

GOING FOR GOLD

**FIVE STRATEGIES TO WIN AT
SPORTS MARKETING**
NOVEMBER 2014



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**SPORTS
SPONSORSHIP**
IS ONE OF THE
MOST ATTRACTIVE
ENVIRONMENTS
FOR BRANDS TO
INVEST IN.....



**BIG
MONEY**

**BIG
MARKETING**

**BIG
RETURNS?**



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Billions of dollars were pumped into Asia Pacific's sports sponsorship sector in 2014, but how much was spent effectively? While the sponsorship industry continues to expand, implementation of fine-tuned strategies and robust measurement activities lag behind. Many companies struggle to identify the metrics they should be using to assess the true return on investment (ROI) against every dollar spent.

But without an adequate process of measuring effectiveness, companies will struggle to realise the full potential of the sports sponsorship opportunity; ultimately, success will only be achieved if it can be measured.

This paper sets out how companies can win, covering the importance of aligning sports sponsorship with existing strategy and objectives. It looks at ways to determine the right sponsorship event to become affiliated with, and how to reach your most valuable consumers. It will also uncover ways to ensure your sponsorship activities influence consumers' perceptions of your brand, as well as how to evaluate sponsorship success and measure its impact in driving business growth.

As interest grows in domestic and international sporting events across the region, sponsorship is fast becoming one of the more attractive environments for brands to invest in. Global consultancy PricewaterhouseCoopers forecasts that the sector in Asia Pacific will hit more than US\$12 billion in 2014, accounting for 28% of the global sports sponsorship spend of over US\$45 billion.¹

DEAL WORTH: \$14M ANNUALLY



BNP Paribas WTA Finals Singapore presented by SC Global was staged in Singapore from 17 to 26 October 2014 – the first time an Asia Pacific city has played host.

Opportunities abound, from quadrennial events like the Olympic and Paralympic Games, to major regional contests, such as the Asia Cup, and country-wide tournaments, including the National Football League in North America and the English Premier League in the United Kingdom. With the 2020 Olympics to be hosted by Japan, there are countless avenues for brands to identify high profile sports sponsorship occasions.

While sports sponsorship investment in Asia Pacific lags behind that of North America or Europe, the industry is evolving and there remain significant opportunities for companies with the right strategies. Global manufacturers in north Asia look set to keep the market buoyant, alongside local sponsorships in the highly valued and competitive sports federations in Australia, such as the National Rugby League, Australian Football League and Cricket Australia.

Companies continue to bid hundreds of millions of dollars for the opportunity to be associated with tournaments – from affiliating brands with event titles, stadia, teams, signage or kit design to securing television rights to broadcast games in living rooms and bars across the region.

With the 2014 World Cup final between the Netherlands and Germany drawing an audience estimated to have been close to one billion when spectators in public places were included, the benefits of effective sports sponsorship strategies are clear.

¹ PwC Changing the Game; Outlook for the Global Sports Markets 2011–2015



Executed well, sports sponsorship provides the ideal platform to win global recognition with high-value consumer groups and enhance your brand's image and awareness at home and away. Furthermore, with many sponsorship opportunities being heavily regulated, limiting rights to one brand per category, competitors are locked out, providing the sponsoring brand with exclusive access to niche consumer groups that may otherwise be difficult to access.

However, the increased investment in sports sponsorship is not always mirrored by an equivalent rise in measurement. Many companies are yet to understand the return on their investment and the metrics they should use to accurately pinpoint the full impact of their expenditure.

Consumers' rapid uptake of technology – live broadcast television, 'catch up' TV, online video and mobile devices such as smartphones and tablets – has also led to fragmentation of audiences across viewing platforms. Connecting audience consumption of sports content with attitudinal shifts to brands and actual sales is therefore becoming increasingly complex.

FIVE FACTORS

FOR SUCCESSFUL SPORTS SPONSORSHIP STRATEGIES

As the sector matures, marketers must become increasingly accountable for investment decisions. Robust strategies and accurate assessments of ROI are fundamental; success can only be achieved if it can be measured. Here are five factors for winning in sports sponsorship.



