

Global Ad Trends

January 2020 – Sports Sponsorship Investment [SAMPLE]

Global Ad Trends

January 2020

1 Sports Sponsorship

- ✓ Global, regional and domestic investment in sports sponsorship
- ✓ Investment in Olympic sponsorship by partnership type and event
- ✓ Investment in FIFA World Cup sponsorship, and TV reach by tournament
- ✓ Nike's investment in endorsement contracts and its move into e-sports
- ✓ EPL shirt sponsorship in the UK gambling sector in relation to main media spend
- ✓ E-sports sponsorship investment and penetration rates by market
- ✓ Agency, brand and rights holder confidence in measuring sponsorship ROI

2 Media profiles

- ✓ Roku users have near-doubled in two years
- ✓ Growth in Tencent advertising revenue dips to lowest level in a decade
- ✓ German outdoor market growing as quickly as online display
- ✓ Broadcast radio listening holds steady in Canada but advertising spend is falling

3 Latest market intel

- ✓ Gaming livestreams grow 12% as Facebook shows rapid rise
- ✓ Marketers embrace sustainability by changing culture
- ✓ DTC brands spend 41% of their media investment offline
- ✓ Etsy and Target lead 'Big Five' in e-commerce growth
- ✓ PG Mall enters top five e-commerce players in Malaysia
- ✓ European brands were over-optimistic on GDPR compliance

1. Sports Sponsorship Investment

Sports Sponsorship Investment

Key trends

1

Sport sponsorship investment is outpacing traditional media

Spend on sports sponsorship is expected to rise 5.0% this year to reach \$48.4bn worldwide – the strongest growth in a decade. The market has expanded at a compound annual growth rate (CAGR) of 4.2% since 2011, consistently outpacing brand investment in traditional media.

North America is the primary growth engine, expanding at a 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, associations with the NFL, NBA and MLB are expected to reach \$3.97bn in 2020, just over a quarter of all spend.

The European market is expected to rise 5.0% to \$12.9bn this year, ahead of the five-year CAGR of 4.2%. Almost two-fifths of money is directed towards football rights-holders, while 10% is invested by the financial services sector.

Asian investment has been buoyed the Olympics, Rugby World Cup, FIFA World Cup and IPL cricket in recent years. Total spend is expected to rise 5.0% to \$11.6bn in 2020.

2

E-sports sponsorships pair brands with sought-after audiences

Brand investment in e-sports 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.

Audiences are generally young: a third of viewers are aged 16 to 24 and 37% are aged 25 to 34. Most (64%) are male, and three-quarters are mid to high earners. A full 85% of e-sports fans either delete cookies, use private browsing windows or block ads, so sponsorships can provide brands with a path to this hard to reach, engaged and enthused audience.

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.

3

Practitioners' confidence in measuring business returns from sponsorships has fallen

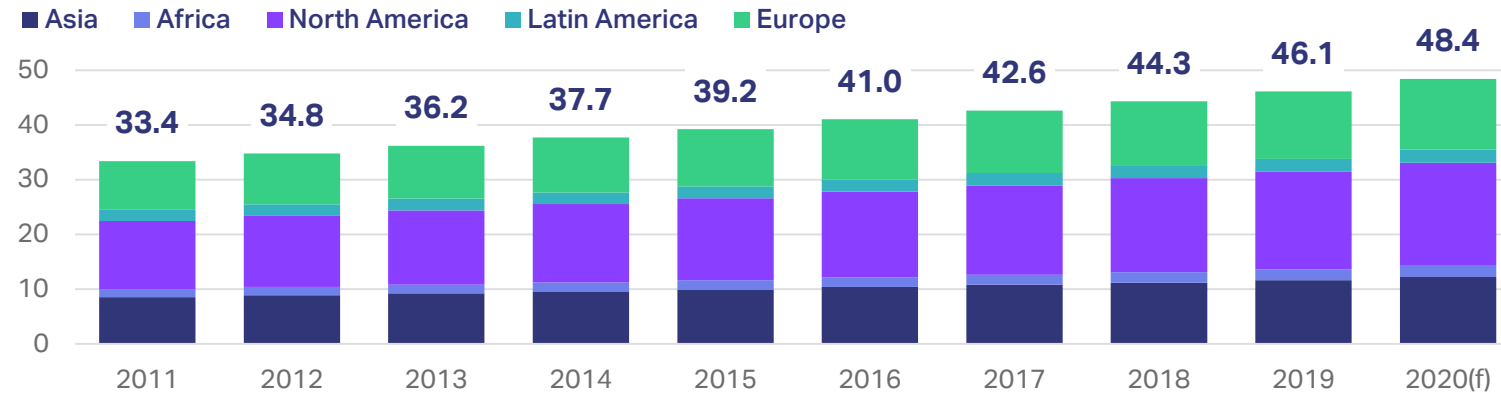
Sponsorship is synonymous with the upper part of the purchase funnel – generating awareness and consideration – but this can present challenges when measuring return on investment (ROI) and ancillary KPIs. Chief among these is the knowledge gap between brand impact and sales impact.

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.

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.

