

NIELSEN SPORTS

THE CHANGING VALUE OF SPONSORSHIP

2021 GLOBAL SPORTS MARKETING TRENDS



INTRODUCTION

A disrupted world is changing the value of sponsorship. The uncertainty of the COVID-19 pandemic has accelerated shifts in the way rights holders sell sponsorship, brands make sponsorship investments and how commercial partnerships are activated. Evolutions in the way fans work, travel, communicate, spend and socialize, fueled by advancing technology and connectivity, are informing and shaping the sports sponsorship market in 2021 and beyond. New sponsorship entrants, new channels and new fan necessities are key drivers that will impact the value of sponsorship. The identification and measurement of these drivers are essential to unlocking growth for the global sports marketing industry.



WHAT WILL DRIVE THE CHANGE IN SPONSORSHIP VALUE?

NEW SPONSORSHIP ENTRANTS, NEW MEASUREMENT REQUIREMENTS

Global economies are recovering at different paces with catalyzing consumer habits.

→ Expect China to take an increasingly prominent role in the sponsorship landscape and new/renewed categories to become more frequent, with total reach continuing to be a key component of sponsorship value.

ATHLETE PLATFORMS: INFLUENTIAL & MEASUREABLE

Major movements are growing in prominence and social attitudes are changing.

→ Brands are refocusing efforts on purpose-driven sponsorship strategies, while athletes are setting the agenda through effective communications, leading to changes in how brand equity, media reach and engagement are tracked.

A CROWDED MEDIA MIX REQUIRES ONE CONSISTENT FRAMEWORK

Media consumption habits are changing as we spend more time at home and on mobile.

→ Digital channels, ranging from streaming platforms to social media, are increasing their share within the sports media mix, requiring consistent metrics and methodologies to measure sponsorship value across all media types.

MORE FAN TOUCHPOINTS, MORE ROBUST ANALYTICS

The rollout of COVID-19 vaccines will see the gradual return of mass gatherings at live events.

→ New and innovative touch points to connect with fans remotely will continue to grow, leading to a wider range of fan experiences and engagements that will need to be measured within and against traditional experiences to size the impact on sponsorship value.

SALES IMPACT AS A STANDARD METRIC

A global financial outlook that remains uncertain means increased scrutiny of business investments.

→ Expect sales to be an essential and measurable driver of future sports partnerships in both the short and longer term.

TREND

1



NEW SPONSORSHIP ENTRANTS ARE BRINGING NEW MEASUREMENT AND VALUATION REQUIREMENTS

Brands are pivoting, adapting and recalibrating business and marketing models to meet the changing needs of consumers. The sponsorship market is evolving as a result.

While governments attempt to resolve the pandemic with vaccines being deployed in many countries, global economies will recover at very different paces. According to the World Bank in January, China's economy is expected to expand by 7.9% this year, following 2% growth in 2020, the fastest and largest expansion globally. By contrast, U.S. gross domestic product is forecast to see a 0.1% contraction and the Euro area a 3.8% contraction over the same two-year period. This will impact sponsorship investments – globally and locally – and their origins.

Traditional sponsorship categories are shifting as products and services change. Some consumer habits will remain beyond the pandemic, and new and renewed categories will take the stage.

The role of esports within the sports sponsorship offering is another unsurprising evolution. There was significant claimed growth in esports viewership in 2020, with 16% of global respondents in Nielsen's Esports Fan Insights Report indicating they were watching more competitive esports events. There is also increased interest in playing video and mobile games. Esports sponsorship revenue has been increasing rapidly for years – growing at a compound annual growth rate (CAGR) of nearly 32% between 2014 and 2019; further growth is anticipated.

NIelsen PREDICTIONS AND KEY INSIGHTS

Over the next 10 years, Chinese brands will be responsible for one-third of all growth in the global sponsorship market. As part of a journey that began with the Beijing Olympics in 2008, Chinese companies are increasingly using sports sponsorship as a platform to support the growth of their brands.