1. ALIGN SPORTS SPONSORSHIP WITH EXISTING STRATEGY AND OBJECTIVES

Sports sponsorship should not be seen as a discrete discipline that functions independently from an overall marketing plan. Instead, the specific objectives of sponsorship should broadly align with a company's ultimate business goals, and be designed and optimised as an integral component of an integrated marketing strategy.

Without this alignment, sports sponsorship can become unfocused and piecemeal, failing to produce tangible business results. Consequently, finding the right fit between sports sponsorship and marketing objectives is a fundamental foundation of success. Sport-specific staff and resources should be integrated within broader marketing teams, and objectives set that reflect the innate value of a brand.

FINDING THE RIGHT FIT BETWEEN SPORTS SPONSORSHIP AND MARKETING OBJECTIVES IS A FUNDAMENTAL FOUNDATION OF SUCCESS.

The aims of sponsorship will vary, depending on what a company wants to achieve in the short- and long-term. Objectives can be in-direct, such as winning global recognition, boosting brand awareness, enhancing employee morale or increasing social media engagement. But these softer ambitions set the scene for the ultimate goal for many organisations: increased sales.

Given the high exposure and potential activation that comes with sponsorship, companies are able to reach consumer groups that may otherwise be difficult to access. Strategies should be designed to not only reinforce your brand objective and message with existing consumers, but also connect with your potential customers of the future.

Depending on the product, purchase cycles can be short or long. For some brands, sponsorship will be aimed at exposure and creating an experience that is embedded in the consumers' minds for a future potential purchase.

Whatever the desired outcome, objectives must be clear and measureable from the outset to ensure value from sponsorship investment is achieved. Nielsen recommends a measurement approach which focuses on three specific areas:



REACH

Did your sponsorship create exposure and awareness with the consumers you most want to reach?



RESONANCE

How did your sponsorship influence consumers' perceptions of your brand, at the event itself and in the long-term?



REACTION

Did your sponsorship "call to action" effectively establish a link between the emotional connection between your brand and consumers and sales?

2. DETERMINE THE RIGHT SPONSORSHIP EVENT TO REACH YOUR IDEAL CONSUMERS

With the sheer number of sponsorship opportunities available, a targeted approach is a fundamental tenet of an effective sports marketing strategy. Investing in multiple events without an understanding of the consumer base each reaches will likely result in inefficient investment decisions.

It is vital companies understand the potential reach of each sponsorship activity to ensure audience overlaps are avoided. Marketers may find a significant proportion of consumers watch numerous sports, which may occur during the same season. Consequently, sponsoring multiple events does not necessarily guarantee significant gains.





For example, one corporation found 64% of its consumer segment was fans of the National Basketball Association (NBA) and/or college basketball. Furthermore, only a small proportion of college basketball fans did not like the NBA. With the seasons occurring at the same time, additional sponsorship investment in college basketball was not justified.

At the same time, however, it is unlikely that affiliation with one event will allow a company to reach its entire consumer base. It is equally important to identify the consumer groups that sponsorship does not reach, and ensure other marketing tactics are initiated to address the gap.

Various factors can contribute to the efficiency of reaching your ideal consumers, including the length and type of sponsorship and partnering agreements. With long-term arrangements it is critical to understand whether your market is growing or shrinking over time. This will dictate how your sponsorship dollars should be spent or reallocated, and what additional activation strategies are required to extend reach.

3. REACH YOUR IDEAL AUDIENCE IN THE MOST EFFICIENT WAY

Sporting events regularly draw audiences of millions, often providing companies with an unprecedented opportunity to substantially increase brand awareness internationally and domestically. However, in an era of unbending budgetary pressures and increasing accountability, efficiency of reach is crucial.

Audience segmentation provides a useful tool to ensure sports sponsorship effectiveness, allowing brands to tailor advertising and marketing to the interests of the audience. While traditional methods that centre on age and gender are likely to form the foundation of many media campaigns and sponsorship activities, recent advances in research technology are uncovering new techniques to more accurately segment desired consumer groups.

