors may create floats and hand out samples. There are also numerous annual special events with paid attendance such as film festivals, sporting leagues and events, ski weeks, rodeos, major parties at resorts and amusement parks, and business and political conferences. And there are dozens of LGBT community centers, where sponsors may have their names placed on sections of buildings or on stages at outdoor events. In general, gift bag inserts and sampling, along with branding and advertising in newsletters, program books and web sites, are de rigeur for most any sponsor.



As a general rule, major corporations have been more attracted to large national organizations and events than regional and local ones. However, Pride events, film festivals, and community centers in some major cities have grown in their attraction of corporate sponsors.

Due to the vast number of local, regional and national events and organizations, it isn't possible to tell the complete story in this report. Further, it is important to note that corporate sponsorships are not all the same. Some may be all cash, others an "in-kind" contribution of necessary goods/services (such as airline tickets, alcohol for an event, etc.), or a mixture of both. Because of these matters and due to negotiations for discounts, sponsors sometimes do not pay the full amounts of the category in which they are published. Without accounting standardization, CCA must simply assume spending as reported or published by the non-profits -- a method also followed by the leading industry organization that tracks sponsorships, IEG. Therefore, the data provided by this report is not intended as comprehensive or exact, but indicative of overall business trends and leaders.





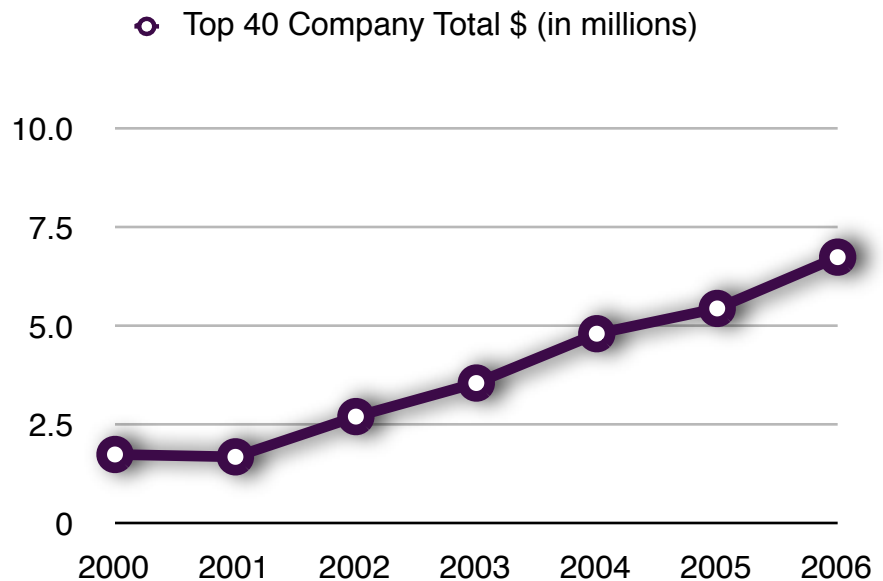
## Sponsorship Spending By Year Chart

Year	Top 40 Company Total \$ ( in millions)	Growth from Prior Year
2000	1.77	N/A
2001	1.71	-3.4%
2002	2.73	59.6%
2003	3.58	31.1%
2004	4.83	34.9%
2005	5.47	13.2%
2006	6.77	23.7%
	<b>Average Growth</b>	26.5%

## Sponsorship Spending Growth Analysis

During the seven-year period beginning in 2000, we identified the top 40 corporate sponsors based on information already published or directly provided to CCA by 22 participating nonprofit events and organizations. Sponsorships of LGBT organizations and events saw an overall 26.5% average annual growth, including double-digit increases of 59.6%, 31.1%, 34.9%, 13.2%, and 23.7% from 2002 through 2006.

Despite a slower overall economy, shifting priorities among marketers toward search-engine advertising and the June 2005 arrival of new gay network LOGO, sponsorship spending by the top 40 companies maintained a 34.9% increase in 2004 and leveled to 13.2% in 2005. Spending rebounded slightly in 2006 with a 23.7% increase, totaling \$6.77 million in our top 40 survey. Still, 2006 growth was due to an anomaly -- a record setting \$1.7 million sponsorship of Gay Games VII, held in Chicago.