Between 2015 and 2019, sponsorship spend of China-based brands rose at a CAGR of ~8.9% – far outpacing rivals in Europe and the U.S. With its sponsorship of the 2018 FIFA World Cup, white goods and electronics manufacturer, Hisense, significantly increased its sponsorship spend, while technology company Vivo, sponsor of FIFA, UEFA EURO 2020 and EURO 2024, also saw growth.

As these brands will primarily be using sponsorship and sports platforms to enter new markets, media reach and fan awareness will be primary drivers of value – although measured holistically across the different touchpoints to engage fans.

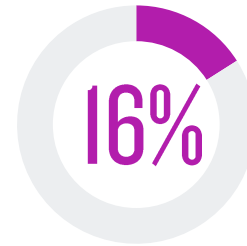
+8.9% CAGR
**GROWTH IN SPONSORSHIP
SPEND BETWEEN 2015-2019**



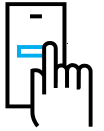
Source: Nielsen Sports Sponsorglobe Analysis

As consumer behaviors shift away from traditional banking models, the established financial services sponsorship sector will see the emergence of nontraditional business models. Additionally, new categories will continue to grow as investments in disruptive business models skyrocket. Airbnb has already challenged the traditional sponsorship model, creating a purpose-driven sponsorship - pushing sustainability and supporting Olympic athletes - while avoiding the traditional media play.

2025 GROWTH PREDICTION



... of global financial services sponsorship spend will come from ...



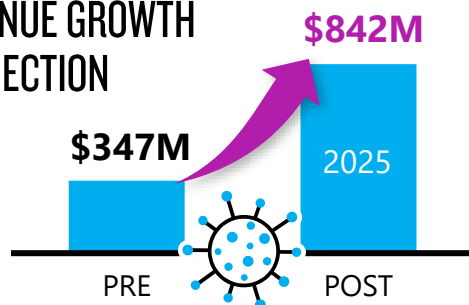
PAYMENT SOLUTIONS & MONEY TRANSFER PROVIDERS

Source: Nielsen Sports Sponsorglobe Analysis

For categories like fashion and clothing, the move from physical to digital could shape the future of sponsorships. With the pandemic **accelerating the shift from physical stores to digital shopping by five years**, expect to see a rush of established retail brands activating their sponsorship properties using their e-commerce channels in the near future.

Source: IBM US Retail Index

ESPORTS SPONSORSHIP REVENUE GROWTH PROJECTION



Source: Nielsen Sports Analysis

Esports are an effective way to connect with new and younger audiences while being well-placed to solve one of the major challenges of the pandemic with in-person events cancelled. This makes esports even more attractive to brands looking for robust sponsorship platforms and to rights holders in traditional sports looking to unlock brand marketing spend.



IMPACT ON SPONSORSHIP VALUE

New categories and new brands entering the sponsorship market are ultimately looking for methods to target the sports audience. While the fundamental metrics of audience reach and brand awareness will continue to be part of sponsorship performance KPIs, they must be assessed and measured in the new media reality. Measurement of those metrics across sponsorship campaigns, on mobile, through online videos, on social platforms like TikTok and Facebook, and direct-to-consumer (DTC) platforms created by rights holders, will have to be integrated into traditional frameworks.

For brands targeting the internet-born generation as well as the internet-adapted generation, consistent measurement of all these platforms with the ability to compare cross-media will be the key driver of sponsorship value growth.

TREND 2



THE CONTINUED RISE OF ATHLETES AS INFLUENCERS REQUIRES NEW METHODS OF MEASUREMENT TO UNDERSTAND REACH AND IMPACT

A divided, tribal world, the rise of populism, inequality and a changing global environment have resulted in a range of political, social and charitable causes coming to the forefront and gathering momentum over the past year. These campaigns, movements, acts of solidarity and protests have been accelerated and fueled by social media.

Brands are reacting with new marketing approaches, where sponsorship objectives polarize toward purpose and community benefits. Of the top 20 global sponsorship brands by spend in 2019, the vast majority have made an active shift in their sponsorship and advertising messaging over the past five years.