One such example is the linkage of lifestyle data with media consumption and connected device ownership. Customised methodologies can even link the viewers of a particular television show with consumer perceptions and intentions to purchase certain brands, and actual sales can be linked with exposure to a brand's sponsorship association with a television show or sporting event.

These methodologies and tools empower brands and agencies to effectively reach the consumer segments they seek to influence within and around the sporting content. Efficiency of reach is improved as the information is utilised to provide communications that resonate with the audience.

4. ENSURE SPONSORSHIP ACTIVITIES INFLUENCE CONSUMERS' PERCEPTIONS AT THE EVENT, AND BEYOND

Sporting events are passion-driven environments, providing affiliated brands the opportunity to connect with consumers on a level often unobtainable in other contexts. Millions of fans engage with sporting moments every week, whether cheering on a local league from the sidelines or supporting national teams on the international stage. All are united by devotion, and utilising this emotional connection is a powerful driver of brand relevance, loyalty and consideration.

Consequently, brands should seek to become much more than a name at the finish line or a logo emblazoned on a team jersey. Sponsorship strategies should result in experiences audience can enjoy, share and remember. Ultimately, brands must become the relevant link between the event and the sporting audience.

When deciding which event to sponsor, companies should seek those that reflect the brand's positioning and ideals. Doing so creates an opportunity to foster authenticity and engender positive sentiment among consumers. Achieving this fit is critical; without it, sponsorship may generate high exposure, but negative reactions can reign.

For example, following the London 2012 Olympic and Paralympics Games, a survey revealed the British public's varying responses to activity by official sponsors. While nearly three quarters of respondents agreed that a sportswear brand was a good fit with the event, just 6% of those surveyed said the same for a confectionary brand.²

² Nielsen Advertising Effectiveness Study

UNDERSTANDING THE CORE VALUE OF EVENTS AND HOW THE BRAND FITS IS ESSENTIAL TO MAKING THE RIGHT SPONSORSHIP DECISION.

Understanding the core value of events and how the brand fits is essential to making the right sponsorship decision. But while authenticity validates the reason the brand is there in the first place, advertisers must ensure they create a “brand experience” if they are to truly drive relevance among consumers.

Music is one tool marketers should consider to help drive recall and engender connections between fans, the sporting event and sponsor brands. Popular songs and inspirational music are frequent hallmarks of stronger performing ads, helping to provide a memorable connection between the sponsor and the event.

Technology can also be harnessed to bolster spectators’ enjoyment before, during and following an event. IBM, for example, has developed mobile applications for fans of the Australian Open, providing access to real-time scores, match and player analysis, and Twitter feeds. It also created IBM Return Serve, offering enthusiasts at the event and at home the chance to try to return a live serve from the world’s top tennis players.³

Overall, the most successful sponsorship opportunities arise when companies focus on enhancing the consumer’s own experience, rather than attempting to draw the customer into the brand’s story. Understanding what is important to your audience and making your brand a part of that can help drive emotional connections.

For example, when research showed more than 50% of attendees to the National Association for Stock Car Auto Racing events travelled with their pets, a unique opportunity arose to activate sponsorship to a large and loyal audience. Involving pets in a brand experience at the event would help create relevance and a connection to a very niche group.⁴

³ IBM Press Release (<http://www-03.ibm.com/press/us/en/pressrelease/42981.wss>)

⁴ Nielsen U.S. Homescan Panel FANLinks Survey Group, 2009

5. MAXIMISE SPONSORSHIP INVESTMENT TO DRIVE BUSINESS GROWTH, AND EVALUATE SPONSORSHIP SUCCESS

Successful sponsorship goes beyond naming rights for events, stadia and kit branding to include full marketing activation. On-ground activity, such as merchandise, promotions or pop-ups for immersive brand-related experiences can be useful tools to optimise sponsorship investments to drive sales.

