

The changing value of sponsorship

By [Jean Willers](#)

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A disrupted world is changing the value of sponsorship, and the uncertainty created by the Covid-19 pandemic has accelerated shifts in the way rights-holders sell sponsorship, brands make sponsorship investments, and how commercial partnerships are activated.



Source: www.pexels.com

Evolutions in the way fans work, travel, communicate, spend and socialise, fueled by advancing technology and connectivity, are informing and shaping the sports sponsorship market in 2021 and beyond.

This has resulted in the landscape changing, which has prompted a series of revealing discussions that Nielsen Sports has had globally with approximately 1,700 brand and rights-holder clients.

From these discussions, a clear picture has emerged – one that reveals an increased focus on value and the need to understand sponsorship return as a business necessity.

The end result: Nielsen's Return on Sponsorship Investment model, which allows industry stakeholders to compare and calculate a return on sponsorship, minimize brand investment risk, and develop increasingly effective rights-holder platforms.



But, what does this mean for the South African sports marketing industry? The answer, I believe, lies in the five key trends identified by this model.

New sponsorship entrants, new measurement requirements

Brands are adapting business and marketing models to meet the changing needs of consumers. The sponsorship market is evolving as a result.

Traditional sponsorship categories are shifting as products and services change, and new brands are emerging. These new entrants are ultimately looking for methods to target the sports audience.

Betway, for example, is a relatively new player in the South African sponsorship market, but it has had a presence in the cricket space for a couple of years now. Its sponsorship of the Proteas Test and one-day international matches is interesting for the fact that one of its goals is to leverage this sponsorship into exposure in India, the US and the UK. So, a local sponsorship, but with a very specific objective of generating global exposure into very specific and key markets.

So, what other new players could we see in the South African market going forward?

Well, there's been a huge uptake in online shopping, as a result of Covid-19, and in the UK, Cinch and Cazoo have jumped into the sponsorship space. So, could we see WeBuyCars, Takealot, Yuppiechef, Superbalist or even Woolworths and Checkers promoting their online platforms through partnerships with rights-holders?

Or could we see a UCook, for example, potentially partnering with a rights-holder to provide fans with a "Kaizer Chiefs meal plan"? Or an Uber playing a more active role in the sponsorship space? As a leader in the food delivery space, how will they use players or teams to 'drive' this?

While the fundamental metrics of audience reach and brand awareness will continue to be part of sponsorship performance KPIs, they must be measured within the new media reality - mobile, online videos, social platforms and direct-to-consumer platforms created by rights-holders etc.

Athlete platforms: influential and measurable

Athletes are in many cases setting the social agenda and feeling increasingly empowered to promote, highlight and campaign on social issues.

Athletes such as Naomi Osaka, LeBron James, Lewis Hamilton and Marcus Rashford have proved adept at using their own powerful platforms, galvanizing large audiences and influencing decision-making.

Locally, Springbok captain Siya Kolisi has used his platform to draw attention to issues such as gender-based violence and the food crisis facing South Africa's poor. Similarly, we saw fellow Bok rugby player Lizo Gqoboka gifting food parcels to vulnerable families in Tshwane, through his foundation, in 2020.

Athletes like these are now offering purpose-driven sponsorship platforms that can be integrated as a measurable monetary component within the sports marketing mix.



Crowded media mix requires one consistent framework

Consumers were already spending more time online prior to the pandemic, but the enforced lockdowns accelerated this trend.

As a result, in the ongoing battle for eyeballs and attention, digital or non-linear TV channels have grown in prominence as part of the media and marketing mix.

The growth of social media and streaming platforms has solidified their role as marketing channels, with the ability to deliver ancillary content for rights-holders and their partner brands.

Sponsorship value is now increasingly being driven by digital channels, including OTT services. These services are effective marketing tools for sponsors and a contributor to the overall sponsorship value.

More fan touchpoints, more robust analytics

We will ultimately see the return of mass gatherings, but a return to capacity crowds will be gradual and there will be some permanent changes to large-scale events, as new technology solutions, hygiene protocols and crowd behaviours are introduced.

Rights-holders and brands will continue to develop the type of virtual and digital solutions rushed into action during the initial outbreak of the virus. Live and virtual will merge, opening new opportunities for fan connections, personalized experiences, reimagined sponsorship assets and even new sponsorship revenue models.

As a result, there will be an increase of fan touchpoints and the engagement and participation of fans in these new hybrid experiences will become dominant sponsorship metrics.

Sales impact as a standard metric

Many brands are facing cuts to marketing budgets. Inevitably, the decrease in advertising spend has a knock-on effect for sponsorship and rights-holder revenue streams. As a result, several new and innovative models of sponsorship are being evaluated and trialled.

Examples include performance-related deals, short-term agreements, sponsorships split by distribution channel, and the bundling of assets and properties. Their effectiveness, however, remains unproven.

Brands are now demanding more clarity on ROI, underlining the need for a sophisticated measurement framework that is able to directly link sponsorship investment to sales generated. Going forward, the value of sponsorship will be directly related to the ability of a partnership to generate sales.

A good local example of this is MultiChoice's sponsorship of the PSL's 'DStv Premiership', which has a very specific aim of driving sales of new subscriptions and decoders. Further to that, by being the title sponsors of the DStv Premiership, they are also guaranteed to receive exposure to the viewers of the free-to-air platform that airs select matches on a weekly basis – their target market.

Conclusion

New sponsorship entrants, new channels and new fan necessities are all key drivers that will impact the value of sponsorship going forward.

A greater identification and understanding of these drivers, along with effective and consistent measurement of them, are essential to unlocking growth for the local sports marketing industry.

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