However, it is athletes more than sports organizations who are setting the agenda and feeling increasingly empowered to promote, highlight and campaign on social issues and causes close to their heart. Athletes such as Naomi Osaka, LeBron James, Lewis Hamilton and Marcus Rashford, plus many others, have proved adept at using their own increasingly powerful platforms to make their feelings known, shine a light on injustices, galvanize large audiences and influence decision-making.

These causes and issues are resonating with fans and followers - in particular, a younger demographic - and spurring them into action. Half of the younger population globally say they have a greater interest in brands that act in a socially responsible way.



NIELSEN PREDICTIONS AND KEY INSIGHTS

11%



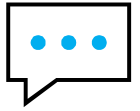
REVENUE GROWTH OVER THE NEXT THREE TO FIVE YEARS FOR RIGHTS HOLDERS WITH A SUSTAINABILITY AGENDA

Brands are increasingly seeking rights holders that can provide them with a platform to promote their own values, such as sustainability.

Source: Nielsen Sports Analysis

ATHLETE 'ADVOCACY POSTS' GENERATE

63% MORE ENGAGEMENT

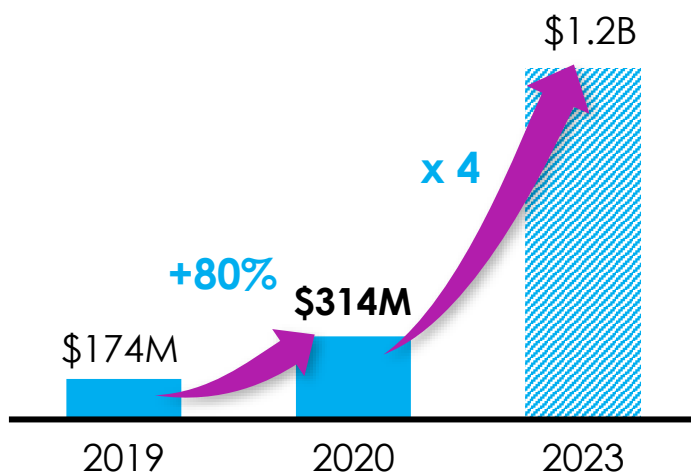


FOR BRANDS COMPARED TO OTHER OWNED SOCIAL MEDIA CONTENT.

Athletes posted more about social causes in 2020 than in 2019, becoming increasingly important and influential in highlighting or amplifying campaigns or social injustice.

Source: Nielsen Sports Digital Analysis

ATHLETE ADVOCACY MEDIA VALUE GROWTH



95% of athletes with more than 5 million followers on Instagram advocated for causes on social media in 2020, collectively generating \$314 million worth of QI* media value. This underlines the potential benefits for brands who partner with athletes prepared to take a stand or voice their opinion on a cause that resonates with fans. The series of major global events in the calendar over the next two years, including the Olympic Games and FIFA World Cup, are platforms upon which athletes can protest or highlight causes.

Source: Nielsen Sports Digital Analysis

IMPACT ON SPONSORSHIP VALUE

Athletes are now offering purpose-driven sponsorship platforms that can be integrated as a measurable monetary component within the sports marketing mix. The ability of athletes to influence the sports audience will have an impact on brand equity-building objectives. This impact must be measured with holistic and consistent metrics, to calculate the sponsorship value in both the short and long term. The number of fans reached and engaged once brand content has been adapted to the athletes' communication approach will be an integral part of sponsorship value.

* QI = Quality Indexed (media value). Nielsen Sports calculates an adjusted media equivalency that accounts for the ambient nature of sponsor led exposure. The quality of each exposure is calculated by the QI Score and is applied to the 100% Media Equivalency.

TREND 3



FRAGMENTED MEDIA AND SPONSORSHIP EXPOSURE REQUIRES MORE CHANNELS TO BE MEASURED IN A CONSISTENT AND ROBUST MANNER

Consumers were spending more time online while utilizing multiple devices prior to the pandemic, but the enforced COVID-19 lockdowns in many countries accelerated this trend. In the U.K., time per day spent online amongst adults rose from 3 hours 11 minutes in September 2018 to 3 hours 29 minutes in September 2019, then to 4 hours 2 minutes during lockdown in April 2020 (Source: Ofcom).