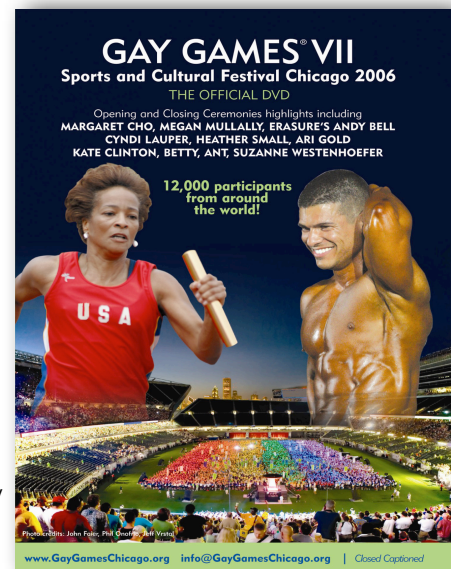
The top annual sponsor amount surged eightfold from \$187,000 in 2000 to \$1.7 million in 2006 (up 809%), and the amount spent by those that ranked No. 20 on our list went from \$25,000 to \$100,000 (a 280% increase).

The LGBT marketplace outperformed general North American sponsorship spending across the seven years, with 26.5% LGBT sponsorship average annual growth since 2000 compared to 7.5% for general sponsorships, based on information provided by Chicago-based "worldwide authority on sponsorship" tracking firm IEG. Overall sponsorships increased 10.5% from 2005 to 2006, IEG reported, versus LGBT sponsorships at 23.7% for the same period. From 2000 to 2006, spending on LGBT sponsorships grew from \$1.8 million to \$6.8 million (282.5%), compared to the more established general marketplace, which rose 53.7% to \$13.37 billion, per IEG.



LGBT sponsorship growth also outperformed the more established concept of targeted LGBT media advertising. Over the 2000 to 2006 period, ad spending grew 11.7% to \$223.3 million, and 2006 experienced just a 5.2% increase and only 2.5% in 2005, according to the 13th annual Gay Press Report, published by Rivendell Media Company, Westfield, NJ, and Prime Access Inc., New York City.

The quadrennial Gay Games, most recently held in Chicago, July 2006, reflected a dramatic increase in corporate interest with LGBT events and organizations. Gay Games VII set a sponsorship record for all previous Games, reaching \$2.5 million and representing 268% growth over the last U.S.-held event, New York City in 1994. We compare the two because the global Gay Games relies most heavily on corporate sponsorship when hosted in the U.S. than when it's held elsewhere, where government dollars count more (2002 in Sydney, 1998 in Amsterdam, 1992 in Vancouver). This was achieved despite a conflict with a new, similar event just a week later, the World Outgames in Montreal.



CCA attributes the strong overall growth of LGBT community corporate sponsorship to a combination of increased corporate confidence in targeting the LGBT community as well as increasing sophistication shown by LGBT nonprofit organizations and events in marketing themselves for corporate support. The 2006 Gay Games is a particularly striking example. The slowed



sponsorship momentum in 2005 through 2006, however, may be attributed to a combination of a sluggish economy, and shifting of marketing spending due to increasing interest in online search advertising and the mid-2005 arrival of the first gay and lesbian cable channel, LOGO, now in over 30 million households.



## Sponsorship Analysis By Organization/Event\*

Rank	Organization	2006 (\$ x 1000)	2000-2006 (\$ x 1000)	Growth Since 2000
1	Human Rights Campaign (HRC)	2600**	16500	742%
2	Gay Games 2006	2500	N/A	268% (since 1994)
3	Gay & Lesbian Alliance Against Defamation (GLAAD)	2100	11600	63%
4	Out & Equal Workplace Advocates	1170	3200 (since 2002)	506% (since 2002)
5	Lambda Legal	700	3000	405%
6	Hetrick Martin Institute (HMI)	543	1400 (since 2002)	373% (since 2002)
7	Gay, Lesbian, and Straight Education Network (GLSEN)	535	2100	116%
8	National Lesbian and Gay Journalists Association (NLGJA)	400	2760	86.70%
9	National Center for Lesbian Rights (NCLR)	338	1400	165%
10	National Gay and Lesbian Task Force (NGLTF)	330	1610	(2006 only)
11	Outfest: LA Gay & Lesbian Film Festival	320	2400	-5.30%
12	San Francisco LGBT Community Center	309	570 (since 2002)	355% (since 2002)
13	Atlanta Pride	251	440 (since 2005)	35% (since 2005)
14	Los Angeles Gay & Lesbian Center	213	(2006 only)	(2006 only)
15	Los Angeles Pride	209	(2006 only)	(2006 only)
16	Parents, Families and Friends of Lesbians and Gays (PFLAG)	200	(2006 only)	(2006 only)
17	Frameline: San Francisco LGBT Film Festival	190	660	24.60%
18	The Lesbian, Gay, Bisexual & Transgender Community Center (New York)	167	570 (since 2002)	213% (since 2002)
19	Newfest: NY LGBT Film Festival	130	(2006 only)	(2006 only)
20	Gay and Lesbian Advocates and Defenders (GLAD)	80	330 (since 2002)	142% (since 2002)
21	Commercial Closet Association (CCA)	77	216 (since 2001)	410% (since 2001)
22	Boston Pride	56	310	36.60%

