relevent

Vol. 04 – Global Trends in Sponsorship

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When I was growing up, I never once imagined a world without professional sports. I thought they had been around forever. I have, in fact, been following Formula 1 for almost half of the championship's existence (1950). The MLB was founded in 1903, the NFL, a hundred years ago, and the NHL, in 1917.

These large, global sports organizations seem immutable. But new generations don't consume content as we did only a few years ago. Weekly TV gatherings and traditions are dissolving. Esports, for many of us in the industry, is a movement that can be hard to grasp.

While we don't consume local TV series as we once used to, global media phenomena the likes of *Game of Thrones* still exist, U.S.-based sports are being exported to Asia and Europe, and there are still massive gatherings around sports and culture events.

And while things are changing, the baseline economics behind sports and entertainment still holds true, whether for the NFL or a League of Legends tournament.

I have faith in the future of our medium. It lies at the intersection of people's passion as an intrinsic part of the content being consumed. And the opportunities to reach the consumer beyond the clutter are still great—if done right.

The Achilles heel of our industry, as ever, lies with measurement practices (or a lack thereof), and confusion continues to exist over what is a sound sponsorship strategy rather than a short-lived gimmick or tactic.

Many fantastic sponsorship professionals have contributed to this latest edition of our magazine *Relevent*. You will read timely topics on the cannabis industry, women in sports, and of course, our regular sections: Sponsorship trends, Sponsorship strategies, and Science of sponsorship.

Please feel free to share any of this content or get in touch with us. We always appreciate your comments.

Happy reading!

On the cover

In 1973, Billie Jean King played the most significant tennis match ever: The Battle of the Sexes. That day, she changed the male-dominated tennis establishment in a pair of blue adidas. For the 45th anniversary, Adidas and TBWA/Chiat/Day New York invited artists to transform the most iconic adidas into blue *BJKs* to celebrate Billie Jean King's impact on women's rights and to show their commitment for positive change in female sport.

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Section 1

Sponsorship trends

The green rush

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Cannabis legalization and marketing: Learnings from commercializing a new category

After Uruguay, Canada is only the second country in the world to legalize cannabis. Portugal and the Netherlands have decriminalized it, but it is still not considered a legal substance.

From a marketing perspective, the cannabis market is a world of its own. The product is already widely known and has a massive consumer base. When it was legalized in Canada on October 27, 2018, very large, publicly traded cannabis corporations (collectively worth 47 billion at the time) were overwhelmed and could not meet the massive demand.

This unique marketing environment has triggered interesting strategies and tactics, which are not dissimilar to the ones employed by the tobacco industry when faced with media restrictions in the late 90s and early 2000s—a decisive driver for sponsorship becoming a mainstream communications tool.

Green summer

Recreational cannabis manufacturers had a unique opportunity to make their brands known before cannabis restrictions were put in place following legalization during the summer of 2018. Some brands used sponsorship, associations with celebrities, experiential marketing, event licensing, and derivative products to build awareness among potential audiences.

For instance, MedReleaf (now Aurora), a medicinal marijuana producer, partnered with Amsterdam Brewery to create the San Rafael '71 beer—with a 4.20 alcohol percentage. This tongue-in-cheek partnership supports the San Rafael brand, positioned with a 1970s hippy image.

The company has taken a similar approach to marketing its recreational brand, AltaVie, which is aimed at the health-conscious consumer. They created the AltaVie Cannabis Crunch, a chocolate toffee that contains no active ingredients, but has a subtle cannabis flavour. Its commercialization has focused on shelf presence in over 200 high-end health and natural food stores across the country.

Altavie has also aligned itself with creative events to secure a premium positioning. For example, it created branded venues in Toronto where prospective consumers could discover its products through immersive experiences and tastings of specially crafted herbal tea.

Aurora also created a series of private red carpet events during TIFF and NXNE (North by North-East), where it unveiled the Aurora House—a venue for hosting conferences, concerts and industry events.

Finally, Tweed has relied heavily on short-term partnerships, aligning itself with Pride events across Canada and even the renowned Calgary Stampede. Over the course of the summer in 2018, Tweed sponsored and was present at more than 250 events.

Tweed + Uber + MADD

One could argue that the government had never massively communicated the dangers of driving under the influence of cannabis prior to its legalization.

Tweed jumped at the opportunity to create an educational message and position itself as a responsible player in the industry. The brand partnered with MADD and Uber to launch a campaign with the slogan, "There's at least 101 better things to do than drive high." The initiative included a microsite and a media campaign.

Post legalization: Below the green line

The emergence of a new category seemed to promise new revenue sources for our industry—if only legislation around advertising had been aligned with the regulations governning the promotion of alcohol. However, cannabis restrictions instead mirrored those placed on in-store tobacco products.

Professor Norm O'Reilly from the University of Guelph summarized it well in a white paper published immediately before legalization, saying, "Yes, quite simply, it is likely that sponsorship in any form related to cannabis will be prohibited and that external marketing will also be disallowed."

Packaging must be neutral and stripped of all logos. Advertising to youth is strictly prohibited, as is lifestyle advertising. And Canadian cannabis brands are not allowed to form associations beyond Canadian borders. More specifically, regarding sponsorships and promotion, it is unlawful to:

- Promote through people, events, or buildings
- Promote through testimonials or endorsements
- Promote using representations of people, celebrities, characters or animals.

This, however, does not spell the end for the marketing potential of cannabis. While we don't condone unlawful marketing techniques, many innovative marketing strategies have been developed by alcohol and tobacco companies despite local regulations.

Tobacco manufacturers rely on a gated environment, or corporate communications, to get their message across. For example, Philip Morris International and their preeminent Mission Winnow branding arm of the Scuderia Ferrari Formula 1 team directs consumers to a corporate site that focuses on its new mission to replace cigarettes with smoke-free alternatives.

Strategies employed include derivative products, brand ambassadors, and product endorsement, as well as licensing, co-enterprise, data collection and gated environments.

STRATEGIES
Derivative products: The examples of Russia and India

In both countries, laws on alcohol advertising restricted brands to traditional channels. Thus, some companies used the same name and brand to invent a legitimate sector in which they could then advertise without restrictions, building brand recognition and giving these companies a marketing advantage over rivals.

Russian Standard Bank, Russia

Founded in 1999 as a way to circumvent the laws that banned alcohol advertising in the country, the Russian Standard Bank now dominates the consumer finance sector in Russia.

Kingfisher and Kingfisher Airlines, India

Founded in 2002, the now defunct airline was used as a marketing vehicle for the Kingfisher beer brand launched in 1978, which had a market share of over 35% in India when the airline closed its operations in 2012.

A similar campaign is already happening in the Canadian market.

Founded in 2015, Tokyo Smoke opened its first store in Toronto as a coffee shop and designer cannabis accessories outlet. It is now known as a legal cannabis retailer. The company was able to successfully build its retail network and brand awareness and was ready to legally sell cannabis products as soon as legalization went into effect.

Brand ambassadors

Cannabis companies have relied on well-known business owners to discreetly promote their products rather than use the standard influencer or brand endorsement approach.

Up Cannabis

The former members of the Tragically Hip own a stake in Newstrike Brands Ltd. (now owned by HEXO), which sells under the Up brand name. The summer before legalization, the band members used their lakeshore studio to host invite-only events to discuss their cannabis products, named after their songs.

Leafs by Snoop

Launched in 2015 in Colorado, Leafs was founded by the famous rapper, known for his marijuana enthusiasm. Though Snoop owns the brand, its products are produced and distributed by Tweed (Canopy Growth) in Canada.

Co-enterprise
Ace Hill + Flowr = Ace Valley

One of the most surprising and innovative co-enterprise approaches comes from the partnership between the Ace Hill Brewery and the Flowr cannabis brand.

In its five years of existence, the brewery has become increasingly popular in Ontario and is known for its sleek and simple branding.

