

# Forbes

## Why Siemens And Disney Make A Magical Team

Siemens is one of the biggest corporations in Germany with net profits of \$6.1 billion last year on revenue of \$104.5 billion. With these kind of resources at its disposal you would expect to see the technology firm's logo front and center in sponsorship deals with major sports series. In fact its marketing strategy is much more innovative than that and it works like magic.

One of Siemens' most high profile marketing campaigns is a 12-year corporate alliance with The Walt Disney Company which began in 2005 and sees its brand strategically associated with the Disney theme park attractions and shows. It is far from a typical partnership and the reasoning behind it has been a closely-guarded secret until now.

Disney isn't famous for having sponsors and there is good reason for this. The company's partners, which also include General Motors, Hewlett-Packard and Coca-Cola, get almost subliminal exposure across all of Disney's divisions. It makes it particularly effective.

Although it may not be well-known in the field, Disney has been involved with sponsorships for longer than many sports series have been running. In 1955 Walt Disney himself enlisted Coca-Cola to help finance the then-gigantic \$17 million construction cost of his first Disneyland theme park in California. An innovative marketing deal was struck where Coca-Cola was given rights to be the sole supplier of soft drinks within the park in return for its backing. It remains a partner to this day and the bonds Disney has built with blue chip businesses have blossomed.

Nine years after Disneyland opened, Disney's imagineers, the wizards who design its theme park attractions and shows, built several landmark attractions for the 1964 New York World's Fair. The flagship was the 'Carousel of Progress', a show about technological developments in the American family home. Nearly as impressive as the show's centerpiece models, whose movement was synchronised with speech, was the fact that American conglomerate General Electric had its name emblazoned on the outside of the attraction. Even more revolutionary for the time, mentions of GE's products were woven into the storyline. It set a precedent.

When Disney opened its science-based theme park, Epcot, in Florida in 1982, it took corporate partnerships to a new level. The park is split into pavilions dedicated to subjects such as space, energy and the seas, and almost every one had a sponsor. This helped ease the gigantic overheads of what was then the world's largest construction project.

Disney now has a suite of global partners and others which sponsor attractions locally at its park complexes in the United States, France, Hong Kong and Tokyo. Some partners work with Disney to design and brand theme park attractions whilst others opt for product placement in shows on its ABC television network or even branding in the superhero movies made by its comic book division Marvel Entertainment. The option of picking and mixing parts of the company to sponsor is one of four core differences between a partnership with Disney and one with sports rights-holders.

For example, Siemens has naming rights of Epcot's flagship attraction Spaceship Earth which is located inside a 180 feet high silver geodesic dome. A sign saying 'presented by Siemens' hangs outside the ride which takes visitors through model scenes explaining the history of how each generation's innovations led to man's most significant discoveries. At the end of the attraction there are high-tech educational interactive exhibits themed to some of Siemens' products.

"Epcot once stood for 'Experimental Prototype Community of Tomorrow' and though the moniker has changed, topics such as the future and innovating technologies continue to be a platform for how we tell the Siemens story on-site," says Darren Sparks, director of Strategic Marketing Alliances at Siemens USA. Theme park exposure is just the tip of the iceberg of the Siemens alliance with Disney.

Amongst the many areas of collaboration, Disney has written books for Siemens to help children with hearing challenges get accustomed to its hearing aids. "Audiologists tell us that they chose to go with the Siemens pediatric hearing instrument because of this programme," says Mr Sparks adding "that one storybook spawned another story talking about pediatric allergies which continues to be published in more than 9 languages for our Siemens Healthcare Diagnostics division."

The partnership also provides the opportunity for product placement in Disney Studio films and ABC television shows. Mr Sparks adds that "the ABC Studio Sign in Times Square is sponsored by Siemens so you will see the Siemens logo under the jumbotron. Additionally, Siemens uses the sign every day of the year as part of their OOH [Out Of Home] campaigns. Very often when they are filming Good Morning America or Nightline they will zero in on that screen so it is exposure for Siemens.

"During the Disney negotiations, it was important for Siemens to align its brand with the relevant attractions and shows that lend itself to sharing the Siemens story through multiple mediums and experiences." It is very different to the traditional range of opportunities for exposure offered in sports.

