

Re-engaging and reimagining the SA sponsorship industry

By [Judith Mugini](#)

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The statement "we are not having fun together right now" really describes the current reality in the leisure activities, sport, entertainment and live events space. Whether you are a consumer/fan or someone who works in the industry, a rights holder or a sponsor, we all have our own pain points.

While it is advised that we remain responsible and not rush the process of filling up events with crowds 'so that things can get back to normal,' we need to look at creative ways of re-engaging the live events industry.

We had started the year well with WARC Data predicting that global sports sponsorship spend in 2020 would rise by 5% year-on-year, meant to be the strongest growth in a decade, reaching a total of \$48.4bn – which would have been driven by major quadrennial events like the Tokyo 2020 Olympics and the Euro 2020 soccer championships. Then the pandemic hit globally.

It's no secret that the industry took a knock. We know this from experience, we felt it. We are working in challenging marketing conditions. Working on major events that have spanned decades in South Africa, we felt the shock when due to the pandemic and regulations, we either cancelled, went virtual or postponed live events (although it remains to be seen if these new set dates for 2021 will be realised or it's an indefinite postponement for some).



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This reality in a drop of activities is also confirmed by a subsequent study which was conducted by sports agency Two Circles which forecasted a 37% year-on-year decrease, with worldwide spend dropping to \$28.9bn in the wake of the pandemic.

As per Matthew Glendinning, across all commercialised sports areas, the pandemic health crisis required rights-holders and sponsors to review their contractual obligations – those that were met and those that could not be met because of cancellation, the absence of spectators or the main star-organiser falling sick mid-series. Rights fee payments in deals for sponsorship are generally contingent on scheduled tours/events going ahead. This meant rights holders faced and still face losing out on large amounts of revenue.

More threats to the industry are spelt out by WARC's Marketer's Toolkit 2021" study, whose "results indicate that over a third (35%) of the advertisers surveyed for the report expect to decrease investment in sponsorship, with only 17% planning to spend more than they did in 2020. Of those brands cutting marketing budgets over the coming 12 months, over half (53%) anticipate reduced sponsorship activity."

Domestically, last year saw financial services provider Momentum reveal that it will not be renewing its one-day international sponsorship of the Cricket South Africa (CSA) national governing body when the deal expires in April (Momentum

expressed its dissatisfaction with the “current state of affairs” at CSA not necessarily pandemic related). CSA also saw the withdrawal of headline sponsor Standard Bank not to renew a four-year deal worth between R70m (€3.6m/\$4.3m) and R75m per year, with the agreement expiring in April 2020. We also saw Absa ending its R140m a season sponsorship of SA’s Premier Soccer League (PSL), after a 13-year relationship.

Songezo Zibi, marketing and corporate relations at Absa was quoted as saying: “Before Covid-19 we were already facing a recession...so it’s something that we’ve carefully considered over a period of time and entered into discussions with PSL for not extending - so it predates Covid-19 but I think the event itself has made things even more difficult.”



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Judith Mugi 13 Mar 2020



Is it all doom and gloom for the sponsorship industry?

- **Hope based on history - the Industry will bounce back:**

Perhaps the best news comes from Christopher McKnight Nichols, Associate Professor of History at Oregon State University and author of *Promise and Peril: America at the Dawn of a Global Age*. He predicts that we could see a dramatic rise in leisure activities and collective gatherings post-pandemic, including live music concerts and sports events, which is much needed.

He bases these predictions on what happened in the 1920s as societies emerged from the 1918 [influenza] pandemic and World War I. Purportedly, the United States, saw the rise [in popularity and national prominence] of professional baseball and college football occurred. In Europe, professional soccer expanded.

If history is indeed the predictor of the future, then this is indeed good news. Innovative and creative thinking must be at the fore front though. The way we have been doing things for the past 20 years will not cut it.

- **New sponsorship deals are being struck in the wake of the pandemic:**

While we noted the declines, starting with the international sponsorship market, some sponsorship deals were struck either new or extended. This again gives us hope that the industry is still ‘alive with possibilities.’

According to sports business, the organising committee of the Tokyo 2020 Olympic and Paralympic Games has reached a “basic agreement” with all 68 domestic sponsors to extend their contracts and support the delayed Games.