Borrowing brand equity from a non-cannabis brand is challenging. The legal framework around advertising this substance is highly restrictive, and it could have hurt the beer brand—and even limited its own capacity to advertise—if the link had been too direct.

So, Ace Hill created a separate legal entity—with different names and logos, but with similar visual cues: the Ace Hill "A" (displayed prominently on its beer cans) has been flipped upside down into a "V" for Ace Valley. The latter keeps the same font as the former but the colour scheme has been changed. The consumer recognizes the look of the brand. But the changes allow Ace Hill to avoid risky cross-promotion.

Gated environments

The province of Ontario now allows aged-gated activations online or on site, which have led to a number of sponsorship activations on festival grounds.

The digital border is porous

From advertising initiatives to brand ambassadors, there are a number of ways that messages can get into Canada from south of the border and beyond. It remains to be seen if authorities will actually be able to enforce a ban on advertising from various digital sources.

While the door for traditional sponsorship has been shut tight in the short term, it will be interesting to witness the innovative strategies that cannabis marketers come up with to circumvent the current restrictions.

Health Canada has shut down one e-cigarette company's product activation in Toronto—possibly a sign of things to come if the cannabis industry does cross the line.

While the door for traditional sponsorship has been shut tight in the short term, it will be interesting to witness the innovative strategies that cannabis marketers come up with to circumvent the current restrictions.

Round 2 – Legalizing edibles

The large cannabis corporations are certainly making their voices heard with government these days as the legalization of edibles comes into effect at the end of 2019. They are pushing for less stringent regulations regarding the commercialization of cannabis-derived products, as these, they argue, may have potential health benefits.

Edibles may provide sponsorship opportunities down the road. And early signs of unconventional partnerships have emerged in recent months.

Powerful players are establishing a presence in the sector. Constellation Brands (Corona, Mondavi), a Fortune 500 company, has invested four billion dollars in Canopy Growth, while AB InBev, the world's largest brewer, has partnered with Tilray to create a cannabis-infused non-alcoholic drink. Molson has created a joint-venture with HEXO to create a non-alcoholic cannabis-based beverage, and Coca-Cola is reportedly in talks with Aurora to develop cannabis drinks, with a specific focus on CBD.

Sources: Check out our (numerous) sources for this issue of our magazine *Relevent*, Vol. 04 - Global Trends in Sponsorship *elevent.co/relevent*

Style equals substance

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KEMMLER KEMMLER

Why you should consider men's fashion as your next big sponsorship opportunity

There aren't many stereotypes in Western society as lazy or widespread as the notion that men are "strong and simple."

In fact, this idea is so powerful and pervasive that it has dictated the shape of popular masculine culture for the better part of a century. In the past, mainstream discourse has done its best to depict men—particularly young men—as interested in just a handful of things. Sports, music, technology, and cars, for instance, are well established tropes of this persona, and have long since been given the "manly" seal of approval. Conversely, many of life's more esoteric interests are shunned by mainstream masculine society. At the furthest end of that spectrum is fashion. While men are often applauded for looking "smart," "handsome" or "well-dressed," fashion as a whole has typically been considered too frivolous or eccentric to be a truly masculine interest. Twenty years ago, the idea that a famous designer or clothing brand could play as big a role in the life of a man as, say, a sports team or popular musician would have seemed absurd. And yet, among the younger generations of men today—both millennials and Gen Z—this is exactly what is happening.

All dressed up

Thanks to a series of major cultural tipping points over the past decade—namely, the boom in visual forms of social media like Instagram and the vocal approval of heavyweight celebrities like A$AP Rocky and Kanye West—fashion has transitioned from a niche interest among a socially isolated group to a fundamental cornerstone of the modern masculine identity. Far from being something enjoyed solely by rich city dwellers, the evidence increasingly shows that everyday men around the world are taking a greater interest in their appearance than ever before. For proof, you need only look at the numbers.

According to Euromonitor International, menswear has outperformed womenswear in terms of growth for four of the past five years and is predicted to continue on this path until at least 2021. The same projections estimate the global menswear market will be worth $457 billion by 2020, fuelled by phenomena such as a 14% growth in sales of men's designer apparel since 2015 and a more than 16% upturn in men's ecommerce. According to IBISWorld, between 2010 and 2015, fashion was the fastest growing ecommerce sector among men around the world. By almost any measure you choose, this industry is booming.

Yet, while these statistics reveal a general upswing in the overall business of men's fashion, perhaps more interesting are some of the qualitative studies that have been conducted recently. A 2017 whitepaper from UK-based research agency Pragma indicated that millennial men spend around 37% more on clothing each year than the average man, while Germany's annual Best For Planning survey revealed that more than 50% of millennial men buy new clothes once every three months. Remarkably, that study also showed that 19% of the same demographic shop for new clothing once a month or more.

Taken overall, these statistics reveal that young men today are shopping for clothing more frequently, and at higher price points, than their predecessors ever did. In fact, fashion is so important to young men today that it now rivals many of the other more traditional areas of masculine culture.

At the time of writing, the hashtag #mensfashion shows nearly 40 million uses on Instagram. By comparison, the hashtag #cars has just 41 million, while #soccer trails with 30 million and #basketball sits way back at 23 million. Stats such as these show the parity of esteem that fashion holds in the lives of today's predominantly young, digitally savvy, internationally connected consumers.

This re-evaluation of priorities requires a new way of thinking for marketers, which, if handled well, could open up a whole new frontier of sponsorship opportunities.

Paris, je t'aime

Fashion today has become something of a gatekeeper in terms of reaching a young male audience. Whether via traditional sponsorship deals or the increasingly popular practice of "collaboration," more and more brands are discovering it as a means to break into this highly lucrative, yet frustratingly hard to reach, demographic.

One property that was quick to capitalize on this shift was the French soccer team Paris Saint-Germain. In recent years, the club felt that it lacked the global recognition of some of its peers and was struggling to attract young fans. In a bid to counteract this, PSG made the shock decision last year to switch its official kit provider from Nike to Jordan Brand—a sub-division of the company known primarily for its role in basketball, hip-hop and streetwear. Alongside the official PSG kit came two limited-edition sneaker releases plus a full clothing collection, all of which was marketed primarily at the young fashion-forward crowd, not traditional soccer fans.

The effect that this decision had on Paris Saint-Germain's image was unmistakable. In a very short time, the club began to pick up media coverage on trend-setting websites such as Highsnobiety, Complex, GQ and HYPEBEAST, while A-list celebrities like Will Smith, Justin Timberlake and Travis Scott began to support the club's products both in public and on social media.

Despite the fact that none of these individuals has an established presence within the world of soccer, and that, prior to this move, PSG had no real presence in men's fashion, this well-planned collaboration helped the PSG name become a globally recognized style property and reach millions of potential new fans. At its heart, this "collaboration" was little more than a co-branded sponsorship deal, and yet its success was far greater than anything that could have been achieved had the club chosen to work with an automotive, technology or consumer goods provider.

Other soccer teams, such as Manchester City and Manchester United (two of the biggest sports franchises in the world) as well as Juventus in Italy, have also made similar moves of late. The practice has even spread from soccer to other sports. Wilson recently leveraged streetwear mega brand A Bathing Ape to help them sell tennis rackets, and adidas invited Palace Skateboards to co-design their official kit for Wimbledon in 2018.

A fashionable new frontier

But it's not just sports brands that have leveraged the potential for sponsored fashion partnerships. Coca-Cola has long understood the power of this sector and today releases regular clothing and footwear collections in collaboration with some of the most respected names in the streetwear industry. In a similar vein, U.S. fast food chain White Castle recently enlisted edgy fashion label Telfar to design new uniforms for all 15,000 of its staff, which were also made available for public purchase.

While the direct effect of this activity on either Coke or White Castle sales can't be verified, the establishment of a brand's iconography as a bona fide fashion statement ensures it remains relevant in a time when soft drink and fast food consumption is facing scrutiny and decline. Put simply, it's smart long-term thinking.

