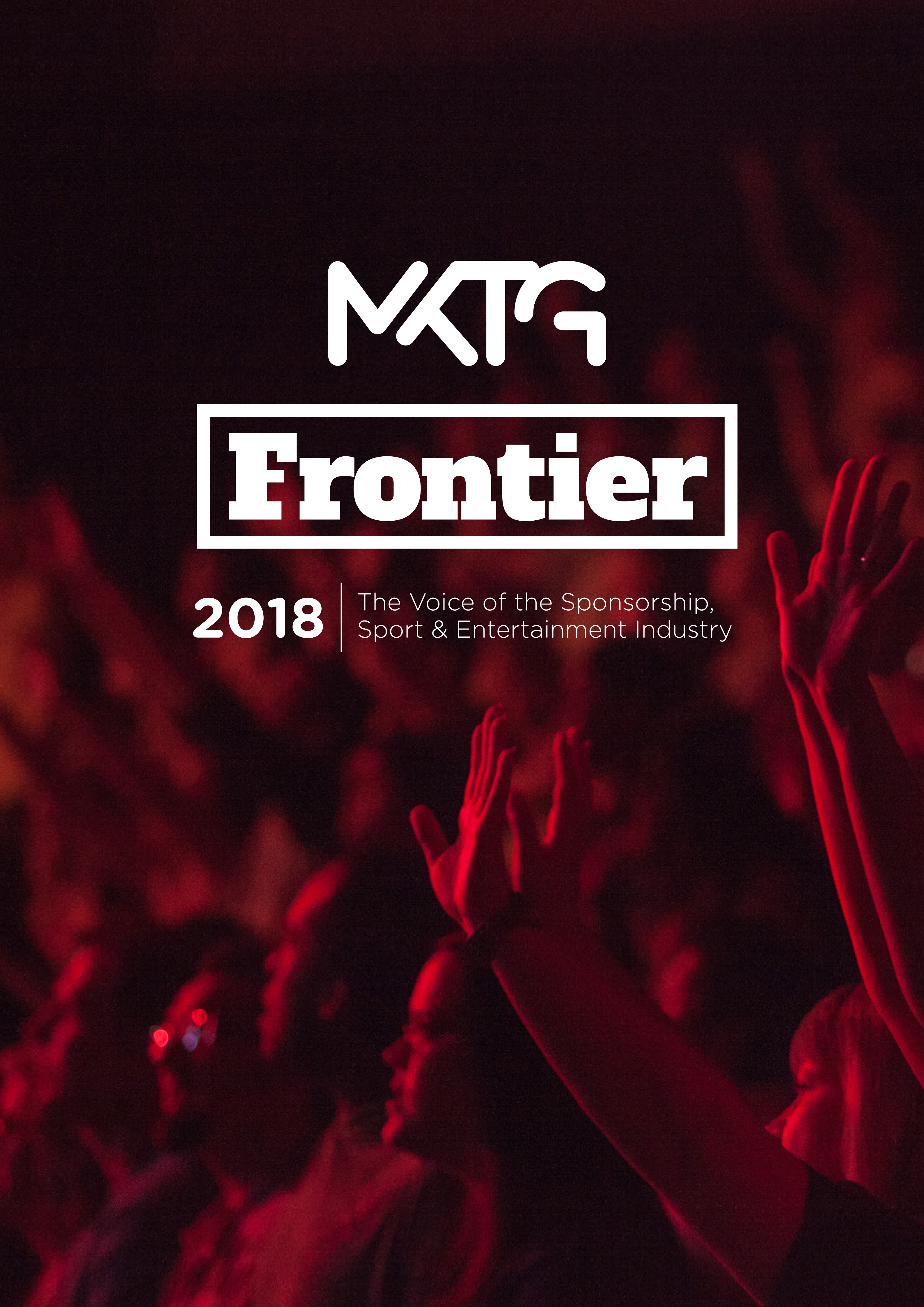


MKTG

Frontier

2018 | The Voice of the Sponsorship, Sport & Entertainment Industry

Frontier
2018

Growth is forecast, but what does this actually mean for sponsorship? Frontier 2018 focuses on the key question the sponsorship industry needs to answer: “What value is a sponsorship driving”?

Foreword

Charlie Wylie, managing partner, of Sports and Entertainment at MKTG UK introduces the latest Frontier report, discusses the key findings and what this means for the sponsorship industry.

For the last three years MKTG has undertaken a global survey looking in detail at the sponsorship, sports and entertainment world. The intention of the study is to monitor, measure and understand the marketplace in order to identify any relevant trends and developments on how the sponsorship industry is evolving.