\* Of organizations that provided data

\*\* \$2,150,000 (national) + \$422,500 (regional dinners) = \$2,572,500

Nonprofit LGBT organizations and events have widely experienced dramatic growth in sponsorship revenues -- many with triple-digit increases during the seven-year period -- as they have learned to effectively market themselves to corporations, which have become more interested in utilizing them to target the LGBT community. This has resulted in being able to charge increasingly higher prices for sponsorships, and greater demand overall.

Predictably, the leader in corporate sponsorship revenue is also the largest LGBT community organization, the **Human Rights Campaign**, earning \$2.6 million in 2006 from its national (\$2.1 million) and regional events (\$422,500) -- an over sevenfold increase (742%) since 2000.

The **Gay & Lesbian Alliance Against Defamation** (GLAAD) would have been No. 2 on the organization list in 2006 if it were not also a Gay Games year. GLAAD brought in \$2.1 million and while it enjoyed a strong, double-digit growth of 63% since 2000, it represents less growth over some of its counterparts that were more recently becoming sponsorship-savvy. GLAAD has four major Media Awards events, affectionately known as the “gay Oscars” with huge participation from top celebrities, held in Los Angeles, New York, San Francisco, and Miami.

Rapidly growing **Out & Equal** brought in \$1.17 million in 2006 but it's the last of the three LGBT community organizations or events to break the \$1 million mark in our report. O&E annually hosts the largest single annual LGBT business conference, now exceeding 2,200 attendees, bringing together diversity-minded human resource executives and LGBT employee leaders.

While **Lambda Legal** tends to get more support from law firms, the organization has also increased its corporate support, bringing it into fifth place.

Typically, LGBT film festivals, community centers and Pride events tend to get most of their support from local businesses rather than national corporations, lowering their overall sponsorship dollar totals and rankings in this analysis. Also, compared to full-time organizations, annual events such as Pride parades and film festivals tend to suffer from being primarily volunteer-led. This can sometimes result in poor record keeping, as well as a lack of resources and year-to-year consistency for institutional knowledge to present a sophisticated sales approach to sponsors. Still, these events attract many loyal followers and offer less competitive, non-cluttered sponsorship opportunities.

## Conclusion

Corporate sponsorship of LGBT events and organizations is clearly in a strong growth phase, increasing rapidly in a social and business environment ever more comfortable with the community and with sponsorships. Organizations and events are capitalizing on these changes, becoming more sophisticated at selling themselves.

While many companies support the large national LGBT organizations, we anticipate that sponsors will eventually diversify the types of sponsorships they engage in to avoid clutter, achieve cost efficiency, and find more specific audiences within the LGBT community, including women, youth, or people of color in an effort to build authentic relationships with LGBT consumers and supporting what matters to them.

## About Report Methodology

Commercial Closet Association (CCA) requested that the nation's largest LGBT organizations and events provide published information (from web sites, program books, annual reports, marketing materials, etc.) about their cash sponsors, their sponsorship levels (Platinum, Gold, Silver, etc.), and the standard prices for those levels for the years 2000-2006. The survey focused on organizations intended to primarily serve the LGBT community alone; HIV/AIDS and health service organizations were not included.

For the purposes of the report analysis, sponsors were assumed to have paid the price of the level they were published at -- though, due to sponsor negotiations and occasional mixtures of in-kind contributions with cash, not all do. In some cases, the actual amounts paid by sponsors were provided for this report. "In-kind" value, which refers to donated goods such as airline tickets and alcohol for events, is often inextricably commingled with the reported value level of sponsors by non-profits. However, the value of in-kind donations for advertising in media outlets, usually reported separately, were excluded from this report. Our methodology is patterned after that used by leading sponsorship industry tracking organization, IEG.

Not all organizations CCA contacted provided data -- those that declined participation or did not fully respond include: National Gay & Lesbian Chambers of Commerce, Reaching Out LGBT MBA Conference; the LGBT community center in Chicago; and Pride events in New York City, Chicago, and San Francisco.

State political organizations were not surveyed for this report, as corporate support for them is generally small.