As a result, in the ongoing battle for eyeballs and attention, digital or nonlinear TV channels have grown in prominence as part of the media - and therefore marketing - mix. Even as live sports TV viewership picks up globally following the return of leagues and events, media continues to fragment. As of Q2 2020, streaming now comprises one-quarter of all TV minutes viewed in the U.S. among streaming-capable households (Source: Nielsen Total Audience Report).

The growth of social media and streaming platforms has solidified their role as marketing channels, with the ability to deliver ancillary content for rights holders and their partner brands, through behind-the-scenes documentaries and original films. This type of non-live content, for example Netflix's F1 series Drive to Survive and Amazon's various All or Nothing documentaries, now forms an increasingly important element of a rights holder's fan acquisition strategy.

NIELSEN PREDICTIONS AND KEY INSIGHTS

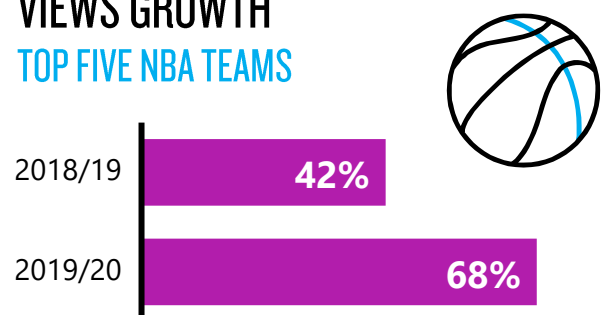
INCREASE OF PEOPLE CONSUMING CONTENT ACROSS THE TOP 5 U.S. DIGITAL PLATFORMS



Across the top 5 U.S. digital sports platforms, 11 million more people in the 25-54 age bracket were consuming content in September 2020 compared with September 2019, a reflection of both the fragmentation of the media market and the accelerating growth of digital platforms.

Source: Nielsen Digital Content Ratings

FACEBOOK & INSTAGRAM VIDEO VIEWS GROWTH TOP FIVE NBA TEAMS

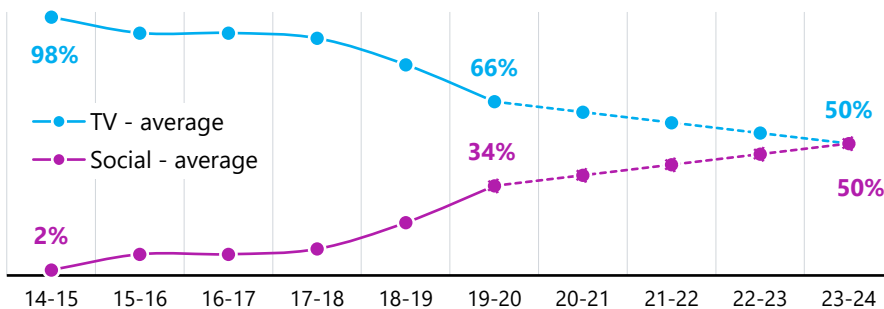


This change is indicative of the greater time spent online, the growing familiarity of digital platforms amongst fans and the way in which teams are investing more than ever in highly-produced, bespoke content across these digital channels.

Source: Nielsen Sports Social Valuation



TV VS. SOCIAL SPONSORSHIP SHARE OF VALUE AMONG THE TOP 8 NBA TEAMS



The average social media value for the top eight NBA teams could overtake TV media value by the 2023/24 season. When looking at the English Premier League, the average share of social value versus TV is 24%, increasing from below 5% in 2015. Increased engagement and further investment in content is resulting in new and enhanced partner assets, notably through branded content, all of which can be properly measured and can generate significant return on sponsorship investment.

Source: Nielsen Sports Social Valuation, Sport24

Tottenham Hotspur's "All or Nothing" documentary series has not only provided a new lens through which fans can watch their team, it is having a positive impact on feelings towards the club - for example in the U.K. and U.S. ...