Elsewhere, carmakers like Cadillac and Mini have begun directly supporting upcoming fashion designers, providing them with funds and publicity to help advance their burgeoning careers. Meanwhile, Mercedes-Benz has been sponsoring fashion weeks around the world for the better part of a decade. Such activity allows these brands to become associated with the alternative, cosmopolitan lifestyles they so want to be a part of—even if the target market in question isn't able to afford the cars themselves.

Even a supposedly evergreen force like IKEA has sought to affiliate itself with the fashion world. They recently teamed up with the creative director of Louis Vuitton on a range of homewares. Meanwhile, postal giant DHL enjoyed three bizarre years in the fashion spotlight, courtesy of an incongruous partnership with the luxury fashion label Vetements. Both of these moves might seem puzzling when taken at face value. And yet, each one has secured the admiration of a whole new generation of young male shoppers—one that has decades of buying power ahead of it.

While the examples listed here are just the tip of the iceberg, they all share a clear goal: to increase brand appeal among young consumers who feel increasingly indifferent towards traditional forms of advertising and sponsorship.

While older generations might view such tactics with skepticism, today's modern man has fully embraced an identity that places a high value on trends, aesthetic culture and brand awareness. For the companies that already recognize this, there is a rich world of opportunity to capitalize on. For those that don't, there is sure to be a rude awakening on the horizon.

While older generations might view such tactics with skepticism, today's modern man has fully embraced an identity that places a high value on trends[...]

Social impact: A how-to guide

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Today's rise of populism is changing global socio-political dynamics. New forms of power, however, must also be balanced with new practices of responsibility. As such, a growing number of brands are promoting themselves as leaders of positive social change and positioning themselves as beacons in a storm. They participate in social debates and have had the courage to take controversial positions even if it has meant alienating some of their customer base. Recent examples include Gillette's campaign against "toxic masculinity" and Nike's campaign featuring Colin Kaepernick, an American football star fired for actions taken against racial injustice.

That said, this hardly comes from a place of pure altruism. Following its media campaign, Nike's revenues doubled compared to the same period the previous year. Reputation, the ability to attract talent, internal pride, consumer loyalty, a sense of belonging and a strong social engagement can generate many benefits for a company. And yet, consumer BS detectors have never been so sharp. A poorly formulated message that isn't followed up by concrete action will be judged harshly. The now notorious Pepsi ad featuring model Kendall Jenner sparked massive backlash around the world and was mocked on social media by users accusing the brand of clumsily capitalizing on major protest movements.

Before you explore an entrepreneurial approach to community investment, you first need to gain a better understanding of major social trends. Ask yourself how you can optimize your organization's social impact. Any subsequent communication must be based on concrete action and a strong commitment to the project.

Underlying trends

Expectations

Consumer expectations have grown, and brands appear to have understood this. The latest survey by Deloitte of more than 10,000 millennials across 36 countries came to the following conclusion: "Young workers are eager for business leaders to be proactive about making a positive impact in society—and to be responsive to employees' needs." In addition, they feel that businesses and the charity sector have a more positive impact on society (44% and 59% respectively) than religious or political leaders (33% and 19% respectively). These results are consistent with those of the Edelman Trust Barometer, which revealed that 66% of study participants believe that CEOs of large companies should take the lead on societal change instead of waiting for governments to impose it. With rising awareness about social responsibility and environmental protection, corporate social responsibility isn't just a simple trend, it's the new normal.

Needs

According to Imagine Canada's latest report, Canada will face a major social deficit within a decade. This is being driven by increasing income inequalities in individuals, communities, and regions; an ageing population; rising transitional needs of a more diverse population of immigrants and refugees; and the impacts of climate change. It is projected that the charity and non-profit sector will require an additional $25 billion—roughly double its current income—by 2026 to meet the spiking needs for services.

Strategic

While extravagant charity balls reserved for elite pockets of the population are still common in the world of philanthropy, community investment is changing quickly. Relational philanthropy is giving way to strategic investment where proactivity, brand impact, or tangible results for the community are becoming the new decision-making guides. The trend towards concentrated donations versus sprinklings of smaller, non-impactful donations to multiple charitable organizations clearly indicates a desire for a more active engagement in helping to solve a given social problem. According to Imagine Canada's 2018 portrait of corporate donations, maximizing the effectiveness of community investment activities is becoming increasingly important. This is measured in terms of both the commitment to the company (image, recruitment, mobilization, and employee retention) and the social impact (tangible results generated).

An entrepreneurial approach to community investment

An entrepreneurial approach to community investment could be a promising avenue. By its very nature, private community investment is more agile, more suited to risk-taking, and less subject to rigid controls than are public subsidies. This approach identifies opportunities and investments in social innovation projects where public funds are not yet available.

1 – Act like an investor

The process involved in analyzing requests for financial contributions must be revisited. Projects must be evaluated in the same way that an investor would assess a start-up's business case, with a focus on the potential for social profitability, not on the cost of administration, salaries, or research and development. The community sector faces the same challenges as the private sector: workforce retention, the shift to digital, and attracting clientele. As the American humanitarian activist Dan Pallotta argues, the way philanthropy is viewed must change. Why are we judging organizations by their overhead costs rather than by their potential for social impact?

2 – Understand the ecosystem

This approach requires the development of real partnerships with local organizations. Good social investors, therefore, must fully understand the needs on the ground, act in consultation with the various stakeholders, and create networking opportunities between investors. In short, they must develop the necessary expertise in their area of investment.

3 – Humanize accountability

More frequent contact with organizations and more humane accountability create relationships of trust and atmospheres of openness that go beyond a standardized form or an annual report. This makes it easier to overcome pitfalls or even failures to better redirect investments and identify new opportunities that will effectively maximize impact.

Achieving a perfect balance between the needs of the community and any given business strategy is the cornerstone of strategic community investment. As Stanford University political science professor Rob Reich states, "Philanthropy should be a tool for social innovation and risk-taking rather than an exercise in power."

Global trends in sponsorship

Francis Dumais
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Part I: New categories

Sponsorship is a healthy communication medium, and many brands are starting to see the value in it. New sponsorship categories can bring additional revenue to rights holders. But partnerships can also negatively affect brand equity, not just for the properties signing them, but also for existing sponsors. Brand transfer is not a one-way street. It can go both from property to brand and between sponsors, influencing how consumers perceive a given brand.

Not surprisingly, many newcomers to sponsorship are from disruptive business models that are reaching maturity.


DTF
DTF
DTF
DTF


NETFLIX
Netflix Originals
BLACK MIRROR
STRANGER THINGS
OZARK


lyft


Casper


Uber

Adult entertainment

Pornhub, the most popular pornographic website, has ventured into both sponsorship and brand endorsement in recent years. While the industry's first initiatives played out on the fringes, more recent partnerships have taken shape with legitimate properties.

Pornhub first aligned itself with extreme sports. It asked athletes to apply for sponsorship using a clever communication strategy. It then partnered with a British football team from the University of Kent (which was soon banned) and a women's grass hockey team in Australia. These first initiatives were tongue-in-cheek stunts to garner media attention. More recently though, the motorcycle team MV Agusta Racing UK and its rider inked a sponsorship deal with Pornhub. Their press release: "Promising to come first."

The site has also ventured into the world of fashion. The sold-out Pornhub capsule collection, an apparel line designed by Richardson, was presented at New York Fashion Week in 2017.

Pornhub is not the only player in the adult entertainment industry to venture into sports sponsorship. YouPorn has partnered with adult gaming portal Nutaku.net to launch the first-ever adult esports tournament (2018). RedTube also caused a minor stir in the football world with a sponsorship mention on the Washington Square FC kit. And Europe has seen the French rugby club US Carcassonne team up with the erotic site Jacquie et Michel.

These fringe partnerships created a massive amount of free publicity—no doubt the true aim of an alignment with these teams. However, the adult entertainment industry is a billion-dollar business, and it may not be long before we see more serious deals that force rights holders to choose to either accept such brands or forego the money.