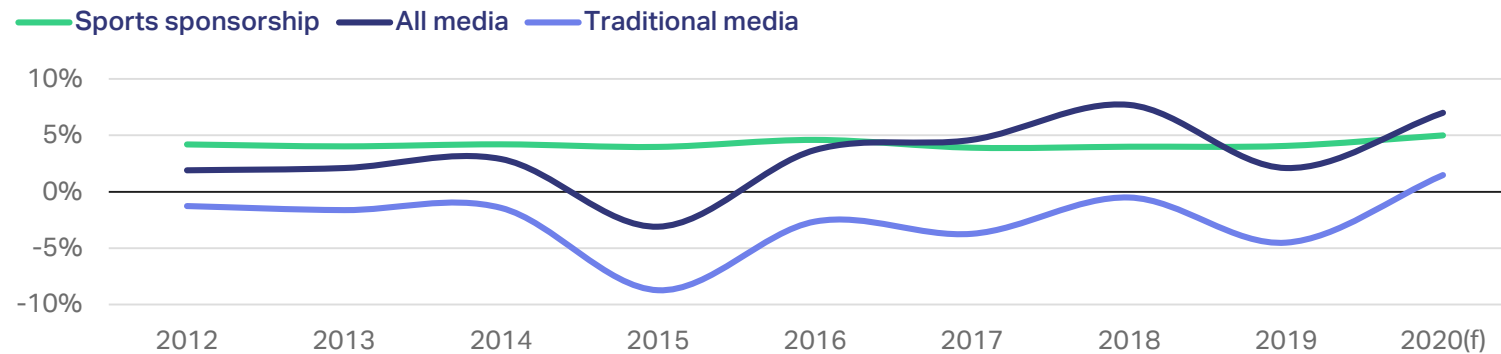
Global sports sponsorship approaching \$50bn as growth outpaces traditional media

Global, Sports sponsorship ad investment, US\$ billions, current prices



SOURCE › Two Circles

Global, Annual growth in advertising investment, US\$ current prices

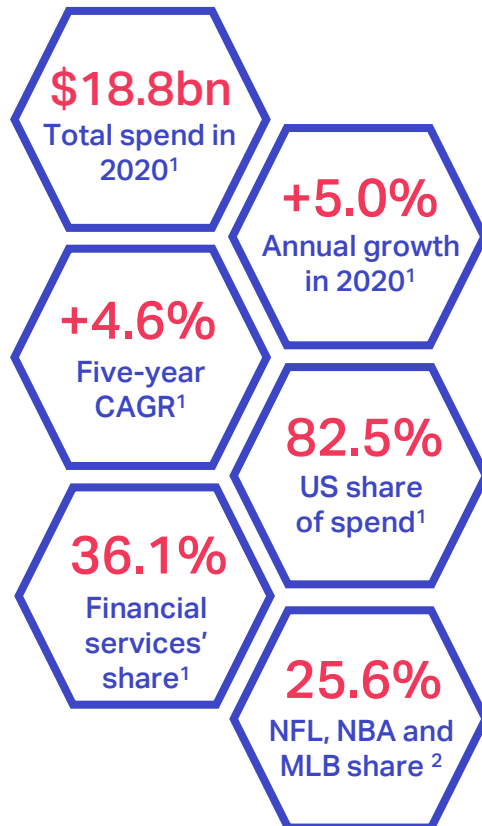


SOURCE › WARC Data, Two Circles

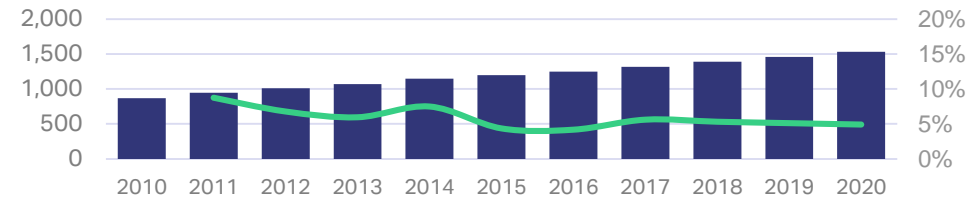
Global overview

- ✔ Spend on sports sponsorship is expected to rise 5.0% this year to reach \$48.4bn worldwide – the strongest growth in a decade – according to data from specialist agency [Two Circles](#). The market has expanded at a compound annual growth rate (CAGR) of 4.2% since 2011, consistently outpacing brand investment in traditional media.
- ✔ This year's growth is expected to be bolstered by brand association with the [Summer Olympics in Tokyo](#), as well as deals around the men's UEFA European football tournament. These two events have also seen record investment in recent years.
- ✔ The majority of investment – based on where deals are signed – is concentrated in [North America](#); the region is expected to account for 38.8% of global spend this year. North America is the primary growth engine too, expanding at a compound annual growth rate (CAGR) of 4.6% since 2011. In absolute terms, this equates to an additional \$6.3bn in spend compared to 2011.
- ✔ Europe is expected to account for 26.7% of the global total at \$12.9bn in 2020, and Asia 23.9% at \$11.6bn. Latin America (5.0%, or \$2.4bn), Africa (4.3%, \$2.1bn) and ANZ (1.3%, \$625m) follow.