**MORE THAN
50%**

**OF VIEWERS CLAIM TO HAVE
A POSITIVE FEELING
TOWARD THE TEAM AFTER
WATCHING THE SERIES.**

Source: Nielsen Fan Insights

IMPACT ON SPONSORSHIP VALUE

Sponsorship value is increasingly driven by digital channels, including OTT services. These services may not yet be providing significant subscription revenues for rights holders but are effective marketing tools for sponsors and a contributor to the overall sponsorship value. The use of streaming platforms, social media, mobile devices and other technologies has reached a "materialization." As these platforms continue to grow, their role in sponsorship agreements and assets creation will become more prominent.

Given the number of different channels, increasing consumption and the various combinations of brands/platforms/target audience/content, a unifying measurement system is needed. This will ensure value grows, help de-risk sponsorship investments and result in more sustainable sponsorship strategies.

TREND 4

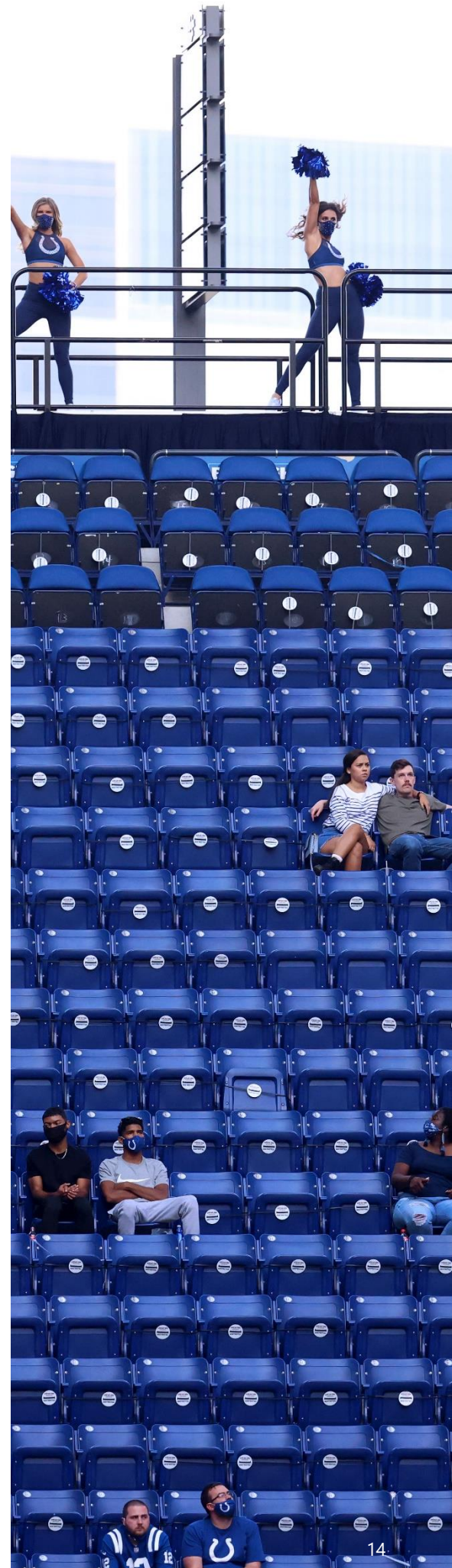


COVID-19 IS DRIVING NEW APPROACHES TO DIGITAL EVENTS AND BROADCASTING, REQUIRING MORE CHANNELS AND FAN TOUCHPOINTS TO BE MEASURED WITH A COMPREHENSIVE AND INCLUSIVE FRAMEWORK

A successful rollout of COVID-19 vaccines will ultimately see the return of mass gatherings at live events. However, a return to capacity crowds at venues will be a gradual process, and there will be some permanent changes to large-scale events, as new technology solutions, hygiene protocols and crowd behaviors are introduced.

Rights holders and brands will continue to develop the type of virtual and digital solutions rushed into action during the initial outbreak of the virus in 2020. Live and virtual will merge, opening new opportunities for fan connections, personalized experiences, reimagined sponsorship assets and even new sponsorship revenue models.