Dating apps

Going out with a stranger that you met online is now a universally accepted concept.

The biggest player in the dating market (no pun intended), Match Group, owns Tinder, which launched in 2012. With reported revenues of $1.7 billion USD in 2018, there is no question that the dating world is big business. Even Facebook has announced a dating feature, which has the potential for enormous traction, considering its 2.38 billion monthly active users.

To support global expansion and attract young people to their platforms, brands in this category must remain top-of-mind.

Tinder has now aligned itself with the festival space by launching an in-app "festival mode" designed to encourage matches between festival participants in the weeks leading up to events such as Park Life, British Summer Time, The Governors Ball, and Bonnaroo.

OKCupid took a similar approach in 2017. It partnered with the Pitchfork Music Festival, activated the association by showing an event badge on the attending user's profile, and created an on-site gathering space.

Bumble (owned by Badoo), a dating app in support of female empowerment, partnered with Coachella, one of the most renowned music and arts festivals in the U.S., to create Winter Bumbleland—where Aspen chic meets desert heat. The brand paid a significant amount of money to have A-list celebrities attend the event, and even had Kendall and Kylie Jenner host the party.

Dating apps have also signed deals with sports properties.

Tinder ventured into the world of sports sponsorship in 2018, signing a multi-year agreement with Manchester City FC, one of the most pre-eminent brands in soccer, and their sister club, New York City FC. The app is going global and can already be used in 40 different languages. It turns out that a global sports property is an ideal vehicle to promote its services to a larger audience.

And Tinder is not alone. Bumble signed a multi-year, $20 million jersey patch sponsorship deal with the NBA's LA Clippers in 2018.

In the wake of the MeToo movement (more on this later), OKCupid has taken a different approach. It has started sponsoring the New York Women's March and has launched a new campaign by tweaking the abbreviation DTF—normally a sexual reference—to lines like "DTFix Dating" (Down to Fix Dating) and "DTFight the Patriarchy (Down to Fight the Patriarchy)."

Properties can use this kind of playful branding to bring associations to life more creatively than they could have with traditional sponsors. However, sponsorship teams must be aware of possible drawbacks as other partners may not be as DTFraternize with such brands.

Smart speakers

Voice control isn't simply a new trend or gadget but a whole new ballgame. It is rapidly setting the standard for tech products and becoming omnipresent in our homes, offices, and cars. In fact, voice control has been adopted faster than any other technology in history.

Amazon is currently leading the pack with the largest market share (about 2/3 of the market) with Alexa and Echo devices. It's estimated that more than 10% of U.S. households are already equipped with a smart speaker.

The massive media campaigns promoting smart speakers during the most recent Super Bowl left no doubt that this category is going mainstream. And the battle between behemoths Apple, Google, and Amazon will most likely carry over into the sponsorship landscape.

A few partnerships have already come to fruition.

Amazon Alexa

Amazon has partnered with the NHL to activate a new command through Alexa, which will give users access to league news, schedules, scores, stats, standings, player profiles, and puck drop reminders for each of the clubs.

Amazon Echo

Amazon partnered with both New York Fashion Week and Coachella (as well as "off parties" like ZOEasis) to promote its Echo Look camera. Aimed at fashion-conscious consumers, the device allows users to ask questions about their look and get feedback on the spot. Who would have thought that the fairy-tale mirror from Snow White would become a reality?

Amazon's Coachella partnership went beyond the Look Camera. It show-cased a section of its online store–called the Coachella Shop–to promote festival must-haves that could be shipped to onsite Amazon Lockers.

Google Home

Google turned to the NBA with a multi-year agreement to become the presenting sponsor of All-Star Voting. This will allow users to cast their vote for best player using their Google Assistant. In addition, Google signed an agreement with the 2019 NBA championship-winning Toronto Raptors, as well as with individual players on the team. As this strategy was aimed mostly at the Canadian market, it will be interesting to see if the company replicates the approach elsewhere.

An issue with the voice assistant category is the general lack of knowledge about the devices' different functions, as people mainly use their devices for simple things like asking about the weather. Partnerships with notable events, such as Fashion Week and Coachella, can help provide a context for the devices' use and bring a sexier dimension to voice control—something that is lacking when these products are marketed solely as a tech feature.

To this day, traditional sponsorship in this category has been marginal (perhaps due to the bad press around tech companies potentially misusing voice recordings), but we're predicting an uptick in the next few years, as sponsorship may be an interesting means for tech products to regain their lustre.

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Streaming platforms

While TV viewing habits continue to shift, live sporting events have largely been shielded from the downward trend in TV consumption and even show record levels of viewers.

The competition has been heating up between the large streaming platforms such as YouTube TV, Amazon Prime, and Hulu as well as Dish's Sling TV, AT&T's DIRECTV NOW, Sony's PlayStation Vue, and fuboTV. With original content no longer the sole driver attracting new subscribers, these platforms have turned their focus to live sports and sports-related content to attract paying customers.

YouTube TV (Google)

Touting itself as "cable-free live TV," YouTube TV competes with Over The Top's (OTT) virtual recording options.

YouTube first partnered with the NBA as early as 2005. Since then, NBA TV has enjoyed huge success, with more than 4.5 billion views. In 2018, YouTube and the NBA partnered up again, adding the WNBA and the Minor G League finals to the paid service. For an added fee, YouTube TV subscribers can also access the NBA League Pass. YouTube TV also has agreements with the MLB for the World Series, as well as with two MLS clubs (LA and Seattle).

Hulu

Hulu (Disney), the U.S. streaming service and live TV platform launched in 2017, is also looking to connect with the NBA's audience by sponsoring the playoffs on TNT. The platform also has a presence in hockey as an official sponsor of the NHL's Stanley Cup Playoffs and Finals.

Netflix and Amazon Prime

Rivals Netflix and Amazon Prime have taken a different approach. While neither service offers live sports, both have created exclusive content with various sports properties.

Netflix developed the Formula 1 series Drive to Survive in a move by Liberty Media owners to attract younger fans to the sport. The positive reviews point to a huge achievement given that the two biggest names in F1, Ferrari and Mercedes, are absent from the episodes. This is timely for F1, as former boss Bernie Ecclestone's restrictive approach to digital content prevented potential new viewers from being exposed to the sport.

The streaming service has also taken an interest in soccer, partnering with the Juventus Club to produce a documentary. Amazon has announced a similar series featuring the English Premier League, Manchester City.

With streaming services looking to expand beyond their original market to become a global service, large sports sponsorships could become a new norm in their marketing strategies.

Direct-to-consumer advertising

There has been an explosion of online direct-to-consumer (DTC) start-ups. (You've probably noticed that your Facebook or Instagram feeds are besieged by these sponsored posts.)

But what exactly is the direct-to-consumer model? Basically, industries that used to rely on a distribution and retail model are cutting out the middleman and attempting to sell directly to buyers.

This will likely continue to grow. Currently, one third of consumers consider doing 40% of their shopping on such sites, while 81% of consumers plan to make at least one purchase from a DTC brand in the next five years.

Many brands have gone to great lengths to offer an increased number of options, and this has made buying decisions more difficult for consumers. This new wave of DTC is a retail revolution, disrupting both the customer experience and the traditional retail model. The focus is on simplicity (a simple, usually well made product in limited quantities), customer experience, virality, and repeat purchases.

The vertical integration of these companies also allows them to explore different iterations of their offering. For instance, some don't uniquely sell online. Instead, they've been playing with hybrid models, such as subscription-based memberships and a more traditional retail presence, which they tie into their online sales strategy.

Examples of popular companies using this model are Casper and Endy (mattresses), Warby Parker (glasses), Glossier (makeup), Harry and Dollar Shaving Club (razors), Allbirds (shoes), Bonobos (pants), BarkBox (dog treats), Chubbies (shorts), Soylent (meal replacement), The Honest Company (ethical cleaning and baby products), and HelloFresh and Blue Apron (meal kits).

