



Interview with John Constantinou

European Sponsorship/Promotions Manager

Sony Computer Entertainment Europe

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SR Can you tell me a bit about your background in the sponsorship industry?

JC I graduated with a marketing degree and after university I managed to secure a role with Electronic Arts (EA), who are the world's largest games publisher and produce well known games such as Harry Potter and Fifa. That was very useful in terms of allowing me to understand the role of new product development and the process of bringing new products to market. I ended up spending a lot of time on EA sports titles, which meant working on licensed properties and licence agreements.

After that I felt it was time to move on to a new challenge and to do something more specific within the area of marketing, and a role came up with Sony. At the time, Sony PlayStation had established itself but was still growing massively every year. There was a recognition that the area of sponsorship had probably not been given enough attention in the overall communications mix. It was, therefore, time to bring in someone who could, first and foremost, understand what sponsorships were being used in the world of PlayStation and PlayStation Europe specifically. It was then necessary to put some strategy in them and execute them according to the overall business objectives.

SR So how long have you now been working at Sony and what was your position when you started?

JC I have been working here for over five years now and the company has changed in that time, as has the market – there are new challenges every day really. When I first joined we had one product and one brand: the original PlayStation box. We quickly moved to launch PlayStation 2 so I had to learn the idea of category management and apply the sponsorships to that as well, in terms of supporting two different brands as well as the overall PlayStation brand.

Initially I was promotions manager. My role was to start to work with other leading brands and to create promotional campaigns and templates to benefit both businesses. I was given the remit to have a look at our sponsorships because we had over 150 individual sponsorship agreements across the 102 countries that we manage from this office. Predominantly those 150 agreements were restricted to the top 25 countries so it was quite an eclectic mix of agreements from the very small to the large.

SR Is the area that you are responsible for EMEA – Europe, Middle East and Africa?

JC It is traditional Western and Eastern Europe, but Australia and New Zealand also fall under our responsibility and some parts of Africa and Asia. It is basically any country with the PAL (Phased Alternate Lining) TV frequency so it is quite a mix of countries. The role was, therefore, to look at what was being



done, understand why we were doing the agreements and apply some logic and strategy.

SR So effectively you carried out a sponsorship audit?

JC Exactly. We found that most people were doing sponsorships just to elevate brand awareness because the brand was only launched in 1995 and I joined in 1999, so there was still a need to grow the brand and bring in more consumers.

SR What was your knowledge of sponsorship then?

JC It was really restricted to player endorsements rather than specific properties or events, because in my time at EA I had worked with quite a few football, basketball and hockey players. I therefore had an understanding of how to construct an agreement and extract as much from it as possible. It was my experience within the area of sports that was the reason for my being brought on board because most of PlayStation's properties are in the area of sports, and my knowledge of both gaming and sports was quite a specific skill set.

SR In terms of sponsorship properties, what was your view of how things had developed?

JC Quite naturally, our local offices had taken a holistic approach to sponsorship in terms of 'if you give us this, we'll give you some money'. That would deliver a certain amount of awareness, be it from a sticker or a perimeter board. After that we didn't really need to develop a relationship with the properties – it was a case of 'we'll do it again in 12 months time'. It was really a big branding exercise in which Sony felt that they needed to get the word and the brand out there into the different environments.

Obviously, at the time, we still needed to grow the business, so it wasn't just about me coming and saying 'No, we don't need brand awareness'. Although we found that awareness at this time was high, there was still a need to grow the overall business – to get

to those people who still didn't understand what PlayStation was all about. So although there was a need to retain many of those properties, there was also a need to integrate and deliver more through-the-line, and also to work the rights holders. This included working more closely with the rights holders to understand their objectives and also to get them to understand our objectives and start to deliver more than just branding – and that's where the biggest challenge still remains.

SR Did you think it necessary to streamline the number of properties that you sponsored?

JC Yes, there was definitely a need to restrict the number because more than anything, we had a lot of crossover. Using research, we clearly identified categories or genres of events that we would like to have an interest in that were in line with our target audience. We felt, therefore, that it was better to concentrate on fewer properties but to make sure that they were worked well.

SR Can you give me an example of the type of properties that you felt were surplus to requirements?

JC Without naming any names, there were a couple of football properties and quite a few motorsport properties. Some were small and some were reasonably large. There was a clear indication that we were already doing things in these markets that provided the awareness and fulfilled the objectives. Ultimately, we are not a sports brand and cannot justify such expenditure.

SR In terms of the brand, many people would make assumptions about age groups and demographics. Many might think that it is primarily aimed at kids. Can you tell me a bit about your key market?