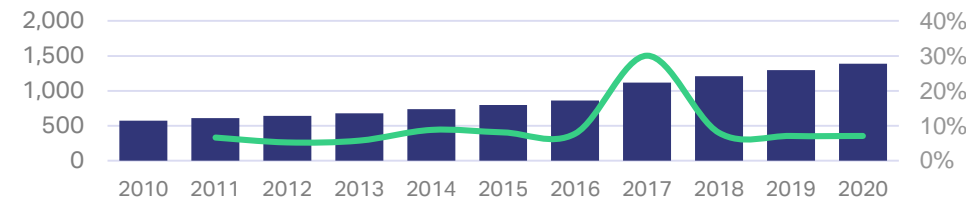
North America: The NFL, NBA and MLB draw \$3.97bn from sponsors



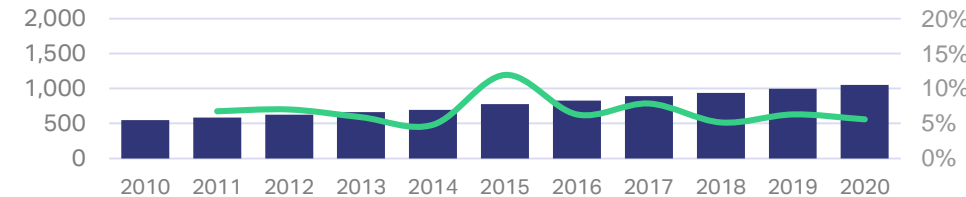
NFL, Sponsorship investment, US\$ millions (bar) and annual growth (line)



NBA, Sponsorship investment, US\$ millions (bar) and annual growth (line)



MLB, Sponsorship investment, US\$ millions (bar) and annual growth (line)



SOURCE › ¹Two Circles ²WARC Data, IEG

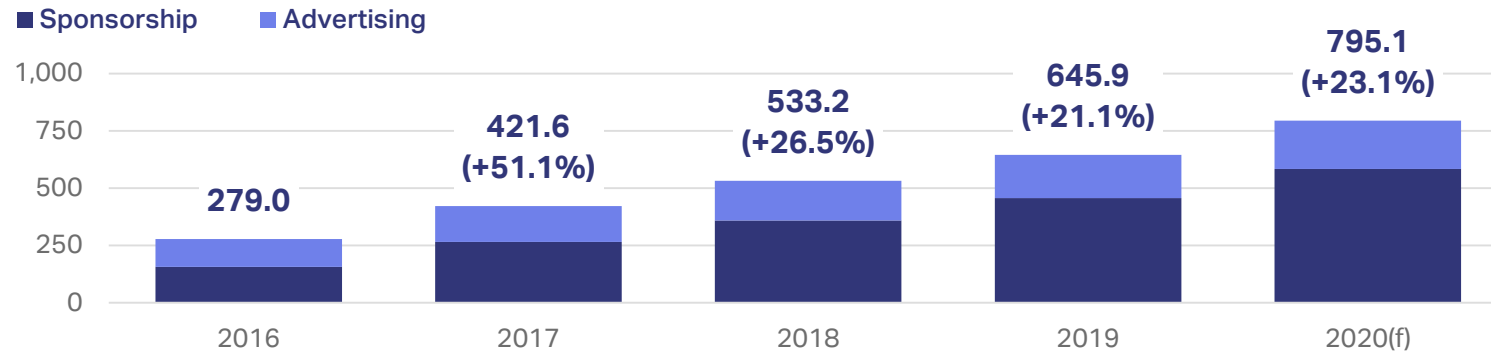
SOURCE › WARC Data, IEG

Regional focus: North America

- Two Circles expects sports sponsorship spend in North America – the world’s largest region – to rise 5.0% to \$18.8bn this year, with the US accounting for 82.5% of the total at \$15.5bn (a rise of 5.4%).
- The financial services sector is the largest investor in sports sponsorship in the US (\$5.3bn in 2019), 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 just under per year.
- Projections by WARC, based on data from IEG, show that sponsorship of the National Football League (NFL) is expected to reach \$1.53bn in 2020, up 4.9% from 2019. This total is equivalent to 9.9% of all sports sponsorship spend in the US. Major League Baseball (MLB) deals are projected to rise 5.6% in value to \$1.05bn in 2020, while tie ins with the National Basketball Association (NBA) should rise 7.1% to \$1.39bn for the 2020/21 season.
- MillerCoors, the brewer, has 19 NFL partnerships atop 16 affiliations with MLB and 13 with the NBA. It has stated that some 95% of sponsorship outlay is being used to reach millennials with a passion for athletic pursuits, with college-sport partnerships regarded as crucial to this strategy.

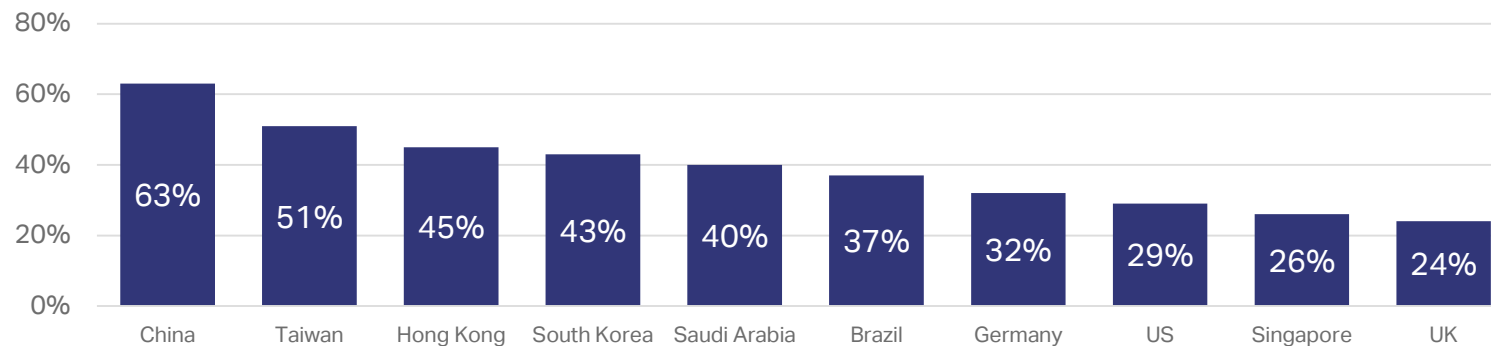
E-sports spend is growing rapidly as brands seek a path to hard to reach, engaged and enthused fans

