

Where now for global sponsorship?

MD of Sponsorship Intelligence **Jamie Graham** finds that the global future looks bright for a diversified sponsorship market.

Last year we noted in Sponsorship Intelligence's *Worldwide Sponsorship Market Values* report that in 2000 global sponsorship expenditure stood at just short of \$25bn. Data is being compiled for 2001 and when our new report is published in March, we expect to see yet another increase in the total. As we enter 2002, what does the future hold for the sponsorship industry and will the expenditure figures continue their upward spiral?

The chart below indicates how the amassed value of rights globally has changed over time. We anticipate this growing trend to continue apace. Multi-nationals will maintain their significant investments in leading events such as the Fifa World Cup, the Olympic Games and Formula One, although the cost of rights may have peaked. Huge hikes in the package costs can be considered a thing of the past but alternative ways will be found of splicing the rights – the internet is an obvious candidate that presents many opportunities. The upshot is still greater revenues for major event sponsees, but real potential lies in the – for want of a better phrase – second division properties. Increasingly we expect to see these events contribute significantly to the total market value.

Brand managers with marketing budgets large enough to permit, say, an F1 involvement at the uppermost level may be concerned about the trade off between price

tag and ROI (return on investment – what you get for your sponsorship buck, which can of course be measured by research companies such as Sponsorship Intelligence). Although F1 is a global platform, the environment is very cluttered and a potential sponsor looking to generate an association with the event should question whether cut-through can be achieved with such a heavily branded property.

A vision of the future could be brands looking to own, control and grow second division properties. A brand name ingrained in the title provides good exposure, and sponsor and event can become synonymous over time. Pick the right property and do a good job leveraging the event and your involvement and brand can become inextricably linked with a sport. In the UK, a good example is Stella Artois – a large number of tennis fans see the brand and think tennis tournament first, beer second.

An important development that is likely to impact upon sponsorship expenditure is the increasing attention the medium is attracting from advertising, brand strategy and communications conglomerates. As sponsorship has become more widely accepted as a legitimate communications tool, sports marketing companies are being established and/or acquired by these large corporations. It is another revenue stream of course, but sponsorship allows brands to communicate with consumers beyond

the means of traditional advertising. As part of the Zenith Media Group, we've experienced first hand that agency planners, working on behalf of their client brands, are increasingly looking beyond the usual fare and this means sponsorship opportunities will be explored fully – hence, more money is likely to be spent on sponsorship.

Then there are new sponsorship categories for certain markets – stadia naming rights being an example. Whilst big in the US, this phenomenon is yet to seriously impact upon Europe. It will attract money – if the deals in the US are anything to go by, serious money.

In summary, we're expecting 2001 to have been another growth year. Longer term, the anticipation is of price inflation slowing in certain areas, but this will be offset by a proliferation of sponsorship activity in second-tier events, not to mention created events.

With new and expanding opportunities to attract the sponsorship dollar or euro, the future for the industry is bright.

■ If you are interested in receiving the 2001 *Sponsorship Expenditure Report* free of charge, please contact:

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Trends in sponsorship rights expenditure: 1987-2000, value in US\$m