Looking at the domestic market, the British and Irish Lions has renewed its sponsorship agreement with DHL Express for the rugby union team’s tour of South Africa. As the team’s official logistics partner of the tour, both the Lions and its South African opponents, the Springboks, will sport the DHL logo on the back of their jerseys. The Lions tour of South Africa also got Castle Lager title sponsorship. The tour will be known as the Castle Lager Lions Series after the beer brand agreed a title sponsorship deal with the Lions and South Africa Rugby. There are however growing fears that the Lions tour of South Africa will be unable to go ahead as planned this summer, due to the continuing disruption caused by the Covid pandemic.

Last year also saw the confirmation of DStv as the new sponsor of the Premier Soccer League (PSL) ahead of the 2020/21 season. The television company has replaced ABSA bank, who recently ended their 13-year partnership with the league. MultiChoice Group (MCG) and the South African Football Association (Safa) announced a landmark, five-year sponsorship agreement that champions South African football. Up until 2025, Showmax (MCG’s online

subscription video-on-demand service) is the sole and exclusive global SAFA official referee sponsor. The Comrades Marathon Association announced that Mr Price Sport signed a three-year sponsorship deal effectively making them the apparel partner for The Ultimate Human Race.

In June 2021, fast-food restaurant chain KFC extended its sponsorship of Cricket South Africa, with the deal including title sponsorship rights to T20 internationals and official partner status of the national team. KFC is also the official sponsor of the flagship Mini-Cricket programme. KFC's contract for the men's T20 internationals and sponsorship of the men's cricket team is for five years, and the mini-cricket programme for three years in deal that is estimated to be worth between R30m and R40m per year. CSA also signed a new sponsorship deal with telco BitCo Telecoms in May last year. The deal names BitCo Telecoms as the official internet service provider of CSA and the Proteas men's national team for the next five years. Cricket South Africa agreed on a four-year media rights deal in Australia with pay-television broadcaster Foxtel, running until the end of the 2023-24 southern hemisphere cricket season.

South Africa Rugby extended FNB Springboks' back-of-shirt sponsorship. The five-year extension will see the brand continue to hold the back-of-shirt sponsor designation for the South African national team. The deal, which extends an association which first began in 2017, also includes in-stadium exposure during South Africa matches. Other sponsors joining FNB as sponsors of the Springboks kit is South African telco MTN and kit supplier Asics. South Africa Rugby also extended its contract with multinational automotive brand Land Rover. The deal means the Jaguar Land Rover-owned company will continue as an associate sponsor of the South African rugby team, building on an association which began in 2017.

Sponsorships that are aligned to brand image and brand purpose, that are a brand fit can still play a role even in the wake of the pandemic. Campaigns and brand messages can be well crafted around the sponsorships responsibly and still resonate with the target audience, if executed well.

Speeding up innovative ways of working and digitalisation in the industry

2020 saw a trend towards the digitalisation of sport and entertainment. Properties such as the Comrades Marathon, the annual gospel choir series MTN Joyous Celebration, National Arts Festival, MTN Bushfire, the FNB Run Your City Series, Warrior race, South African Music Awards (Sama) awards, the newly launched Advertising Week Africa and the global leg, Standard Bank Arts Gallery to name a few went virtual.

We also saw brands activate their partnerships or own properties in the sport and entertainment space online.

Last year South African beer brand Castle Lite held a live 30-minute broadcast of online music performances aimed at funding the fight against the Covid-19 pandemic – titled 'Castle Lite Unlocks in Bed With.' The broadcast was on Castle Lite SA's YouTube channel open to all. Adding a social responsibility piece, Castle Lite committed to donating R1 for every view to the Solidarity Response fund.

Last year saw for the first time in its 33-year history, we saw the 2020 Standard Bank Jazz Festival Makhanda take 'Jazz Reimagined' online for jazz lovers. In June 2020 we saw the activation of the Standard Bank Virtual Jazz Festival 'Exclusive experience' where we got to experience the likes of Linda Sikhakhane.

While digital experiences are still in their infancy in South Africa – not because of the lack of devices as our smart phone penetration is pretty high – but due to access to data which is costly to afford a full stream for all (over and above the online tickets that need to be purchased to access some of the paid events), opportunities do present themselves for the industry.

Beyond mobile delivery of video sport and or entertainment content we need to pay attention to the platforms that work for our target audiences. We would need a creative integrated approach to the way we activate on virtual platforms, adding in channels that are able to reach the most people such as radio, TV, outdoor as well. Most importantly there needs to be a

focus on how we can build and meaningfully engage the brand's digital community.

Tech and data-driven changes - Innovation and insights shaped by big data are key

A case of Automated Production: The article 'how an AI-Automated Sports Broadcaster Is Shaking Up Soccer Streaming' brings the concept of using tech in the sport and entertainment industry to life.