Global, E-sports sponsorship and advertising investment, US\$ millions, current prices



SOURCE › Newzoo

Selected markets, E-sports engagement among 16 to 24 year-old males



Note: Share of 16 to 24 year-old males who have watched e-sports content in the last week. Q4 2018.

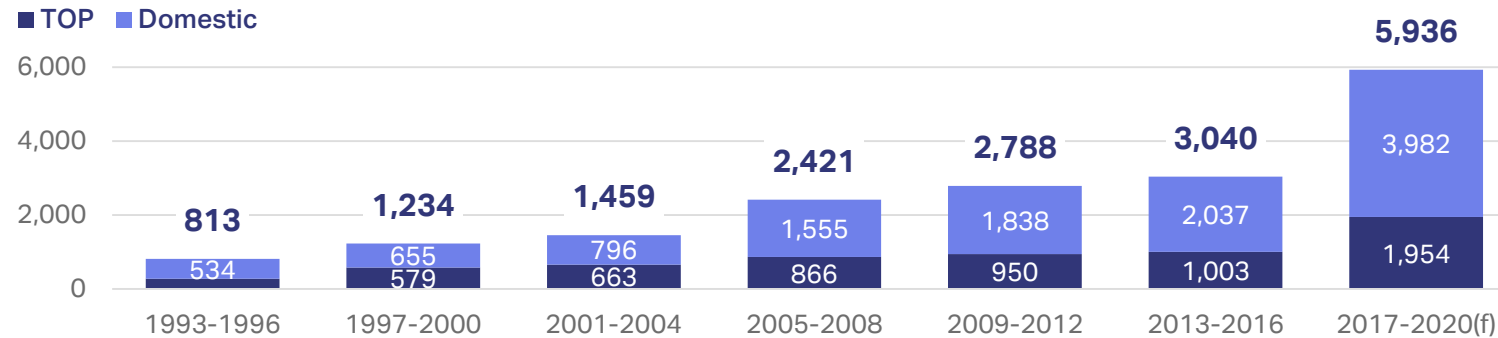
SOURCE › GlobalWebIndex

Emerging market focus: E-sports

- ☑ Data from [Newzoo](#) show that the e-sports market is growing rapidly, with brand investment expected to reach \$795.1m worldwide this year, a 23.1% rise from 2019. Almost three quarters of this (\$584m) is to be invested in sponsorships, while an additional \$211m is to be spent on spots during ad breaks.
- ☑ The demographics of e-sports viewers make it an appealing channel for brands. [GlobalWebIndex](#) data show 22% of internet users count themselves as e-sports fans, with a third aged 16 to 24 and 37% aged 25 to 34. Most (64%) are male, and three-quarters are mid to high earners. A full 85% of e-sports fans either delete cookies, use private browsing windows or block ads, so sponsorships can provide brands with a path to this hard to reach, engaged and enthused audience.
- ☑ Research by Nielsen E-sports shows that 60% of sponsorships in 2019 were from non-endemic brands – those without a direct stake in computing – a rise of seven percentage points from 2018. This growth has been spurred by the localised franchise models of e-sports leagues. WARC Best Practice suggests brands should apply a test-and-learn approach, and be ready to optimise strategies on the fly.

Dentsu ensures Tokyo 2020 will break all records

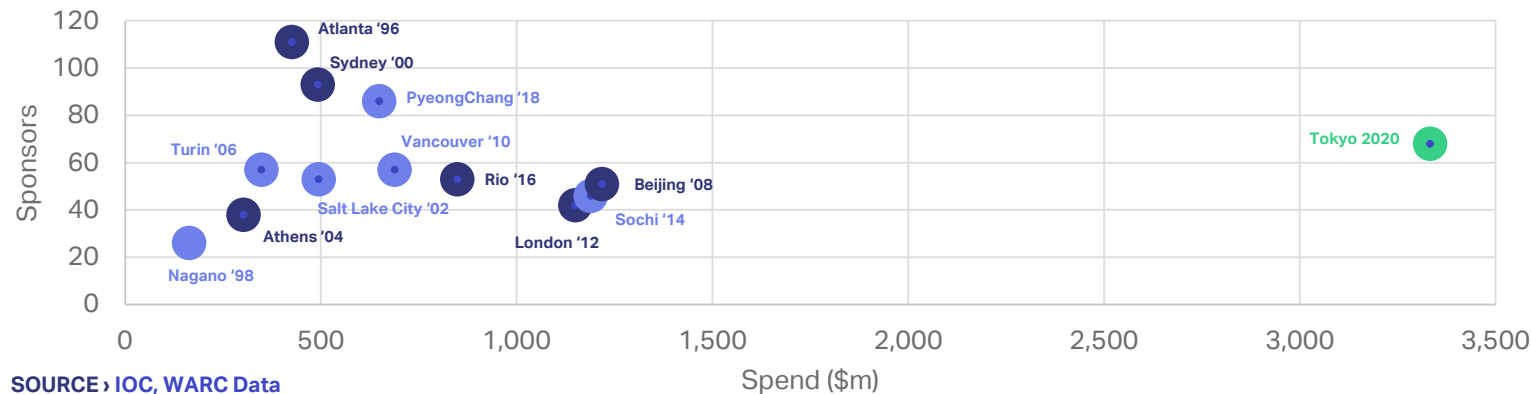
Global, Olympiad sponsorship spend by type, US\$ millions



Note: 'Domestic' includes local sponsorship of Winter and Summer Games. 'TOP' (The Olympic Partners) are global deals encompassing an entire Olympiad.