For fans at home, the picture will change too. Several of the innovations introduced into broadcasts when the pandemic rendered stadiums empty will remain, with further investment in new broadcast technologies anticipated to be up 67% (Source: IABM). According to Nielsen Fan Insights, over half of fans say they are more likely to consider brands that are actively enhancing the way live sport is viewed. This includes the kind of technology and data visualization solutions offered by the likes of Microsoft and Amazon Web Services. Hospitality offerings, meanwhile, will evolve as virtual experiences.






NIELSEN PREDICTIONS AND KEY INSIGHTS



\$9.6M
OF (Q1) MEDIA VALUE

generated per
game through
TARP BRANDING
for sponsors during the
2020 regular season for the
average NFL team.

With stadiums empty, new
sponsorship inventory was
created at the start of the
pandemic and generated
around

\$85M 
OF (Q1) MEDIA VALUE

for sponsors of Premier
League clubs last season.

\$6M OF (Q1) MEDIA VALUE

generated from Microsoft's
LED COURTSIDE FAN BOARD
during the summer of 2020 in the bubble.

Many existing rights holder and brand
partnerships have been reevaluated, especially
those involving a technology component. New
solutions to enhance the at-home fan
experience and drive additional value for
brands will continue to emerge.



Powered by  Microsoft



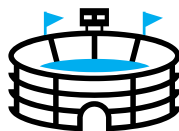
SOME MASS PARTICIPATION SPORTS HAVE ALREADY BENEFITED FROM THE VIRTUAL OPPORTUNITY



Cycling's Milano-Sanremo Virtual Experience and the Spartan Race obstacle course series are just a couple of examples of successful virtual events that are now leveraging various digital platforms. A major focus on providing virtual hospitality will be developed, following the lead of major rights holders like F1 and Extreme E.



OF THE GLOBAL
POPULATION PLAN TO
RETURN TO LIVE EVENTS
WHEN VACCINES
ARE AVAILABLE



With the vaccine program rolling out globally at different speeds around the world, leading to longer-lasting impact on spectator sports, future value growth will be generated by delivering engaging content, available to fans virtually.

Source: Nielsen Fan Insights

IMPACT ON SPONSORSHIP VALUE

COVID-19 has accelerated the adoption of technologies aimed at creating unique experiences for fans. With virtual events continually being developed and refined, there will be an increase of fan touchpoints and thus an increase in the complexity of the fan journey. Engagement and participation of fans in these new hybrid experiences will become dominant sponsorship metrics. The quality of fan interactions as well as eyeballs will become even more important with the objective of identifying the most valuable stages of the fan journey and enabling tangible outcomes for sponsors, specifically tied to sales.

TREND 5



KRAM
CE CHEFS CULINAR

HØRKRAM
FOODSERVICE CHEFS CULINAR

Jysk Pension

nonbye nonbye
skilte & visuel identitet skilte & visuel identitet

MOLSLINJEN

COVID-19 IS DRIVING BRANDS TOWARD SALES IMPACT AS THE MOST IMPORTANT SPONSORSHIP MEASUREMENT METRIC

COVID-19 continues to affect the global economy and dominate government investment decisions and priorities across the world. Amid the continuing uncertainty, many brands, particularly those in the West, are facing cuts to marketing budgets. Research organization WARC projected that global advertising spend in 2020 would fall by 8.1% - some \$49.6 billion - to \$563 billion (Source: WARC Global Advertising Trends Report).

Across product categories, advertising spend is significantly down: travel and tourism (-31%), leisure and entertainment (-29%) and financial services (-18%) are among the sectors hit hardest.

Inevitably, the decrease in advertising spend has a knock-on effect for sponsorship and rights holder revenue streams. As a result, several new and innovative models of sponsorship are being evaluated and trialed.

Examples include performance-related deals, short-term agreements, sponsorships split by distribution channel and the bundling of assets and properties. Their effectiveness, however, remains unproven and no single model for the future has emerged thus far.