According to Robert Kidd, Pixellot is the biggest sports broadcaster we've never heard of. While the Israeli company does not have the audience of an ESPN or DAZN, it is in terms of the number of events it produces, the world leader. Using artificial intelligence (AI) and automation, Pixellot produces around 100,000 hours of sports matches every month.

In 2020, Pixellot produced more than 220,000 live matches – from soccer and basketball to hockey and handball. How? The company which was founded in 2014, has its systems installed in about 6,500 venues around the world, with 40% in the US. Once installed, the company's cameras provide a panoramic broadcast of a sporting event that can be live streamed. Different angles and additions like live stats are available, but a big reason for the company's growth and what makes it tech driven is its broadcasts do not require human camera operators or production staff.

The AI element is applied by each of the cameras in one of Pixellot's systems covering a slice of a pitch, field or court where the game is being played, each slice is then "stitched" live into one panoramic view. The attraction of this system comes from the cost-effectiveness of such an operation which has seen numerous leagues and competitions that were previously not broadcast, particularly in soccer, sign up with Pixellot. In terms of data analytics and insights, at the top end of the sport, Pixellot works with some of the world's biggest soccer clubs, including Real Madrid and Bayern Munich and provides coaches and scouts with video analysis tools. For example, match clips can be cut and instantly shared or individual player highlights automatically generated.

Other innovations in the broadcasting space provided by Yannick Colaco include news anchors going on-air from their homes, GECs telecasting reruns of old TV shows in the absence of fresh content, sports broadcasters and leagues creating content through video conferencing. But the most significant gap to bridge for sports broadcasters was to deliver to the fans the thrilling experience of a sporting event at home despite empty stadiums.

In football he presents a case of how the pandemic is making the digital match-experience mainstream. In sports the pre-pandemic era, a lot of emphasis was placed on in-stadia experience by leagues and brands alike, both for fans in the stadium and to communicate the excitement to viewers at home. With no in-stadium audience due to regulations, sports leagues started trying out new ways to engage with fans, thereby significantly transforming the match-experience for sports fans.

As an example, all major leagues that made a comeback started replicating the exhilarating roar of the stadiums to fill the void. The Bundesliga audio engineers created audio samples of how fans would react to specific plays, and their audio engineers in the OB van would mix the authentic sound happening at the stadium, together with the pre-set audio and get this feed into broadcasting. Leagues are also partnering with technology companies to offer value-add on channels as well as digital platforms that are helping to create superior match experiences through interactive live-streaming and scores, live match blogs with real-time statistics and so on.

Another case of data analytics on online broadcast comes from Parrot analytics who use tech to get an understanding of audience demand for TV shows using variety of data. While this case was presented in 2016, the application is more important now with the likes of Netflix, Showmax, Amazon, Disney offering and brand owned online/mobile channels in South Africa.

These case studies showcase the importance of automation, machine learning, data analytics to the sports and entertainment industry. This can apply to many activities and tasks we take on as an industry. While care needs to be taken to protect jobs that are already under threat during the pandemic, we need to see how we can apply a dual approach of automation with human touch in our domestic market.

The importance of focus on grassroots engagement

For years we have spoken about sponsors paying their fees through grassroots engagement. Beyond CSI, youth engagement forming part of a great sponsorship portfolio, this concept needs to be extended to 'communities.' We need to identify communities that have been affected by the pandemic and find creative win-win ways to partner up. Fans are communities, how do we engage digital fans?

Music artists are communities and they can still sing – how do we engage them to create mutually beneficial relationships beyond the influencer strategy?

Visual artists are communities and they are still producing art.

Sport athletes are communities. Elite athletes are communities. Novice runners are a community.

The youth most who are still attending schools and participating in sport and the arts are communities.

The “health enthusiasts” that are finding ways to train and eat properly during and post this pandemic are communities.

Thus the aim becomes doing a deep dive on the different communities that your property can reach and finding ways to engage these communities efficiently and effectively within the letter of the law.

Longer Term perspective

Lastly sponsorship requires us to engage in 'long term relationships and not flings.' To see results and for this to be used as a brand building and engagement tool, we must be in it for a long haul. Some of the deals mentioned in this article that have withdrawn their sponsorships, showcase this concept when looking at their past deal tenures. In this difficult times, while we try to navigate, just like it is advised not to 'get rid' of your advertising spend but find ways of maximizing ROI, the sponsorship industry should take the same advice. Yes relook at the contracts in the context of the space we are operating in, but know that we will bounce back before you decide to drop all your properties. Plan for that eventuality.

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