JC Our core target audience is between the ages of 18 and 25 for those who consume PlayStation on an almost daily basis.



SR That's actually a bit older than I would have expected – at least I would have thought that the audience started at a younger age.

JC Our core values are that we can deliver an experience to any age and we do not want to pigeon-hole certain groups. So anyone from the age of eight to 80 can comfortably find an enthralling experience.

SR Among the sports that you choose to address the target audience, football (soccer) is obviously a very high profile vehicle. Can you tell me about the others that you invest in?

JC Motorsport is the next largest after football. This includes motor cars and motorbikes, whether it be Formula One or WRC (World Rally Championship), Moto GP, Super Bikes...

SR Apart from the very high profile UEFA Champions League, can you tell me about other properties that you sponsor in football?

JC We have one or two smaller sponsorships, which is one of the areas where we had quite a few different agreements, but we still have a shirt deal agreement with the Auxerre club in France.

We also have quite a few grassroots initiatives in the UK. These have been created in the past couple of years and are designed to be below-the-line and run at regional and local level.

We also have the PlayStation School's Cup. Again, it is a kids' grassroots initiative for 14 to 16 year olds. It is a five-a-side tournament based around a unique offering that we have, which is to provide free kit for about 100 schools per season per country in the UK, France, Germany and Spain.

We then invite as many of those schools as possible to regional tournaments. These are events that we host and run ourselves. There is a qualification process for regional champions and national champions. We end up with four winners every year and we take them to the UEFA Champions League

Final where they get to play in an international final. This has been very successful. We are aware that many other companies have become involved in grassroots sponsorships, but ours differs partly through giving out the kits to schools. There are no strings attached – the schools don't have to turn up to our events and some prefer not to. We also let them choose the colours, which is important, so we are not pushing PlayStation 2 colours down their throats.

SR So how do you use this to promote the brand?

JC It is the PR value. We get mostly regional and local press coverage, although we do have some national media coverage. We can tie it into the UEFA Champions League and we can also tie it into This Is Football – our football game for PS2. We also introduced a coaching element to the programme this year so that kids get one on one coaching to improve their individual skills. We plan to develop this further and hopefully bring in some more countries.

SR As we discussed, the highest profile property that you have is the UEFA Champions League. Can you tell me why you decided to back the event?

JC Our sponsorship started in 1997 and was originally a brand awareness vehicle to bring the product to the mass market. In the first few years it worked very well and we could quite easily have said that we've ticked that box and achieved the objective and moved on to something else. We decided to carry on because it gives us that blanket coverage of branding across all of the markets and in quite a subtle way. Our audience is a tough group of people to speak to: they are well aware of what advertising is about. So we have never been, and never will be, big believers in spending lots of money above the line with traditional TV advertising. Although there is a need for such investment, we would never want to bombard the audience with it.

Basically, we prefer to speak to them on their own terms on their own ground. We know they enjoy



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football, we know they consume UEFA Champions League enthusiastically, so to be able to communicate to them in that environment is very important to us.

Actually, having static branding is not a bad thing sometimes because it allows us to say: 'We're here, we're supporting this competition – we're not going to throw loads of commercial messages down your throat and spoil your enjoyment of what is a passionate following'. At the same time, it is a commercial agreement and we need to be able to address business objectives while we carry out the sponsorship.

The contract provides us with a successful package which also gives us entertainment and hospitality packages. That allows us to access our distributor markets that are developing predominantly in Eastern Europe and the Middle East. In these developing territories we don't have much of a foothold – we don't have Sony PlayStation offices – so we distribute through licence agreements and they are now our fastest growing markets. So it is important that we have a vehicle like UEFA Champions League where we can communicate to those markets.

SR When a few years ago the UEFA Champions League cut the number of partners from eight to four and increased the costs for the remaining sponsors, you decided to retain your rights. What was the thought process here?

JC That was a very big decision because we are a reasonably small company despite being part of the big Sony Corporation. Sony Computer Europe has

under 1,000 employees of which half of those are development personnel who make games. We felt it was a major brand vehicle which provided an opportunity for us to launch PlayStation 2, and it had the wow factor and gave us significant hospitality opportunities and allowed us to run competitions and events around them.

SR How important are those hospitality rights?

JC Reasonably – we find it very valuable entertaining key press, retailers and business-to-business contacts, and at the same time we can give away tickets to consumers through our website or on pack competitions. We want to say to fans of UEFA Champions League that you know we are sponsoring it and we want to make it as fun as possible. We'll try to entertain you along the way and give you a chance to sample the product at the games and we want you to come on this journey with us – we're not here simply to take something out of your enjoyment.