For companies like these with a broad target, being top-of-mind is key to driving traffic and sales. This is mainly achieved through SEO optimization and sponsored posts, as well as a strong social mechanism. These companies have also widely used celebrity endorsement to generate buzz.

In Canada, for example, Casper is the official sleep partner of the Toronto Maple Leafs, which is featured prominently on the landing page of their site. This move was their first partnership with a sports team. Following this original agreement in 2017, Casper signed an endorsement agreement with hockey star John Tavares for its “Sleep Better, Hockey Harder” campaign, and uses the partnership to showcase the impact of sleep on performance.

The Honest Company also aligned with sports through a partnership with Major League Baseball (MLB) for a line of baby diapers featuring nine MLB teams.

Soylent, the meal replacement company, has turned to esports to reach gamers who engage in marathon sessions without taking a break for a meal, making the partnership a natural fit for its audience. In fact, the company targeted the group as early as 2015, with partnerships such as the Electronic Sports League’s (ESL) Pro League. The brand now focuses on smaller local events as well as up-and-coming teams.

The jury is still out on the longevity of some of the start-ups in this category. What we do know is that, as this model gains in popularity, acquisition costs and the competition to drive traffic to these sites are skyrocketing. Some companies have recently seen a return on their investment while others have yet to turn a profit, which indicates a very volatile environment. Blue Apron slashed its advertising spend by 35% after fulfillment problems led to a 20% loss in sales.

Our prediction: sponsorship is here to stay, and it will mainly be used by the more financially sound organizations in this category in a bid to remain top-of-mind for consumers.

On demand/New economy

On-demand services are at our fingertips. And new models continue to disrupt long-established industries. Companies that fulfill needs we didn’t even know we had are booming, from car and tool sharing to car washing, cleaning, delivery and even plumbing services.

Both rideshare and food delivery services have become more prominent as they vie for an app spot on your phone. Though sponsorship programs in these categories aren’t new, they are growing.

Lyft and Uber

These two companies have taken their marketing battle to hockey. Lyft is the official rideshare partner of the 2019 World Junior Championships and the Vancouver Canucks. (Ridesharing is coming to the province of BC in the fall of 2019.)

For its part, Uber is the exclusive rideshare partner of the Calgary Flames. And in 2018, Uber signed a three-year partnership as the official rideshare app, together with Uber Eats as the official meal delivery app, for all MLSE teams (the Toronto Maple Leafs, the Toronto Raptors, the Toronto FC, and the Toronto Argonauts), and it is the exclusive rideshare provider for the Scotiabank Arena and the BMO Field. Uber’s partnership with most of Toronto’s sports teams is a bold statement, especially with Lyft’s recent arrival in the market.

But Lyft is not letting its competitor own the whole city. It signed its first festival partnership with the renowned Toronto International Film Festival (TIFF) in 2018. The brand used festival touchpoints to promote its message of diversity and inclusion, which could become a key brand differentiator considering Uber’s recent PR issues. Lyft has also partnered with Toronto Pride and the Canadian National Exhibition (CNE, or simply “the Ex”).

In Europe, Uber signed a preeminent shirt sponsorship with the soccer club Olympique de Marseille to promote the Uber Eats service. Starting in 2020, it will also be a title sponsor of Ligue 1, the Professional Football League (LFP) in France.

Finally, both Lyft and Uber are entering the bike sharing and electric scooter sector, and their marketing battle will no doubt be heating up as well. This will bring a range of sponsorship opportunities in various markets as companies aim to generate goodwill from lawmakers.

Companies will most certainly be using sponsorship to increase usage by ensuring their app is downloaded—and stays put—on users’ phones.

Cloud services

Advanced sports analytics and AI start-ups were omnipresent at the Sloan MIT Sports Analytics Conference in Boston earlier this year. While small players are trying to carve out a business niche, large cloud and on-demand platforms, such as Amazon's AWS, are becoming ubiquitous in the sports sphere.

Sponsorship integration and broadcasting are a natural fit. By providing live predictions based on a thousand data points, these platforms are able to showcase their computing power to large audiences.

Amazon AWS

AWS joined Formula 1 in 2018, showcasing its machine-based learning system and advanced statistics by making predictions on overtakes and team strategies during the broadcast. Formula 1's image as the most technologically advanced sport and a global platform is an ideal means to market AWS capabilities. The company also has ties with NASCAR, but in motorsport, it takes a different approach: The series will use AWS to archive more than 70 years of records in a move that aims to leverage content to improve the fan experience.

America's most popular sports league, the NFL, is using AWS for artificial intelligence, machine learning, and analytics on and off the field, with a new branded service called Next Gen Stat. Using radio frequency, it places multiple sensors on player equipment and footballs to provide TV viewers with advanced statistics.

The company has taken a similar approach to its MLB partnership by using Statcast tracking technology since 2015. It has also partnered with the NHL to provide on-ice corner visibility during the 2019 Stanley Cup Playoffs.

The goal of AWS sports partnerships is to concretely showcase a company's capabilities. By doing so, the company enhances the viewing experience and creates new broadcasting assets. This should help them increase visibility far more effectively than it would with a static logo display.

Dropbox

Finally, Dropbox, another cloud service provider, has partnered with events such as the Sundance Film Festival and SXSW. It has also used a consumer-facing approach to help fuel its rapid growth. Having noticed that the creative industry was relying heavily on its services, it chose to sponsor a music festival.

With society's focus on performance, its new obsession for self-care, and with millennials getting married and having kids later in life, there is fertile ground for wellness apps. The stigma around mental health is fading, and conversations around such issues are more common.

Wellness

Wellness, a global industry that includes everything from boutique fitness gyms to day spas, is worth a whopping $4.2 trillion USD.

Using smartphones to keep track of or enhance well-being is a major business. The mHealth ("mobile health") app market size was valued at $12.4 billion USD in 2018 and experienced double-digit growth in the last two years, with an estimated 84,000 mobile apps released. There were 3.7 billion app downloads in 2017—an increase of 16%. These mobile health apps are designed for various purposes, including fitness, lifestyle, nutrition, disease, medication management, etc.

Two apps created for mindfulness and meditation, Calm and Headspace, dominate a large share of the self-care revenues, and they have started to use sponsorship to promote their services.

Headspace

This subscription-based app offers guided meditation to help users deal with various issues from sleep to stress management and even sports performance. The company entered into multiple major deals with sports leagues in 2018 and 2019. For example, its three-year agreements with both U.S. Soccer and Major League Soccer (MLS) provide players, coaches, and league and club staff with free access to Headspace and live meditation sessions. The deal also includes scientific research on the impact of meditation on sports performance.

The mindfulness platform also developed a World Cup program for the United States women's national soccer team (USWNT), with individually tailored meditation programs for players on the U.S. team during the tournament. (This might partially explain the team winning the Women's World Cup!)

Furthermore, as the Official Mental Training Provider of the LPGA, Headspace will introduce LPGA players and fans to its meditation and mindfulness content on everything from sports performance to sleep improvement. And the company took the same approach to basketball when it added original co-branded content featuring NBA athletes.

It was a smart move to create a tie-in with women's sport. Pro sports are a crowded sponsorship space, and though women's pro sports have less funding and fewer large sponsors, it also has fewer competing brands–meaning that a properly activated sponsorship can end up having a greater impact.

Calm

Calm, the leading meditation app, is valued at $250 million USD. But it doesn't follow the same strategy as its challenger. Instead, it has partnered with Samsung to provide a mindfulness icon on all Samsung devices.

In terms of sponsorship, Calm has partnered with RED to support the fight against AIDS, with special Calm content and co-branded essential oil products. It is also involved in a campaign to raise awareness around male suicide in the UK—the leading cause of death in men under 45 in the country.

With society's focus on performance, its new obsession for self-care, and with millennials getting married and having kids later in life, there is fertile ground for wellness apps. The stigma around mental health is fading, and conversations around such issues are more common. This is likely contributing to the popularity of easy-to-use meditation apps such as Headspace and Calm.