The key findings were:

There is increasing confidence from sponsorship professionals that the market is growing with new investment coming into the industry, expanding the breadth and scope of sponsorship as a communication channel.

This is further evidenced to the rise of new media channels and outputs, which are ever more important for brands, however, there is still the need for additional engagement channels to bring sponsorships to life in an experience-based economy.

Thirdly and perhaps most importantly, whilst many brands are measuring “things” it is abundantly clear that not as many know what they are measuring, and what it means.

So in summary, whilst the industry is growing, there remains significant challenges in proving the effectiveness of sponsorship as a channel for investment.

This report dives into these trends a little more deeply.

The Sponsorship market continues to grow and expand

59%

see the market increasing with an optimism for sponsorship growth

2/3

of the industry feel more brands are considering sponsorship as a comms/ marketing channel

> "No longer is sponsorship solely the domain of those looking for branding within sporting or other live events, instead it is a channel within its own right, able to tell a brand's story and add flavour and depth to existing communication channels."

The optimism within the sponsorship marketplace remains high. In 2017, 50% of respondents forecasted an increase in market revenue and in 2018 this has increased to 59%. This confidence is backed-up by other industry reports which estimate 2018 is due to see a 5% rise in the global sponsorship market with a forecast of $62.7 billion spend. This growth is faster than the projections for advertising and marketing/promotions. Why is this, and why is there confidence that incremental sponsorship spend will outstrip the market?

One of the key findings from Frontier in 2018 is that 2/3's of brands now see sponsorship as a legitimate marketing communications channel. This growth is being driven by a better understanding of how sponsorship can be integrated with other communication channels to help target specific audiences and deliver brand and business objectives.

No longer is sponsorship solely the domain of those looking for branding within sporting or other live events. Instead, it is a channel within its own right, able to tell a brand's story and add flavour and depth to existing communication channels.

In 2017, a key finding from Frontier was that sponsorship was being used to deliver, on average, five or more objectives. This trends continues in 2018, as brands understand more clearly the breadth of objectives and audiences that sponsorship can engage with.

Another finding was that there was noticeable room for brands to further tie their sponsorship strategy with their CSR objectives, with 66% of respondents believing that sponsorship should play a key role in corporate social responsibility strategies. Over 75% of respondents believe there are opportunities being missed by brands to engage and reward staff. Both of these areas have the potential to unlock additional and non-traditional budgets for sponsorship activity, another reason for positivity in the industry.

84%

See room for growth and expansion in eSports

84%

See use of talent and influencers increasing

The survey also revealed projections for sponsorship investment to diversify into different areas, sports and channels. It will come as no surprise to anyone following the ever-growing rise of eSports and recognising it as a sponsorship and engagement vehicle for a traditionally hard to reach audience, that 84% of respondents are projecting significant growth and expansion in this area along with e-gaming. This growth is matched by the increased potential for talent and influencers.

The opportunities here lie in how brands are looking to use the power of ambassadors to tell their story and add personality to their communications. This depth of engagement mirrors the shift last year in sponsorship's main objectives from sole brand awareness to delivering greater brand consideration.

The other major area for consideration in terms of additional spend and growth, is seen to be Women's sport.

In February 2018, MKTG attracted over 400 brands and decision-makers to an event in London to demonstrate how interest, participation and coverage of Women's Sport is growing exponentially and to encourage brands to engage in this emerging, and unexploited, force in the sponsorship space. The overriding take-out from that event, and subsequently this survey, is that, as brands have a clearer picture of their audiences and objectives, focussing more on consideration and preference and the untapped goldmine of positive news stories that abound in women's sport, is really the next story waiting to break.

62%

feel that women's sport needs greater consideration

Social brings reach, experience brings depth

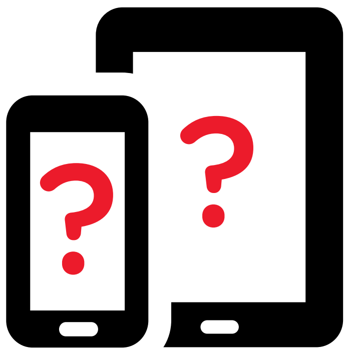
68%

agree that social media has become main content platform for sponsorships

2018 sees social media climb to the top of the tree as the main content platform for sponsorship. This marks a rise of 6% from 2017, and whilst this reflects the increasing spend on online and social channels across the marketing communications mix, the prevailing sentiment is that authentic engagement of sponsorship, through digital and social activations, remain a challenge.