SR You have obviously invested heavily in the matchday experiences by taking the brand to the live events. Can you explain how this has worked?

JC Yes, the sampling exercise, as we generically call it, is not carried out at all games – there are 125 per season – but there are around 40,000 fans per game which is a lot of people to speak to. It allows us to give added value through offering the fans an experience. We also give out demo segments of the game that are coming up and it gives them an idea of what the games are about.

SR Have you considered approaching individual clubs in, for example, the different leagues to run such exercises with, rather than just concentrate on UEFA Champions League matches?

JC In the past we have had a Premier League (English Football) associate sponsorship agreement which came to an end when the deal expired and clubs



wanted to do more individual deals. Individual clubs would also be looking to have us sign a sponsorship deal, which would then mean that we ended up growing our portfolio again. We also like to be neutral in our dealings with clubs. If, for example, in England we sponsor Manchester United, lots of fans won't speak to us. We prefer, therefore, to support the spectacle of football, if you like, rather than a specific club, because this takes in many of the leading clubs anyway – so we win every season, regardless of who's in the final.

We have re-signed with the UEFA Champions League three times now and have had to analyse our reasons for continuing. After all, as I mentioned, we are not a sports brand, so we need to be sure that we are doing it for the right reasons.

SR Is there a danger that football fans see the UEFA Champions League as being a bit elitist?

JC There is a big danger of that and we try every year to share the passion of CL with all football fans. There are people who support lower league teams but who watch CL every Tuesday or Wednesday to watch top class football and not necessarily support the clubs. We also support the workings of UEFA and we want them to support football at every level – not just the top clubs. The beauty of the competition is that the quality is so high, true football fans enjoy it as a purist spectacle.

SR Where do you see yourself going in the next year or two with sponsorship in general and the CL in particular?

JC We are contracted until the end of the 2005/06 season and that will continue to support PlayStation 2. As a company, we are launching a portable PlayStation product at some point next year, so there's no doubt that we will use it to support that platform. We also have an existing and very slowly growing networked entertainment platform, which is basically broadband gaming using the PS2, so we are going to

be supporting that. We also have another product called the PSX, which is a collaboration with Sony Consumer Electronics – a kind of TiVo/DVD reader/writer PS2 game player all in one box, so it's quite a high-end piece of kit. So we have our own hardware and software. We as a company publish about 50 or 60 titles per year so it's important to keep promoting those through the work we are doing.

SR You mentioned earlier that you weren't overly keen on concentrating purely on above-the-line promotion, so how important is sponsorship to your overall communications strategy?

JC It's vital – quite frankly I would say that, being the sponsorship manager. But it is vital because it is universally recognised in the company as being the most credible way we can speak to the audience. At present the sponsorship budget takes up to 15 percent of the overall marketing budget, which I think demonstrates how important it is to the company.

SR In the longer term, how would you like to see your sponsorship work develop?

JC We still need to develop agreements with more defined business objectives and to improve our return on investment. This would include factoring sales into the objectives, which is rare in sponsorship, but is the ultimate goal.

We have made big strides in this direction as already discussed, but you can never be complacent in this regard. Sponsorship is still an immature discipline and there are huge opportunities to engage with the audience and add more value at events. Other brand categories such as mobile phones have been successful in this respect, an example being Orange, where customers have been able to charge up their phones at Orange stations.

I think that another key area in sponsorship development is research. There is still a great deal of work to be done in the industry to develop an efficient evaluation system. Technology may help in this area



by providing more statistical data that brand owners can use to battle for a greater share of the marketing budget – ultimately we want to be able to see the effect of sponsorship on the bottom line.

SR How much do you currently invest in researching your sponsorship activities?

JC We are definitely one of the bigger investors in research in the industry. For example, we undertake media evaluation and major brand tracking studies.

I think that customer relationship management is still an area of the sponsorship industry that is overlooked by many users, but it will have an increasingly important role. To make CRM work, however, you need to understand the lifestyle of the customers and this requires data. The data will not necessarily give you all the answers to your questions, but it will at least tell you what your target audience is thinking. This is especially important in the games industry

because traditionally consumer knowledge here is poor and it is a fast-moving business with products changing rapidly.

As a company we are striving to work in this direction so we are effectively at the cutting edge in how we use CRM and sponsorship and all in a fast moving industry – it makes for a very interesting life!

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Biography

John Constantinou is a classically educated marketer with a passion for sports marketing and entertainment brands. He has overhauled the sponsorship portfolio of the phenomenally successful 'PlayStation' brands while increasing his knowledge of brand marketing, promotions and licensing activities. He is 31 years old, married, and a father of one.