Without a holistic approach to sponsorship activity, including robust activation strategies alongside securing naming and broadcast rights, companies may find their investments underperforming. The aim should be to ensure every dollar is maximised to result in tangible business growth.



When calculating the return on investment generated by sports sponsorship, marketers must understand the full cost of reaching their intended audience. Expenditure calculations should include the entire scope of activity, including all associated advertising and supporting below-the-line activity.

Furthermore, it is vital to take into account the full investment required to engage with the desired audience. It is the cost to connect with the core market, not the total number of people exposed, that should be evaluated as a true measure of successful reach.

These expenditure calculations should be contrasted against an evaluation of whether sponsorship objectives have been met. Gains can be in-direct, such as assessing the purchase intent of the audience. This impact can be significant: More than half of Britons were positive about Olympic sponsors and around 41% of 18-24 year olds in the UK said they were more likely to buy a product from companies that sponsored the 2012 Olympic Games.⁵

AUTHENTICITY CREATES THE CONNECTION BETWEEN BRAND AND EVENT

SENTIMENT TOWARDS OLYMPIC SPONSORS



Source: Nielsen Advertising Effectiveness Study

⁵ Nielsen Advertising Effectiveness Study

But for many companies the ultimate measure of success is when sponsorship results in a direct impact on sales. The goal is to forge an emotional connection with consumers that galvanises behavioural change, prompting consumers to buy your product. By separating the impact of investment on total brand sales, companies are able to accurately determine the true value of sponsorship activity.

For example, a sponsor of the Olympics Games evaluated the impact of its sponsorship on its core business by comparing historical sales to those achieved during the event. For TV, incremental sales during the Olympic window increased by 85%, resulting in an ROI increase from \$8.20 per dollar spent to \$11 per dollar spent. For online, incremental sales grew 14%, boosting the return on investment from \$9.10 to \$12.20.⁶

SUCCESSFUL ACTIVATION OF SPONSORSHIP CAN MAKE STRONG CONTRIBUTION TO SALES



Source: Nielsen Marketing Effectiveness Study

A detailed understanding of the contribution sponsorship activities have on sales enables companies to modify strategies. Assessing the financial return each event brings ensures informed decisions are made about future opportunities, ensuring expenditure is shifted away from low ROI events to those that maximise future returns.

⁶ Nielsen Marketing Effectiveness Study

MAXIMISING SPORTS SPONSORSHIP OPPORTUNITIES IN ASIA PACIFIC

With the sports sponsorship market in Asia Pacific poised for healthy growth in the medium- to long-term, marketers will need robust strategies if they are to win in this new environment. Ultimately, sponsorship is a valuable tool for engaging consumers and enticing them to purchase your brand. Done well, it can generate substantial returns.

The key to successful sports sponsorship lies in setting clear objectives from the outset, aligning sponsorship activity with existing marketing strategy and programs, and maintaining an ongoing measure of impact.



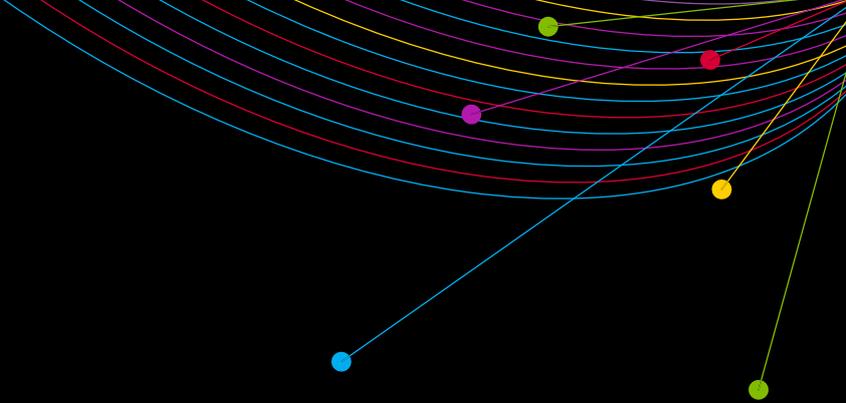
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