As brands and sponsors continue to turn to experiential to bring a greater depth of engagement, that mirrors and supports social and digital activity, we have seen investment in the areas of live events and event executions increase by 9%, catapulting the experiential sector to the number 2 activation channel behind social. This increase corroborates the key findings of 2017 that audiences are demanding experiences rather than "things".

> "The brands that are getting ahead in activation, are the brands that are marrying the social experience with the live experience."



83%

think that authentic engagement through digital is a challenge

Metrics vs Business Value

#1 Activation channel

Social media

With the rise of social as the #1 activation channel, we have seen an increase in the use of social media listening metrics by 5% (in 2018). Social listening and monitoring is relatively simple to implement and demonstrates the reach, impressions, likes or clicks. However, is this social media listening and monitoring measuring the key objectives that brands have set themselves at the start of their campaign?

We know that the key drivers for sponsorship selection and ultimate success are brand consideration and preference ......

Brand Objectives

#1 Brand consideration

#2 Brand awareness

Strategic objectives are becoming more important than tactical

but the #1 and #2 tools used for evaluation are digital and social media metrics.

Top Evaluation tool: Digital and Social Media Metrics

Can these tools accurately measure the long-term strategic objectives that brands are setting out to achieve? Can they demonstrate the true value of the sponsorship and what it returns for the brands? Worryingly not.

Only 19% **of brands, rights holders and agencies are confident that they can measure the business value return of sponsorship**

Only 19% of the industry is confident that they can actually measure the business value return of the sponsorships they undertake.

Whilst the industry is confident about the potential for growth that exists there is concern that in an ever-more stringently regulated industry the emphasis on return and value has to be addressed as quickly as possible.

The most effective way to continue and accelerate the predicted growth of sponsorship, is for brands, rights holders and agencies to truly understand the "why" of any sponsorship to ensure that the measurement mechanics calculate the return based on what the sponsorship set out to achieve, and ultimately the value the sponsorship drives back to the business.

About Frontier

Frontier is designed to measure and understand current thinking, monitor trends and identify future developments.

Conducted across a base of over 525 industry professionals, we questioned industry experts in over twenty different countries from EMEA, North, South and Central America and APAC.

Over the course of the year additional findings from Frontier will be released to reveal more insights and provide a greater depth on the challenges and opportunities facing different sectors and channels within the industry.

We hope that you have enjoyed reading Frontier 2018 and should you have any questions, we'll be happy to answer. Please contact:

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About MKTG

MKTG is a full-service, global lifestyle marketing agency working with brands and rights holders. We are in the business of connecting people with brands and brands with people through the power of shared experience and have over 16,000 staff in 20 different countries delivering over 80,000 brand experiences a year.