Headspace's move toward sponsorship is an indicator that, as the wellness app category matures, it will have to rely more heavily on advertising rather than buzz around novelty.

Sources: Check out our (numerous) sources for this issue of our magazine *Relevent*, Vol. 04 - Global Trends in Sponsorship ***elevent.co/relevent***

Part II: Music

Brands have always understood the power of music to create emotional connections. As such, music is second only to sports in terms of sponsorship spending.

But corporate sponsorship hasn't always been welcome in the music world as it was seen as "selling out." Music events are now much friendlier to corporate sponsors, and brands are using sponsorship opportunities to tap into consumer passion through music. This kind of sponsorship tends to be experience driven and can deliver on objectives in a way that other communication tools often can't.

That said, the music industry is going through a time of rapid change, and that can have an impact on how brands approach corporate partnerships. Here we take a look at trends in music events, from festivals and live shows to venues.

Festivals and events

Fyre Fest is not the only music festival that's gone bust in recent years. Event obituaries include major established festivals like the long-running FYF Fest, the Lost Lake Festival, the Monolith Festival, Riot Fest and the Squamish Valley Music Festival in Pemberton, British Columbia.

Some events lasted only a year. Others didn't even make it to their first edition, with some cancelled days—or even hours—before the kick-off. These include VestiVille in Belgium (dubbed Fyre Fest 2.0), the InCuya Music Festival, the Bay Area's XO Music Festival, Roxodus in Canada, and the pathetic attempt at reviving Woodstock for its 50th anniversary.

Other events have announced a hiatus, such as Panorama (AEG) in New York, Grandoozy (Superfly) in Denver, Toronto's Field Trip Music & Arts Festival, and WayHome Music & Arts in Oro-Medonte, Ontario.

The cycle of event creation and death is not a new thing. It happened a decade ago in 2008-2009 amid the financial crisis, which had an impact on revenues from ticket sales and sponsorships, and brought about the demise of Denver's Mile High Music Festival, Las Vegas's Vegoose, and New Jersey's The Bamboozle, among others.

Promoters need corporate partners to put on festivals with increasing cost structures and brands that are looking to build long-term associations with events and their audiences. But festival volatility never sits well with investors.

Festival economics

The music industry is now back to its 2006 high-water mark of $43 billion. While the way music is consumed has radically changed, the structure of record labels, music distributors, and concert promoters still holds.

Artists capture about 12% of music revenues, but this portion is rising thanks to the concert business.

Live events are the main source of income for an average musician in the U.S., and music festivals are also currently one of the most lucrative sectors of the entertainment industry. While physical music purchases are at an all-time low due to the prevalence of music streaming platforms, more and more people are spending on concert tickets.

In the U.S. alone, 32 million people (roughly 10% of the population) attend festivals every year. In the UK, approximately 4 million people (or 6% of the population) flock to festival grounds annually.

Big festivals are a big business, but not an easy one. The economics of running a large festival are tricky. There are multiple factors that can negatively affect ticket sales, including the lineup, increased competition, timing, and—last but not least—the weather.

With event producers getting roughly 2% to 3% of ticket prices, their margins are quite low. For instance, Glastonbury in the UK reported a 50 pence profit per ticket sold on a £37m turnover in 2014.

The recent downfall and bankruptcy of Roxodus is shedding some light on the harsh reality of festival economics: promotion expenses, food and ticketing costs, security, stage set-up, equipment, AV and lighting, sanitation, VIP and artist accommodations, and, most importantly, talent costs can run into the millions and rapidly climb to the tens of millions of dollars.

Because of this, festivals require substantial financial resources and experienced promoters to see things through. When new events go bust, it's often because of a lack of both.

Big events, big players

More and more of the behemoths of the U.S. music event industry, such as Live Nation, Anschutz Entertainment Group (Goldenvoice), and Endeavor (WME) have been consolidating.

Live Nation (NYSE: LYV) is the world's largest producer of live entertainment. It owns and produces over 60 festivals and participates in major events such as Bonnaroo, Sasquatch!, Lollapalooza, and Austin City Limits. For its part, AEG owns Goldenvoice, which holds 11 festivals, including Coachella.

Vertical integration

Many existing events partnered with large music production companies to keep up and reduce the financial risk associated with rising costs, competition, and uncertainties.

Aside from producing events, these companies are involved in talent management, music venues, and ticket sales. For instance, Ticketmaster is now part of Live Nation Entertainment since a 2010 merger. The ticket business generates the lion's share of corporate revenue.

And while Live Nation's talent management subsidiaries are losing money, the number of artists being signed has risen. Integration with the concert portion of the business is more lucrative. Coupled with a sizeable roster of quality events, venues, and ticketing, this integration allows for greater buying and negotiation leverage, and exclusive deals for headlining artists.

From a partnership standpoint, this can help secure agreements with a number of properties under a unique contract, which would have been difficult to obtain individually. For instance, RBC, Canada's largest bank, signed an agreement with Live Nation (which claims to have more than 1,000 brands and an audience of 93 million) to launch the RBCxMusic program. However, while these blanket agreements offer a large array of benefits and ticket packages, they might not afford the same level of granularity for individual negotiations, and therefore might not be suitable for all brands.

Overcommercialization

While the live concert segment is still growing, there are signs that the massive summer festival is losing some of its appeal: Bonnaroo in Tennessee had a drop of 38% in attendance in 2016, while the Sasquatch! Festival in Washington State saw a 50% reduction in concertgoers. FYF's downfall is also raising concerns about the health of the big music event. A 2016 study of the UK festival industry has predicted that "ever-increasing security and infrastructure costs and tough competition for ticket sales" will lead more than 10% of events to fold.

Consolidations might also be hurting the festival business. Pitchfork studied large event lineups between 2016 and 2017 and found increasing homogeneity of talent across events. For instance, the Boston Calling Music Festival shared 40% of its lineup with New York's Governors Ball, Tennessee's Bonnaroo, and California's Coachella, which prompted Pitchfork to described Boston Calling as the least unique of the nation's top 19 festivals. Another example was OutKast, which headlined more than 40 festivals in 2014, including Coachella, Bonnaroo, Summerfest, Lollapalooza, and Austin City Limits.

Events like the Vans Warped Tour (due to call it quits after its 2019 edition), Lollapalooza, and the now defunct Edgefest used to be massive, multi-city summer tours. Now, every major market and even smaller cities host a music festival, but there's not a lot of differentiation when it comes to their identities or lineups. And that has prompted discussions around industry saturation.

Having the support of a large production company is a huge help, but it may also come at the cost of content diversity. Bonnaroo founders pointed this out: "We lost a bit of that curatorial vision that characterized Bonnaroo in the past. So we're openly discussing how we get that back."

Live Nation, however, has now bought the remaining minority share of Bonnaroo, ending the founders' role in the event.

The rise of boutique festivals

While many major music festivals are folding, some are successfully morphing into smaller versions of themselves. And other more niche events are also thriving.

Curation is at the heart of boutique festivals, and this trend is clearly on the rise.

Generally speaking, boutique events are smaller, more independent, and more intimate. They boast a more distinct lineup and identity, and they often focus on an exclusive genre. They also involve community integration, which is not often seen in massive music festivals.

Tramlines Festival, Riot Fest, Essence Festival, and Desert Hearts Festival have all gone this route. Newport Folk Festival organizers made the transition to non-profit status in 2008 when they decided to scale down. They now avoid acts that play at larger festivals, focus on diversity, and include regional artists as part of their lineup.

For its part, Republic Live put their popular WayHome Music & Arts Festival on hold to focus on country music with the Boots and Hearts Festival. It also added a new event, Big Sky, which showcases country music legends.

> Some smaller events are underfunded from a sponsorship perspective, which may present an opportunity for brands to pay less than they would at larger festivals. And while long-term agreements can be risky, they may protect sponsors against a hike in rights fees due to a potential increase in demand.

Artist-led events

Artists are also moving away from mainstream festivals and creating their own events where they can assert total control over the concept and content.