Olympics, Domestic brand sponsorship

Summer Games Winter Games



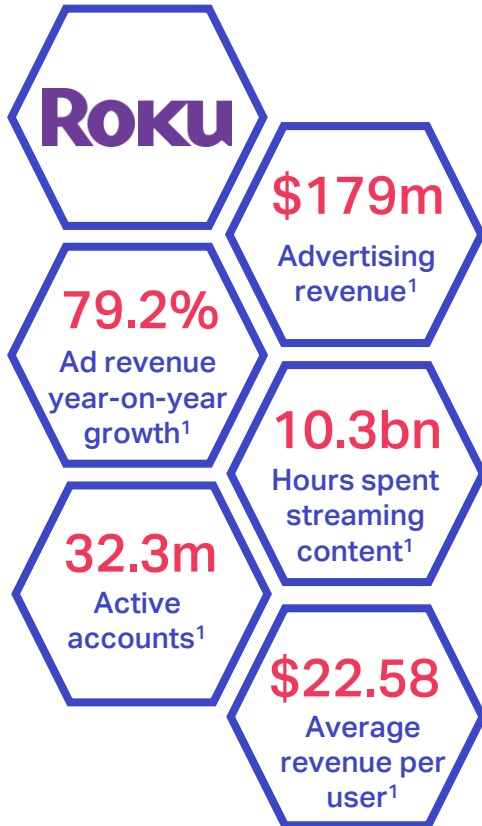
SOURCE: IOC, WARC Data

Rights holder focus: IOC

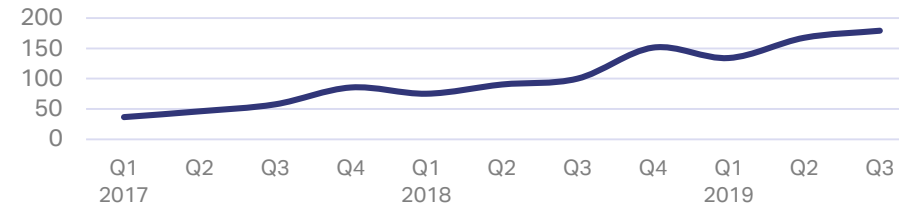
- Dentsu was hired as the IOC's agency of record in April 2014 in the first agreement of its kind. Within a year they had secured 13 of the 15 top tier 'gold partners', at a value of just over \$1bn. For context, the Beijing Olympics secured \$1.22bn in domestic sponsorship overall. Reports in late 2019 suggest domestic sponsorship for Tokyo 2020 had hit \$3.33bn – approaching triple the previous peak.
- One explanation for this exceptional investment is that, for the first time, sponsorship of the upcoming Games is non-exclusive; competing brands in a given sector have signed up, from airlines (Japan Airlines and ANA) to banking (Mizuho and SMBC).
- Domestic sponsors group into three tiers, with the cost of the top, 'gold' tier reportedly \$128m – near double the estimated \$65m for the equivalent deal at the London 2012 Games. Dentsu is expected to receive just under 5% of the value of the business it secures for Tokyo 2020.
- 'TOP' (global) partnerships have also jumped in value during the current Olympiad. Three brands have joined since 2016; Airbnb, Alibaba Group and Intel, while Bridgestone and Toyota expanded from previously regional deals. McDonald's is the only brand to cease, [ending a 41-year run in 2017](#).

2. Media Profiles

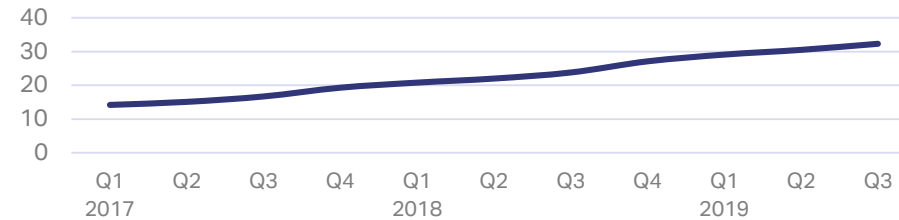
Roku users have near-doubled in two years



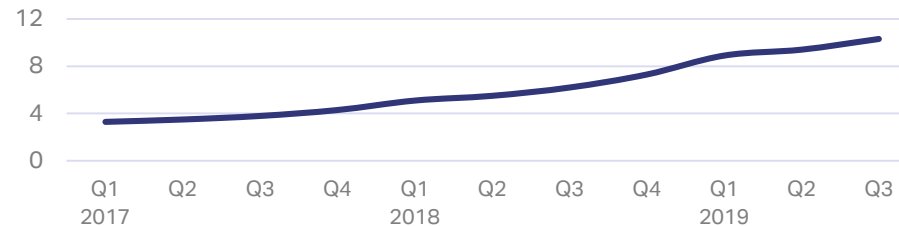
Advertising revenue, \$ millions



Active accounts, millions



Hours streamed by all users, billions



Revenue by segment

	Q3 2019	Total	YoY Growth	Share	YoY Change
Advertising	\$179m		79.2%	68.7%	+11.0pp
Sales	\$82m		11.3%	31.3%	-11.0pp
Total	\$261m		50.5%	100.0%	=

Note: Sales revenue comes from the sale of streaming devices.