Under pressure to justify decisions around sponsorship and activation, and with e-commerce becoming more relevant for B2C brands (as indicated in the first trend), brands are demanding more clarity on ROI, underlining the need for a sophisticated and robust measurement framework that is able to directly link sponsorship investment to sales generated. Proving sponsorship's contribution to sales, both in the short and longer term, is now essential for any brand engaging in a partnership, or rights holder selling sponsorship.

“

When I look at any sponsorship deal, I always have these two lenses: is it building value for the brand and the business in the long term? Is it driving sales in the short term? Some of them do better in one side than the other, but [sponsorship investments] always have to have both components and brands that are overlooking one or the other are missing an opportunity. It's not an easy discipline [to ensure short-term and long-term targets are met] because tools [to be able to measure the results] have to be developed, but it's absolutely doable.

**Former Head of Global Sponsorship
at the Coca-Cola Company**

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NIELSEN PREDICTIONS AND KEY INSIGHTS

15% 

OF BRAND MARKETING BUDGETS IS ALLOCATED TO SPONSORSHIP

Across Nielsen clients, on average 15% of brand marketing budgets is allocated to sponsorship but is often not measured in relation to direct sales. This means a brand's full marketing impact is not being determined. Although there is increasing pressure to justify decisions around sponsorship and activation investments, many brands are still using basic and inefficient measurement frameworks.

20% 

INCREASE IN ROI WHEN PROPERLY MEASURING SALES IMPACT

Measuring sponsorship with the appropriate metrics linked to sales impact and doing so in context with other marketing activities can generate up to a 20% increase in ROI. Through enhanced measurement, this ability to prove sponsorship's contribution to sales both in the short and longer term is now an essential asset for any brand engaging in a partnership, or rights holder selling sponsorship.

SALES IMPACT OF MARKETING EFFORTS



Longer-term sales impact is almost always ignored and as a result the true ROI is often significantly understated. This is especially true in sponsorship, which tends to focus on brand rather than product-level communication, generating long-term impact.

Source: Nielsen Client Base Analysis

IMPACT ON SPONSORSHIP VALUE

The value of sponsorship will be directly related to the ability of a partnership to generate sales within a brand's marketing mix. Vanity metrics, like eyeballs or social media "likes," will be supplemented with sales metrics, acquisition rates and retention rates. These must be measured with a standardized approach to identify the contribution of sponsorship versus other marketing activities on short-term and long-term sales.

LOOKING FORWARD

This examination of how sponsorship value is changing has been compiled using various Nielsen Sports insights and thousands of conversations with clients around the world. Those discussions, across 1,700 brand and rights holder clients, have underpinned the increasing focus on value and the need to understand return - in full, across channels and over time - as a business necessity.

Measurement needs to be holistic and adaptable:

The evolution of the sponsorship industry is transforming the definition of value in a complex and fragmented environment. New consumer behaviors, new and more channels, new and more platforms and new and more fan experiences are creating multiple combinations that are responsible for driving the true value of sponsorship. As tangible outcomes are the only way to establish value, sponsorship value needs to be assessed through a sophisticated measurement framework utilizing standard and adaptable metrics.

Value comes from both brand equity and sales impact:

Key metrics like cross-media impressions, brand awareness and familiarity, and actual and predicted sales within sponsorship must be measured consistently across platforms and assets to understand ROI.

RETURN ON SPONSORSHIP INVESTMENT MODEL

Nielsen's Return on Sponsorship Investment model allows key industry stakeholders to compare and calculate return on sponsorship, minimize brand investment risk and develop increasingly effective rights holder platforms. This allows both brands and rights holders to grow faster, reduce waste, and focus on creating partnership value.

ABOUT NIELSEN SPORTS

Nielsen Sports is the leading source of sports measurement and analytics around the world, with solutions spanning cross-platform media valuation, fan insights and digital & social analysis. With unrivaled data, products and consulting services, Nielsen Sports is uniquely positioned to help brands, leagues, teams, federations and agencies optimize sponsorship portfolios and maximize investments in sports. Nielsen Sports is part of Nielsen Holdings plc (NYSE:NLSN), an S&P 500 company with operations in over 100 countries, covering more than 90% of the world's population.

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