Coincidentally, Siemens' deal with Disney began in October 2005 around the time that it ceased its estimated \$20 million annual partnership with the McLaren Formula One team. It has since returned to F1 through much smaller technology partnerships with the two teams owned by the Red Bull energy drinks company. These are some of the few sports partnerships in Siemens' sponsorship portfolio and a fortunate coincidence led to the opportunity for it to diversify with Disney.

Disney approached Siemens about becoming its technology partner after its previous sponsor, GE, acquired 80% of Universal Pictures in 2004. Mr Sparks says that "Michael Eisner, who was the then chairman of Disney said that it was one thing when GE only had television stations but now they also compete with us in theme parks and they compete with us in film. They are more of a competitor than anything and so we need to separate that relationship." However Siemens was previously already committed to several other large sponsorships in the US at the time and there was a long gap between the start of its partnership with Disney and the departure of GE.

Mr Sparks says that Siemens contacted a marketing agency to compare the Disney opportunity with other sponsorship models "in terms of the brand exposure, advertising equivalence and assets you get. It might be tickets, it might be a hospitality suite at a stadium."

He adds that "in every case there is always some kind of marketing gap and then the question becomes what do you do to make up that gap? In other words, what can you do to leverage the relationship so that in effect you come out whole? I seem to recall that an NFL sponsorship might have a 50% marketing leverage gap. The Olympics might have 100% because you pay all the money for the sponsorship and then you've got to spend that much more to execute and implement. By this analysis we saw the Disney sponsorship in terms of an opportunity gap of about 17% and that was not taking into account any of the sales that we might realise through the relationship."

The value for money is matched by the quality of exposure which is the second differentiator of a Disney deal. Logos in theme parks can be particularly memorable because they are in an environment which is less burdened with corporate identity clutter that other sponsorships have to carefully manage.

The number of eyeballs they attract is also equivalent to the top sports events with Disney's parks having over 130 million visitors annually. Its parks occupy nine of the top ten positions in the rankings of the world's most-visited theme parks according to industry monitors AECOM Economics and the Themed Entertainment Association (TEA). With 36,000 hotel rooms onsite at its parks, Disney is also able to get demographic data on its visitors that most sports rights-holders would dream of. It makes a tantalising package for sponsors.

“Over the last few years we have advised several companies moving from major sports programmes,” says Xander Heijnen, chief operating officer of consultancy firm CNC which has worked with many of the car manufacturers participating in F1. He adds “in every case, the company was willing to exchange the quantity of eyeballs for the quality of the communication. A high share of voice in a small entity can be more valuable than a whisper in international football.”

What makes visibility in Disney's parks particularly effective is the subliminal way that the brands are incorporated. Innovation is Disney's hallmark and it is the third contrast between its sponsorships and those in sport.

Testing stations in Epcot offer free samples of new Coca-Cola flavours to guests who give feedback on the taste and with more than 3,500 products worldwide the company is well-placed to make the most of this.

At the most exotic end of the spectrum HP, another former F1 sponsor, collaborated with Disney and NASA to create Mission Space, a ride in a giant centrifuge which simulates space travel. As with all Disney partners, HP doesn't sell products in the theme parks but the opportunity to bond with its target audience doesn't come much better.

Disney guests perfectly fit HP-buyer profiles. They generally have middle and upper-level incomes and most are married with children, which allows HP to build early relationships. Disney even has Mission Space-themed merchandise to take the message home.

Disney also offers its partners the opportunity to get a tangible return that they would struggle to get with any other sponsorship and this is the final difference with a Disney deal. Disney spends more than \$10 billion a year on goods and services and its partners are often at the front of the queue when the company comes to place orders.

When Disney was planning a \$1.1 billion revamp of its California Adventure park it turned to Siemens to come up with technology to drive some of the most high-tech attractions in it. The highlight is Radiator Springs Racers, an innovative roller-coaster themed to the Cars movie made by Disney's Pixar studio. Its twin tracks allow guests to race against each other as they zip past animatronic models of the characters from the Cars movie. This ride alone is estimated to have cost \$200 million and Siemens' systems allow for continuous communication between the ride vehicle and the control system.