These events vary greatly in shape and size. Some use large venues. Others use art galleries. Some are completely independent. Others are produced by large and established players. The common thread is artist curation, the joint efforts of like-minded artists, and, quite often, a mix of various forms of art, from visual installations to poetry.

There has also been an explosion of events such as the Eaux Claires Festival (Bon Iver, The National), Posty Fest (Post Malone), Camp Flog Gnaw (Tyler, The Creator), OVO Fest (Drake), Cal Jam (Foo Fighters), Punk In Drublic (NOFX), the Solid Sound Festival (Wilco & Jeff Tweedy), the Homecoming/MusicNow Festival (The National), the High Water Festival (Shovels & Rope), and even a revival of the Summersault Tour, founded by Our Lady Peace in 1998.

Events like Post Malone's Posty Fest have showed surprisingly strong sales. Despite not announcing an official lineup, they sold out in two hours. Eaux Claires, the festival created by Justin Vernon of Bon Iver and by Aaron Dessner of The National, also didn't announce their 2018 lineup until the start of the festival.

The appeal of these events is the conviction fans have in the artists' taste in music. And there is an inherent financial advantage to gathering friends from other groups rather than entering into a bidding war to secure a big headliner. According to Bon Iver's Justin Vernon, "It's not just having bands come, play their sets, and get a paycheck [...] These sorts of friendly deals are standard among artist-curated events and a testament to the common desire to reimagine the festival experience." Drake's OVO Festival in Toronto, for instance, relies on artists from his own label, which results in lower talent fees.

But the revenue model for festivals is still uncertain, as some of the more indie projects are also losing money.

However, despite their volatility, festivals should be attracting the attention of sponsors, who could use the events to engage directly with artists, allowing them to reach fans and festivalgoers alike through an authentic partnership.

Some smaller events are underfunded from a sponsorship perspective, which may present an opportunity for brands to pay less than they would at larger festivals. And while long-term agreements can be risky, they may protect sponsors against a hike in rights fees due to a potential increase in demand.

While founding artists might not be open to brand presence, there could be a strong opportunity for co-creation if brands understand both the event and the audience before they attempt to craft a partnership. For instance, through its partnership with Eaux Claires, IKEA promoted its initiative to increase product quality alongside a decreased carbon footprint.

But, when it comes down to it, partnerships with music festivals have to be about the experience.

Fading into sponsorship darkness

Forget the 2017 hype about virtual reality (VR) at music events. This technology resulted in a terrible experience. And what's more, it is irrelevant to attach a brand to a VR live stream or VR concert. Music is about the live experience. That's why we're seeing live concerts getting so much traction, despite the fact that access to recorded music is so easy through streaming sites. Going to a concert is an experience that simply cannot be substituted by gadgets.

While tour sponsorship is still alive for major acts, its importance is fading. Ten years ago, Research in Motion (BlackBerry) announced its sponsorship of the U2 360° Tour through a TV and online campaign promoting BlackBerry's App World, which proved to be a success.

Though tour sponsorship is not dead, most of the players are from the financial sector, namely credit cards or banks that can provide sponsors with a platform to reward consumers with tickets, rebates, presales, hospitality initiatives, exclusive content, and other money-can't-buy benefits across multiple markets at once. Examples include Capital One and the Foo Fighters or the Rolling Stones' 50 & Counting tour sponsored by Citi in 2013. Amex is also heavily involved in music events with its American Express Music platform (formerly Front of the Line) and its partnership with Live Nation (Ticketmaster).

A quick reality check: activating a tour sponsorship is tricky if, unlike what the financial sector has created, there is no structure in place. The media doesn't generally cover tour partners. There is little space and time for on-site activation and, regardless, it would be extremely onerous to activate every venue on a tour. And, finally, how would you make your brand presence relevant?

While many large music venues have naming rights partners, very few mid-sized venues do. This gives brands an opportunity to stand out in an uncrowded space.

Experiences through music

Interestingly enough, Spotify and Sony have created music experiences outside the concert environment, either to promote an album launch or drum up buzz around new products.

The sold-out Billie Eilish music experience was held in Los Angeles for a single weekend as an interactive launch for her first album *When We All Fall Asleep, Where Do We Go?* The event invited fans to discover the album's 14 songs, each one in a room of its own and with a distinct mood created through scent, texture, colour, and temperature. The event was tied to the launch of special merchandise available on their website and through NTWRK, the mobile experiential "retailtainment" store.

Sony created a pop-up experience in New York's SoHo neighbourhood as part of its Lost in Music campaign. The space showcased Sony products and concerts, and offered live streams of shows.

Brand activation and music

To reap the hoped-for benefits, an experiential activation has to be good. And, let's face it, there are lots of ho-hum and poorly designed brand activations out there. The problem: tons of music events still sell the standard 10x20 space, and agencies have to develop their experience to accommodate an array of locations.

The other issue with brand activation is the misconception that popularity will achieve brand objectives. While many giveaways and photobooths may be popular, so is giving away $20 bills on a street corner—and that doesn't mean that people will love you or that it will do anything for your brand or your business.

Mid-sized music venue sponsorship on the rise

While many large music venues have naming rights partners, very few mid-sized venues do. This gives brands an opportunity to stand out in an uncrowded space. Think about the concerts that you remember the most fondly. Were they the more intimate shows before a band got their breakthrough moment or were they the big arena affairs?

Smaller venues, which are not unlike boutique festivals, have more distinctive programming. This attracts music fans from different genres and is an effective way to reach a broad audience. Furthermore, these venues generally offer more than 200 days a year of concerts to reach an overall audience in the hundreds of thousands. The naming rights opportunities of smaller venues also tend to include large coverage from media outlets and event producers who promote the acts. Brand presence in such spaces can be a good Trojan Horse strategy in a cluttered market—all at a fraction of the cost.

Gender balance

The #MeToo movement also helped put the focus on gender disparity in the festival space. Data compiled by Pitchfork in 2017 across U.S. festival lineups found that acts were 74% male, 14% female, and 12% mixed gender.

Experience, experience, experience

Though it happened in 2017, the industry is still learning from the Fyre Festival fiasco. What the non-event proved was that there is an appetite for premium events, exclusivity, and unique experiences, and, more importantly, that people are willing to pay for them.

A lot of festivals are becoming a mishmash of passion points. To contribute to the attendees' experience (a trend we expect to continue), music and the arts have made their way into all kinds of other events: the NASS Festival (extreme sports), Boardmasters (surfing), Snowbombing (snowboarding), MAGfest (gaming), Cocktail Magic (mixology), or Outside Lands (music, art and food).

Experiences hold the key to reaching consumers, and music is a fantastic way to bring that experience to an audience through festivals, concerts or brand activations.

Coachella is not only the highest grossing festival in the U.S., it is also the leader in bringing brand experiences to life. For instance, Amex's Platinum Collective, created by their advisory board of entrepreneurs, established a highly curated and very Instagrammable space at the festival for American Express Platinum cardholders. This let festivalgoers relay the message themselves—and it meant that Amex didn't have to rely on advertising. Even non-sponsors such as Revolve, an online fashion retailer, wanted to have their brand bask in the Coachella aura by creating an elaborate experience in parallel to the event in the form of a mini-festival that would host A-list celebrities and influencers.

For its part, Outside Lands focused on food and craft beer to carve out a distinctive identity and create an elevated experience for guests. British Summer Time went as far as to create a whole village—something straight out of a movie set—to entertain eventgoers.

The #MeToo movement

The #MeToo movement against sexual harassment and sexual assault has spurred public discussion about unwanted sexual behaviour.

Music festivals in particular have made headlines on this social issue. In response to accusations of sexual misconduct by festival attendees, there is mounting pressure for music events to improve safety and introduce a profound cultural change.

