Barloworld bounces back

By Sven Lunsche

The mood at Barloworld’s expansive head office in Sandton has been grim this year. The industrial company has been under the spotlight of the Public Investment Corp (PIC), the state’s pension fund manager which is its largest shareholder. In frequent attacks the PIC has accused Barloworld of undermining corporate governance and transformation issues, leading to the departure of many leading directors and executives.

But when in mid-July SA cyclist Robbie Hunter crossed the line first in the 11th stage of the Tour de France, with the Barloworld logo emblazoned prominently on his jersey, the mood lifted considerably.

The unlikely R25m marketing gambit has paid off handsomely and suddenly the Barloworld brand is a household name around the world. Barloworld started backing cycling a number of years back and its team has been participating in events around the world.

But it was only earlier this year that the Tour de France organisers granted it a wild-card entry to the 20-team event (each team is allowed nine riders).

But even the company’s ever-optimistic marketing department couldn’t in their wildest dreams have imagined what followed. Apart from Robbie Hunter’s stage victory another of the team’s riders, Colombia’s Mauricio Soler, won a stage and featured regularly among the top climbers at the Tour.

He frequently wore the pink-dotted “King of the Mountain” jersey while Hunter ranked high-up in the points standing.

The Tour lost some of its gloss in the wake of numerous doping scandals, but it remains the sport event that has the third largest spectator following (live and on TV) after the Soccer World Cup and the Olympics.

The marketing and branding return on television is difficult to measure, but must be worth a fortune for Barloworld which has operations around the world.

Some of its associate companies are co-sponsors such as US group Caterpillar for which Barloworld is a distributor in a number of countries.

One estimate is that in SA alone the media space allocated to Barloworld’s participation is valued at R45m. The company does not disclose how much it paid for the sponsorship but it has been estimated at R25m, a fraction of what other sponsors are paying for Europe and US-based teams such as Rabobank and Discovery Channel.

Barloworld owns 72% of the team which gives it naming rights and undoubtedly is willing to pay a little bit more when the contract comes up for renewal later this year.

An invitation to all the major cycling events is now all but guaranteed after the strong showing at the Tour de France.

Business Report quoted Brand Metrics’ Roger Sinclair as saying: “If ever there was an advertisement of corporate sponsorship for sporting teams, this is it.

“They took a huge gamble but it was an amazing bit of publicity. All over the world people now know the name Barloworld.”

While higher sales may not flow directly from the sponsorship it has created immeasurable brand exposure and creates a strong affinity for the company among customers and staff. Only the PIC is likely to remain unimpressed.