- ⊗ Roku recorded 32.3m active accounts in Q3 2019, a 93.4% increase from Q3 2017. Company research suggests about one-half of American cord cutters use the platform.
- ⊗ As a result, over 10bn hours of content was streamed by users in Q3 2019. This suggests an average user watched over 13 days worth of content via Roku last quarter.
- ⊗ This has helped boost ad revenue for the company, which saw year-on-year growth of 79.2%. Advertising revenue growth rates have never fallen below 73.9%.

Note: All data are for Q3 2019. Advertising revenue includes revenue from content distribution and billing services. Device revenue comes from the sale of streaming players.

SOURCE › ¹ Company reports

3. Latest Market Intel

Global

CONSUMERS

Gaming livestreams grow 12% as Facebook shows rapid rise

Over 1.1bn hours of gaming livestream content were watched in December 2019. While Twitch accounts for 61.0% of this, it's losing market share to Facebook Gaming.

[Read more](#)

BRANDS & ADVERTISERS

Marketers embrace sustainability by changing culture

Over four-fifths (84%) of CMOs say conscious consumerism and sustainability will have a significant or some impact on their marketing strategy in 2020.

[Read more](#)

MEDIA & TECH

Advertising is main revenue stream for just 14% of publishers

Advertising has taken a backseat for newsbrands, with just 14% saying it will be most important going forward. This compares to a half (50%) citing the importance of reader revenue in 2020.

[Read more](#)

BRANDS & ADVERTISERS

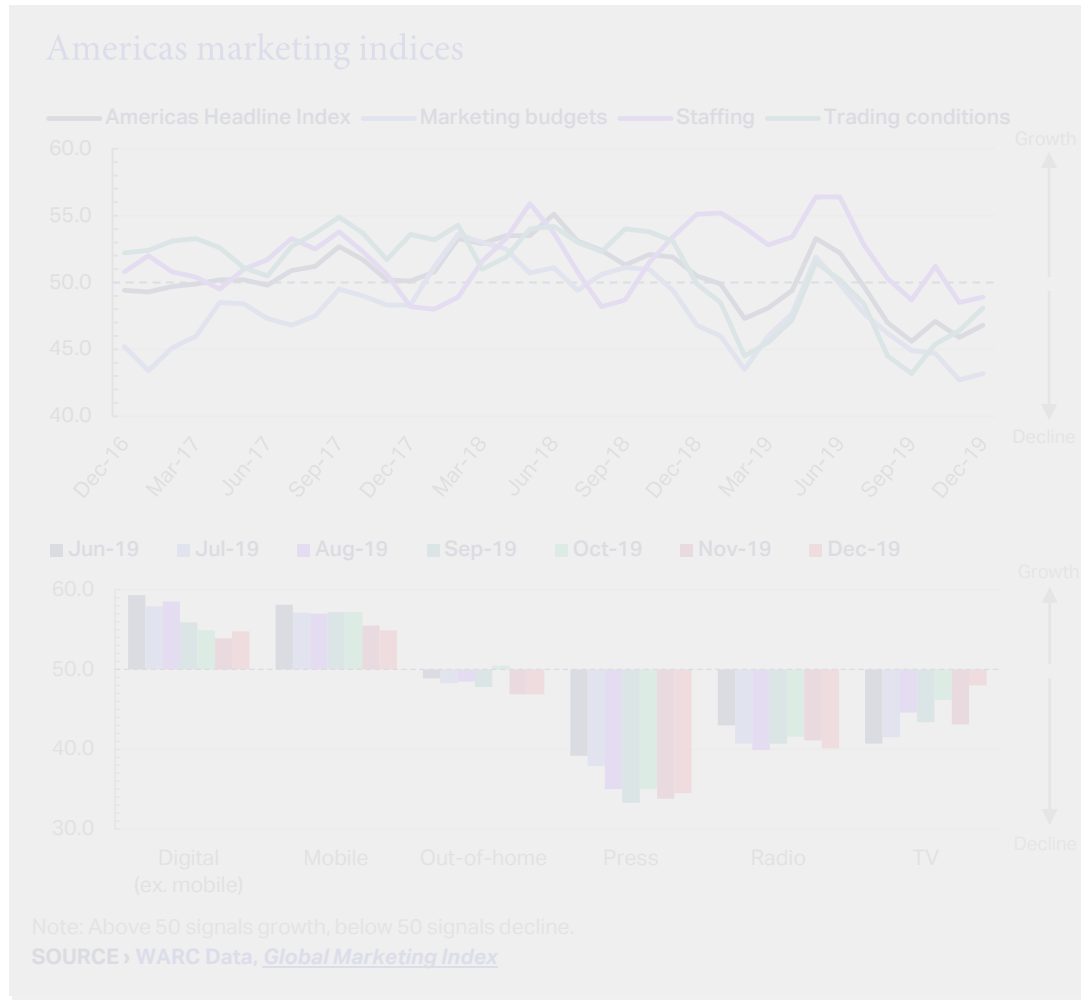
Facebook was only FAANG to lose brand value last year

Facebook's global brand value fell for the second time in a row in 2019, while Amazon has near-doubled its value since 2017. Apple and Google lead while Netflix growth slows.