On a number of occasions the collaboration between the two companies has involved Disney utilizing advance technologies from Siemens. In some cases the required solutions were customized just for Disney.

The Business-To-Business benefits don't stop there. Perhaps the most surprising aspect of a Disney deal is that some of its partners, such as Siemens, get slick corporate suites hidden in the attractions themselves. Access can be offered by Siemens to woo potential clients or to reward its staff. Inside they get free refreshments and queue-cutting ride access in a unique location.

The Siemens lounge inside Spaceship Earth commands sweeping views across the central plaza in Epcot. It comprises an executive briefing center and guest lounge which showcase Siemens' technologies.

The executive briefing center hosts Siemens customer and partner events and its employees from all over the world travel to their guest lounge. An online intranet system allows them to book access and when they arrive they are greeted by name since their details are stored along with their geographic origin and even the Siemens department they work in. On arrival they are told that the venue is 'For Siemens By Siemens' and it is no exaggeration. The facility has a space-age appearance which is thanks to Siemens hiring its own architects and planners to ensure that it met all of the company's brand design requirements.

"We are a complex company with complex technologies...much of what we do is behind the wall, under the ground and in the back room making things work. This was a way to bring it to the forefront and give people a better appreciation of how Siemens is making the world work," says Mr Sparks. It is a space that Siemens can adjust as its portfolio changes to market needs which is another example of the flexibility at the heart of a partnership with Disney.

"Part of the value proposition of having an executive briefing center on-site at Epcot is the means to host key customers in a backdrop that our competitors do not have access to," says Mr Sparks. This comes into its own at night when the IllumiNations Reflections of Earth son-et-lumière display takes place on the lagoon in Epcot. It is one of the most impressive shows of its kind in the world.

In the middle of the lagoon sits the highlight: a globe wrapped in an innovative LED screen which displays stirring images in time to dramatic music and fireworks. The show is believed to cost \$25,000 per night to stage giving a good indication of the high production values involved. At its finale the Siemens logo is projected by laser onto the exterior façade of the Spaceship Earth attraction. It makes the ultimate statement to clients and employees alike not to mention the thousands of consumers viewing the brand placement.

"This customer experience includes a state of the art venue, five star hospitality and one-of-a-kind lakeside wine and dine events while viewing the Siemens-sponsored IllumiNations light show," says Mr Sparks. He describes it as "the ultimate wow in developing innovative customer programs" and it has an impact to match.

"We do an Epcot entrance and exit survey and we continue to see a lift in the awareness of Siemens but, more importantly, familiarity with all that Siemens is capable of doing."

Mr Sparks adds that "we get very positive feedback from customers and employees saying that they didn't know Siemens operates in all these various business lines." It is common to see parents explaining to their children the science being showcased in the Siemens themed exhibits after the Spaceship Earth ride so it clearly impacts guests of all ages. In turn this encourages interest in the Science, Technology, Engineering and Mathematics curriculum and ultimately means that Siemens could play an important role in helping to create the next generation of engineers and scientists.

Given that the partnership has so many layers it is no surprise that measuring its impact is a complex task. A customized tool was created with the help of several agencies led by Mr Sparks to ensure all the various metrics and analytics of the Disney relationship could be captured as part of a scorecard process. The scorecard and annual sponsorship report is produced by Mr Sparks and shared with senior leadership which highlights Siemens' return on investment.

He says that the alliance has evolved over the last eight years to be a relationship based on shared goals which leverages both marketing and business development interests. While Siemens initiated the relationship as a platform to "Americanize the brand" it has evolved as a larger platform to support and showcase its media campaigns.

“This benefit of the relationship brings value to our entire enterprise. Other sponsorships offer little in the scale and scope of what a Disney relationship can offer. However, the results Siemens has achieved do not come from luck or the wave of a magic wand. Partners must ensure the appropriate resources are in place to support the sponsorship or they could be set up for disappointment.”

Mr Sparks adds that “it takes expertise to manage a sponsorship like this and a large dose of flexibility.” With both skills in ready supply Siemens has turned its corporate alliance into a fairytale marriage.