BRAND EVENTS & EXPERIENCES

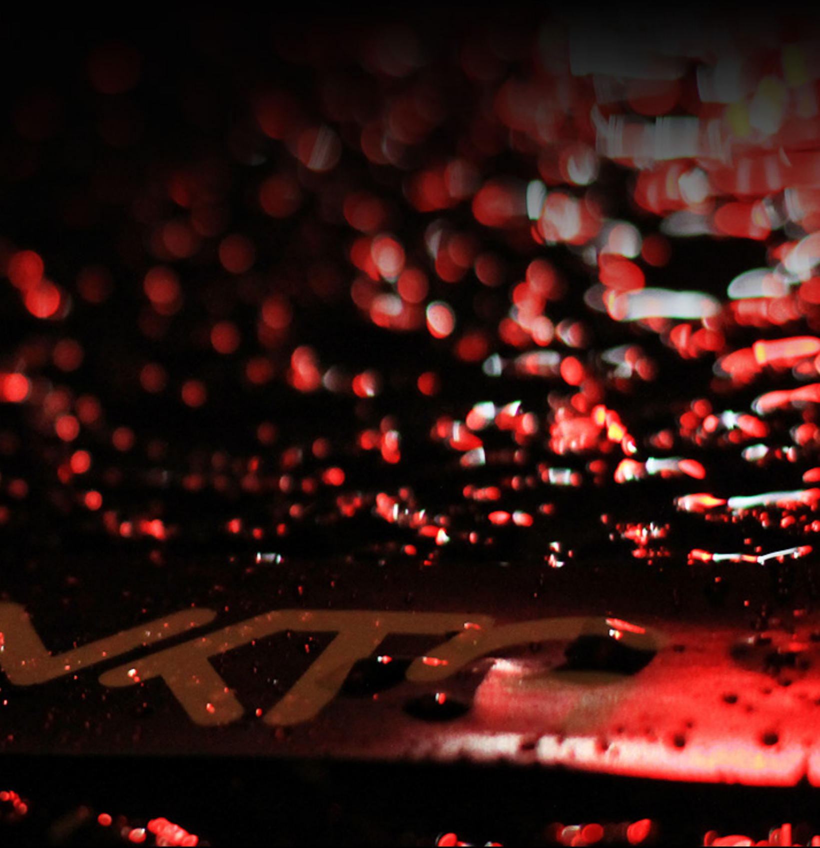
SPONSORSHIP COORDINATION

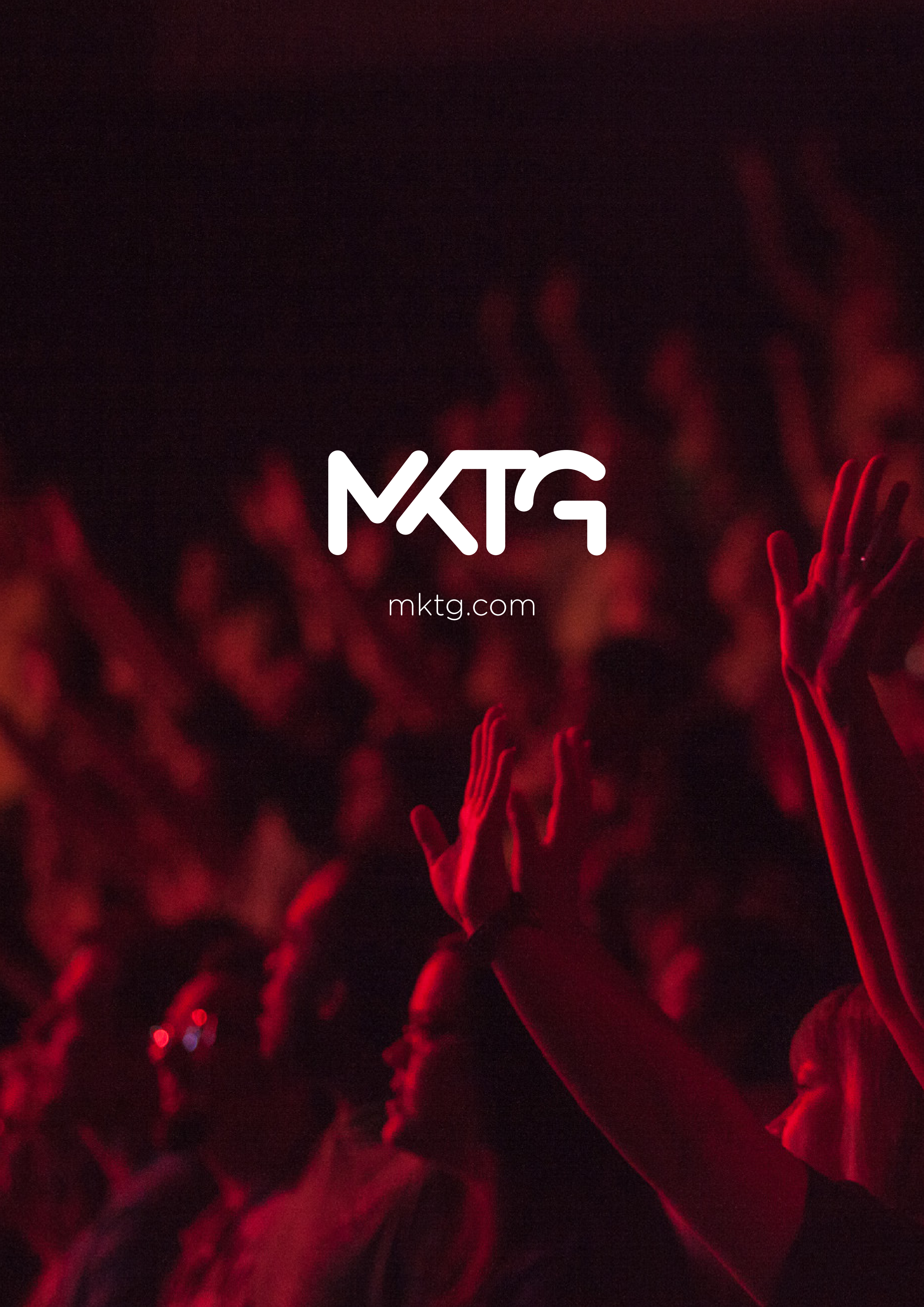
STRATEGY & CONSULTANCY

CONTENT & COMMS

TICKETING & HOSPITALITY

INSIGHT & EVALUATION

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