[Read more](#)

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BRANDS & ADVERTISERS

DTC brands spend 41% of their media investment offline

Search is the most popular medium for direct-to-consumer brands with two-thirds investing. Direct mail and print are the most popular offline media, at 63% and 62% respectively.

[Read more](#)

MEDIA & TECH

Etsy and Target lead 'Big Five' in e-commerce growth

eBay is the only 'Big Five' e-commerce platform to register fewer transactions in the first nine months of 2019, potentially a result of its generalist appeal.

[Read more](#)

BRANDS & ADVERTISERS

CX as important as revenue growth, but brands are risk-averse

Enhancing customer experience and driving revenue growth are the two most common priorities for marketing innovation – 53% of CMOs rank it in their top three areas of focus.

[Read more](#)

CONSUMERS

Instagram leads rapid social growth in Mexico

All five of the largest social platforms saw an increase in user penetration in 2019. WhatsApp overtook YouTube for second place while Instagram saw the largest year-on-year increase.

[Read more](#)

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Asia Pacific

MEDIA & TECH

PG Mall enters top five e-commerce players in Malaysia

Shopee continues to see strong growth in monthly website visits, reaching 26m in Q3 2019. Lazada, Lelong and Zalora have all dropped as PG Mall enters the top five with 0.9m visits.

[Read more](#)

CONSUMERS

Drama and reality are most popular genres on Hotstar

Drama accounts for 36% of all entertainment watching and is more popular among older female audiences. Reality places second (21%), common among younger male viewers.

[Read more](#)

MEDIA & TECH

15% of Asian retailers have invested in AI

Among those who use artificial intelligence, chatbots/voicebots and machine learning technology are the most popular types used.

[Read more](#)

CONSUMERS

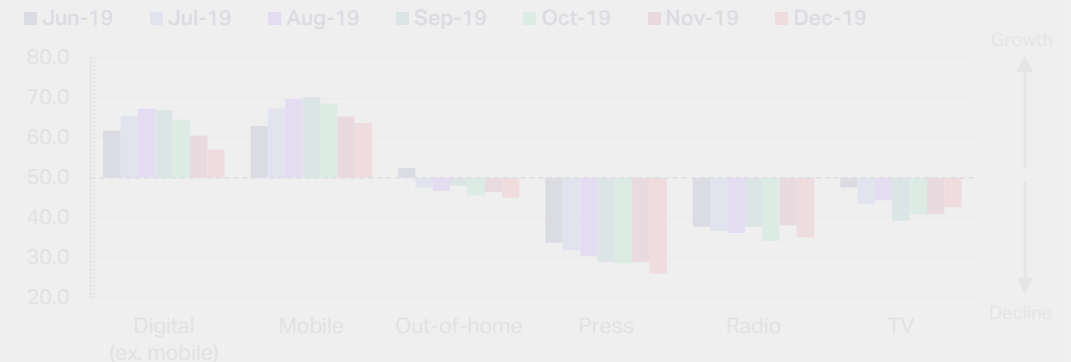
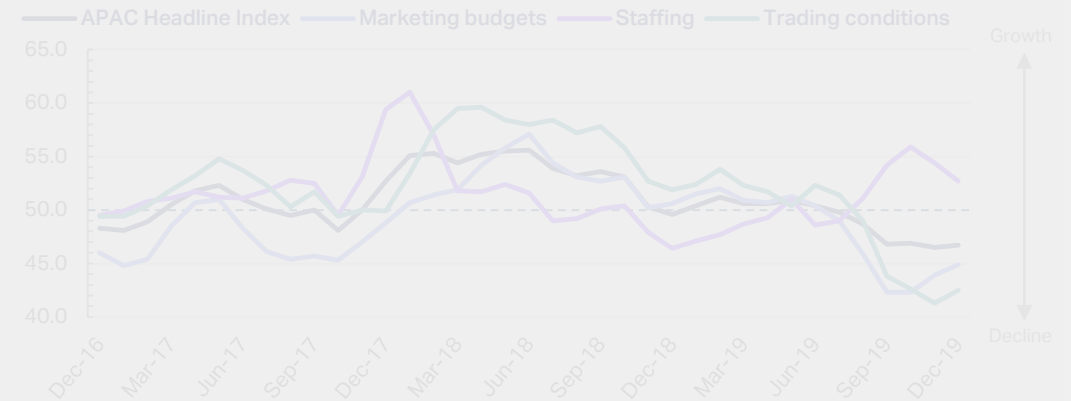
Netflix triples APAC subscribers in two and a half years

Paid streaming subscriptions in Asia Pacific reached 14.5m in Q3 2019, an increase of 210.6% from the beginning of 2017 and the quickest growth rate among all regions.

