

Sports sponsorship market to record strongest growth

The latest Warc Global Advertising Trends report focused on Sport Sponsorship Investment and found that the global sports sponsorship market to record strongest growth in a decade, with spend reaching \$48bn in 2020



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Advertiser spend on sports sponsorship is expected to rise 5.0% this year to reach \$48.4bn worldwide - the strongest growth in a decade and ahead of growth projections for all traditional media, finds WARC, the international marketing intelligence service.

Recent market growth has been buoyed by record investment ahead of the 2020 Tokyo Olympics: the current Olympiad cycle is expected to garner \$5.94bn. Warc believes \$1.95bn will be spent by worldwide Olympic partners such as Coca-Cola and P&G - double the amount recorded during the previous Olympics while a further \$3.33bn will be invested by domestic sponsors including Canon, Asahi and Fujitsu for Tokyo 2020 - four times higher than Rio 2016.



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6 Feb 2016

Aside from the Olympics, new or expanded partnerships for the UEFA Euro 2020 tournament, English Premier League (EPL), National Football League (NFL), National Basketball Association (NBA), Major League Baseball (MLB) and Indian Premier League cricket (IPL) are all set to rise to record-highs. Atop that, e-sports sponsorship is forecast to reach a new high of \$584m in 2020.

James McDonald, managing editor, Warc Data, and author of the research, says: "Legacy rights holders are set to benefit from a windfall in sponsorship revenue in 2020, as brands continue to vie for association with properties that provide access to engaged and enthused audiences at scale.

"E-sports is offering a new avenue to hard-to-reach audiences for brands, ones which are young, affluent,

and more likely to take steps to block advertising online. It also presents new revenue streams for media owners; Tencent, Amazon, Alphabet and Facebook all have a stake at play."

Domestic properties are in rude health

North America - the largest region - is the primary growth engine, expanding at a compound annual growth rate (CAGR) of 4.6% since 2011 to \$18.8bn this year. In the US, where 82.5% (\$15.5bn) of the regional total is transacted, brand associations with the NFL, NBA and MLB are forecast to reach \$3.97bn in value in 2020, just over a quarter of all spend.

NFL sponsorship value is expected to reach \$1.53bn in 2020, up 4.9% from 2019, while MLB deals are projected to rise 5.6% in value to \$1.05bn in 2020. Tie ins with the NBA are forecast to rise 7.1% in value to \$1.39bn for the 2020/21 season.



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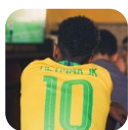
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The financial services sector is the largest investor in sports sponsorship in the US (\$5.3bn in 2019), per Two Circles, followed by automotive (\$2.4bn) and retail (\$1.3bn). Telecoms (\$1.0bn), energy (\$0.9bn), technology (\$0.7bn) and soft drinks (\$0.7bn) brands are spending one billion dollars or less per year.

The European market is forecast to grow 5.0% to \$12.9bn this year, ahead of the five-year CAGR of 4.2%. Germany is the largest market, with a projected value of \$1.89bn, up 4.4% from 2019. Almost two-fifths (38%) of European sponsorship money is directed towards football rights-holders, with 10% of the regional total invested by the sportswear sector. Banking (5%), betting (5%), automotive (4%), drinks (3%), software (3%) and insurance (3%) follow.

In the UK, English Premier League (EPL) shirt sponsorship alone accounts for a quarter of adspend in the gambling sector. Betting companies are expected to spend £148.7m on internet ads this year, £49.4m on TV, and £34.6m in print to reinforce a projected £72.0m investment in football shirt sponsorship this year.



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Asian investment has been lifted by the upcoming Olympics, Chinese brands' association with the 2018 FIFA World Cup, and the PyeongChang Winter Olympics, which drew \$649m from domestic sponsors in 2018.

Further, Warc Data analysis of World Rugby financial filings shows sponsorship deals of the last Rugby World Cup, held in Japan in 2019, are likely to have topped \$50m for the first time. In India, IPL cricket sponsorships are thought to have been worth \$48m to brands in the 2019/20 season, up from the \$44m invested during the previous. The automotive sector spends the most in Asia at \$644m. Financial services, apparel and telecoms follow, according to ASN.

E-sports sponsorships pair brands with sought-after audiences

Brand investment in e-sports - sport competitions using video games - is expected to reach \$795m worldwide this year, a 23.1% rise from 2019. Almost three quarters (\$584m) is to be invested in sponsorships, while a further \$211m is to be spent on spots during ad breaks.



DIGITAL

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Popularity is rising globally. In China a full 63% of males aged 16 to 24 years-old have watched e-sports content in the last week, per GlobalWebIndex. The equivalent rates are 40% in Saudi Arabia, 37% in Brazil, 32% in India and Germany, 29% in the US, 24% in the UK, 19% in the UAE and 16% in Japan.

Nike moved into e-sports sponsorship in H1 2019, entering into a four-year deal with the League of Legends Pro League (LPL) in China for exclusive jersey rights. Previous sponsors of the league, which attracts a peak audience of 95m, include Doritos, Intel, HP, L'Oréal and Mercedes-Benz.

Practitioners' confidence in measuring business returns from sponsorships has fallen

One in four practitioners has no confidence at all in measuring business return from sponsorships - up from one in five in 2018 - and the overall proportion with some confidence (70.2%) is also lower than a year earlier (77.0%).

Agencies are most confident when measuring sponsorship ROI and brands least, while one in four rights holders are not at all. ANA research shows that 84% of practitioners believe that it is important that the sponsorship property helps measure results, though only 30% of respondents audit or verify the metrics received from these properties.

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A sample of the Global Ad Trends - Sports Sponsorship Investment report is available to download [here](#).

Global Ad Trends, a monthly report which draws on Warc's dataset of advertising and media intelligence to take a holistic view on current industry developments, is part of Warc Data, a dedicated independent and objective one-stop online service which rigorously harmonises, aggregates, verifies and evaluates data from over 100 reputable sources, including Nielsen, featuring current advertising benchmarks, forecasts, data points and trends in media investment and usage.

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