

The rights package is wrong

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As a part of Levergy's ongoing 'Lessons from Lockdown' series we analyse how the lockdown has exposed the antiquated way many sponsorships are packaged and sold.



There has been a re-awakening. Have you felt it?

If you haven't quite felt it, you'll most certainly have seen the force with which live sport has returned to our screens as professional leagues piece together a schedule that can meet fans' desire for relative normality as lockdowns ease across the globe.

And boy was the audience growing impatient for it.

As early as the end of March, 38% of gen Z and millennial males named watching live sport as what they were missing most as a consequence of the pandemic, ahead of simply feeling safe to go outside (31%) or social interaction with friends and family (32%).

This obsessive enthusiasm is of course what makes sport such a compelling proposition for sponsors and the lack of any meaningful action on the field of play had temporarily removed a potent weapon from their marketing arsenal.

But the return of live sport has not meant that sponsors can simply reload the weapon and start firing again. These brands have found themselves saddled with pre-Covid rights packages in a post-Covid world.

Although rights holders in most sports are moving heaven and earth to deliver the value their corporate partners are contractually due, particularly from a broadcast perspective, clear limitations have emerged.

Like any marketing discipline, effective sponsorship activation depends on an in-depth understanding of fan behaviour, their routines and idiosyncrasies built up over years of following a particular team or sport.

With the closure of stadia and the stop-start process of reopening them under constant threat of a second wave of Covid-

19 taking hold, this behaviour has changed dramatically.

In the UK, nimble activation by the likes of Coca-Cola – a Premier League sponsor that has helped fans to continue to enjoy football with its Make Your End the Home End campaign – and NatWest, the principal partner of England Cricket, which is hosting zoom hospitality sessions for clients after a day's play – is mitigating the impact of these changes.

These are, however, short-term tactics rather than long-term fixes.

Worldwide, sponsorship managers are in the process of reviewing their rights portfolios and rights holders have little choice than to take this opportunity to step back and review what it is they are selling.

But this should not be viewed as bad news.

Arguably for too long, rights holders have resisted the need for sponsorship packages to be more innovative from a digital perspective, reflecting the subtle yet steady decline of TV audiences for live sport. From a consumer point of view, there is a clear upside too.

Recent research by Nielsen in the UK suggested a growing recognition of the role sponsors will have to play as live sport resumes as and when the pandemic recedes, with 53% feeling that their favourite sports team or league would need the help of their sponsors to rebuild the live experience for fans.

But sponsors can't manage this without a flexible approach to rights-packaging and selling. After all, if the world remains in the grip of Covid-19 deep into 2021, then what is going to replace the tens of thousands of tickets and hospitality options that currently only exist only on a page of rights inventory? How are sponsors to create original and compelling content to engage fans through?

The answer lies in rights-holders becoming responsive to the needs of sponsors to target fans in a digital environment.

Meanwhile, sport can count itself lucky.

Entertainment sectors and live music in particular face a similar struggle but without the safety net of the broadcast product that underpins the sports industry.

Live events will not return until 2021 and when they do there is uncertainty as to how crowds will be managed. Enforced changes to the fan experience will be as significant as in sport, if not more so and again, sponsors will be calling on rights holders to provide flexibility in how they can use talent to activate partnerships.

In the meantime, some sponsors have exploited Covid-driven phenomena such as the nominees for Hyundai's Mercury Music Prize sponsorship taking part in a special edition of the ex-Charlatan's front man Tim Burgess' twitter listening parties.

As with sport, though, this remains a piecemeal approach to tackling an existential challenge for rights holders.

When the real awakening finally occurs and fans are back in venues watching live entertainment, it will be the brands and rights holders that have taken this opportunity of what the future might look like that will reap the benefits of fans' excitement at a return to (a new?) normal.

Key take-out:

Sponsors should get on the front foot with partners and demand more flexibility while rights holders must pre-empt this through proactive innovation.

Only then can the effects of the value gap between rights paid for and rights delivered be mitigated.

The brands and rights holders that work together most effectively to meet this challenge will be the ones that define passion-point marketing for a post-Covid world.

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