[Read more](#)

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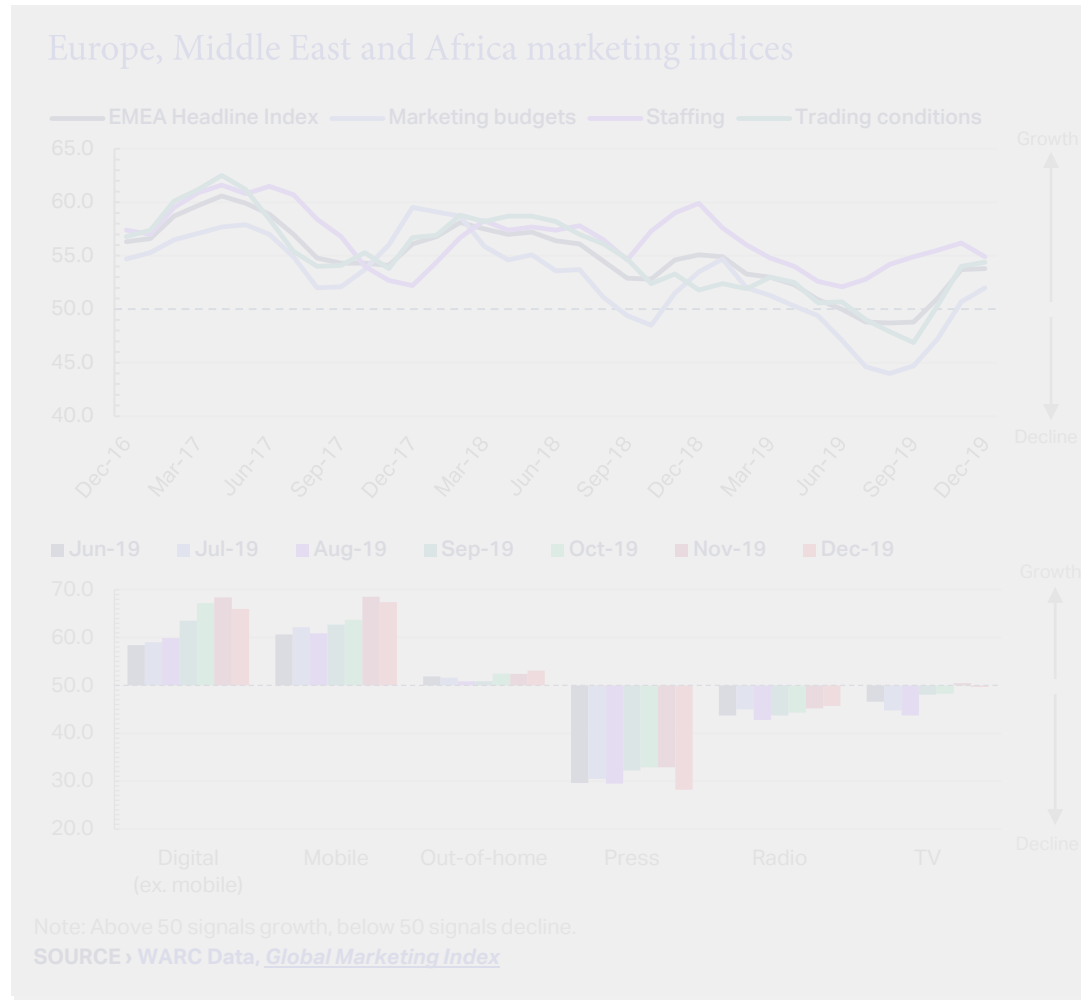
Asia Pacific marketing indices



Note: Above 50 signals growth, below 50 signals decline.

SOURCE > WARC Data, [Global Marketing Index](#)

Europe, Middle East and Africa



CONSUMERS

Distrust in brands is highest in France

Over four-fifths (83%) of French consumers said it has become harder to trust what companies say and do, followed by Italy (81%) and Germany (80%).

[Read more](#)

MEDIA & TECH

Brands were over-optimistic on GDPR compliance

Over three-quarters (78%) of businesses expected to be GDPR compliant in June 2018. However, around one-quarter (28%) were actually compliant by June 2019.

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CONSUMERS

Over 40% of Spanish internet users use a connected TV

Spain remains significantly above the global average on internet connected TV penetration but saw the first year of decline in 2019.

[Read more](#)

CONSUMERS

Snapchat holds steady in Norway as Facebook use drops

Snapchat was the only platform in Norway to not see its penetration decline in 2019. Facebook remains dominant though, with 75.5% of internet users using it in the past week.

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About WARC Data

WARC has published independent and objective advertising research since 1982.

Our data products are trusted by the world's leading brands, ad and media agencies, media owners, research bodies, academic institutions and market analysts.

www.warc.com/data

Benchmarks

Utilise WARC's suite of benchmarks to measure your ROI against industry sector and geography, decide on the right media mix for your campaign, and compare your ad/sales ratio with the sector's wider performance.

Forecasts

WARC produces detailed adspend forecasts for 12 key markets – Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Russia, UK, US – which between them account for three-quarters of global advertising expenditure, atop a biannual forecast for media inflation drawn from a consensus of exclusive agency data.

Data Points

Access hundreds of pre-made charts and datasets on media consumption, spend and costs.

Databases

Instantly access advertising spend data in 96 markets across major media and formats.

Check CPM and GRP costs by media and target audience in 63 markets.

Global Marketing Index

Established in 2011, the Global Marketing Index (GMI) is designed to provide a unique monthly indicator of expenditure and business conditions for marketers worldwide.

Our panel of 10,000 marketing professionals is invited to give its views of current business conditions, including marketing spend, media budgets and staffing. The results provided exclusively to WARC Data subscribers each month.

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