Previously anecdotal evidence is being replaced by empirical studies on the matter. A recent BBC inquiry in the UK found that about one third of women had experienced sexual harassment at a music festival in the past 12 months, and 8% had been sexually assaulted. A separate study commissioned by the Press Association in the UK) yielded similar results, with 22% reporting some form of unwanted sexual behaviour. This rose to 30% for women, who in 2016 made up an estimated 60% of festivalgoers.

The incidents reported included experiences of verbal harassment, groping, sexual gestures, stalking, being yelled at, and being photographed or filmed without their permission.

This broad social issue is not only limited to music events, which may, in fact, be safer than other public spaces. The BBC study found that nine out of 10 people “usually” or “always” felt safe at festivals. Regardless, the reported incidents in these findings are troubling, and they have had a real impact on both victims and event producers.

A recent BBC inquiry in the UK found that about one third of women had experienced sexual harassment at a music festival in the past 12 months, and 8% had been sexually assaulted.

What is being done

There have been reports of sexual misconduct incidents at most large music festivals. But after a spate of sexual assaults was reported at the 2016 edition of Bravella, Sweden’s largest music festival, organizers took action. “Don’t grope” was printed on the 2017 event bracelets, and FKP Scorpio, the firm behind the festival, shut it down for a year.

In response, a Swedish collective launched the Statement Festival, a music festival for women, non-binary and transgender people only. Though there was only modest interest in its first edition, the collective organized a four-city Swedish tour in the fall of 2019.

Countering sexual harassment

A growing number of groups are being created to raise awareness about the issue of sexual harassment and help event organizers come up with initiatives to make events safer for attendees. Safe Gigs For Women, for example, is working with the industry to create a safe-venue standard, and Girls Against launched a campaign to raise awareness about the problem of groping at concerts. Both of these groups are based in the UK. For its part, OurMusicOurBody, a Chicago-based initiative in its third year, is working with Lollapalooza, as well as smaller events and music venues, to come up with guidelines and procedures to help events address issues of harassment and assault, including better coordination between teams on site.

Artists are getting involved

Bands like Mumford and Sons are raising their voices to promote women’s safety during their performances.

And other acts, such as Slaves, Wolf Alice, and Peace, have partnered with the organizations mentioned above to help fight sexual harassment at music events.

Event organizers

The main issues around sexual harassment are security (presence, training), lack of policing, drug consumption, and the site layout.

Most major festivals, and smaller events as well, are taking steps to address this issue through education, on-site resources, and the creation of safe zones on the festival grounds.

Prior to its 2019 edition, Coachella reacted with an initiative named Every One, which included consent guidelines, as well as trained counsellors and safety ambassadors on site.

In the UK, 25 music festivals that are all part of the Association of Independent Festivals (AIF) shut down their websites for a day as part of a zero-tolerance campaign to highlight sexual assaults. The group says it wants festivalgoers to be aware of on-site support services available to help victims. The AIF also signed a zero-tolerance pledge against sexual assault.

Conclusion

More academic research is currently underway to address the gap in statistics related to sexual violence during music festivals and other public events.

Event organizers and brands must take this issue—and the security concerns that it raises—seriously if they want to avoid negatively impacting both festivalgoers and their own brand image.

Part III: Sports

By a landslide, sports is the largest sponsorship spending category and a safe haven for live content in an increasingly competitive environment where limitless entertainment options are vying for a share of audiences' attention. Of the top 100 TV shows watched in the U.S. last year, 89 were live sports broadcasts.

While sports audiences may have gone down, their value has increased, and sports remains one of the few platforms able to reach a massive audience in a fragmented entertainment market.

NASCAR, which many sports columnists had slated for imminent extinction, lost more than a third of its viewers, yet saw a 46% increase in TV revenue. The series also had a 58% hike in traffic on its digital platform, and the number of players on its Fantasy Live platform grew by 135%. NASCAR reaches five times as many millennials per event as MLS and only trails the NFL for that age group, making announcements of its impending demise premature.

Last year's NFL TV audience rose by 5%, rebounding from a decline in the past two seasons. Crucially, the 2019 season's advertising revenues are up by 14%, as are those for Formula 1, which saw a 10% global increase in unique viewers during the 2018 season.

While these numbers are encouraging, traditional sports are almost all seeking to renew their audiences by appealing to younger fans.

Rights holders are reverting to advertising their offering with global campaigns: the PGA Tour launched 'Live Under Par,' which was "designed to capture and celebrate the energy and spirit of today's TOUR," and Formula 1 released 'Engineered Insanity,' an ad featuring fans at the heart of the action. Firsts for both organizations, such initiatives would have previously been unthinkable for F1, which, in the 2000s, had cultivated an elitist image before being purchased by Liberty Media in 2017.

Getting youngsters to play and watch traditional sports is key to their long-term survival. Esports are gathering momentum, and many kids no longer play in little leagues or gather around the TV for family time.

Gaming has surpassed both the film industry and, based on global figures, many traditional sports as well. But it's not just esports that are driving away younger crowds.

According to research by Luker on Trends, "people younger than 24 today aren't as interested in sports as their counterparts 20 years ago." According to founder Rich Luker, this is because of competition for the time and attention of young people from a range of entertainment options. And, shockingly, there is yet another competitor: "The fastest-growing activity among kids now is actually nothing," Rob Manfred, MLB commissioner noted in the Sports Business Journal, referencing internal research.

Meanwhile, changes in the content and media landscape may very well affect the incumbent league's business model as content moves from cable subs to OTT (Over The Top) or subscription alternatives, NFL RedZone from DirecTV, DAZN, YouTube TV, or ESPN+, to name a few.

Let's not forget the company that commands one of the largest market capitalizations in the world. Apple has a team dedicated to developing on-demand notifications, highlights, and curated sports content. Apple TV+ was launched without a live sports offering, but its deep pockets—a reported $1 billion—will enable it to eventually create original sports content.

When the game ends, audiences will no longer be limited to watching the post-game show on traditional cable channels. The wide array of online and social sports content is mind-boggling. Athletes have more direct access to audiences than ever, which they can exploit to leverage their personal brand and raise their profiles—making them even more valuable for securing commercial revenue sources beyond their regular salaries.

New platforms such as OTRO, The Players' Tribune, and Uninterrupted allow athletes direct and curated contact with their audience, thus enabling them to bypass broadcasters that rely heavily on sports shows and off-field content. If successful, these platforms will have their own audience, their own data, and, of course, their own corporate partners. The jury is still out as to the viability of these initiatives. It's worth noting, however, that these platforms have financial backing from successful former players and renowned investors.

State of sponsorship in sports leagues

From a sponsorship and revenue standpoint, digital technologies that allow teams, leagues, or broadcasters to replace physical signage with digital images will affect the traditional revenue structure.

This approach will allow sponsors to target more specific markets, thus allowing them to avoid paying for an irrelevant audience. This may result in an increase in the number of potential sponsors, who will no longer be limited to brands willing to pay for global exposure and may ultimately provide a fantastic opportunity to sell the same space multiple times over to increase sponsorship revenues. Sports like Formula 1 have tested the model.

A shifting mindset for sponsorship sales

Leagues are looking at providing better support for their partners and helping teams generate sales, and some teams are shifting their mindset from the commercial approach to more strategically aligned, and perhaps more efficient, agreements.

A case in point is NASCAR, which, more than 10 years ago, pioneered a model to support teams and, later, added drivers. The aim was to support marketing and sponsorship sales by providing data and research, among other services.

The Toronto Raptors, the 2018–2019 NBA champions, have a unique sponsorship structure. Their sales team doesn't use commissions on new agreements as incentives, but has rather opted for an open structure. This means that no category or account is assigned to a specific person, and as a result, brand proposals are now said to be more strategy focused.

Traditional leagues' market restrictions have had a negative impact on the ability of sponsors to leverage partnerships. But the roadblocks are slowly being removed, and brands are finding they have more freedom and flexibility to activate across platforms and markets. The MLB, for instance, is actively integrating its league's business arm to help partners activate across venues, broadcasts, and online environments. The move seems to be paying off as Major League Baseball saw a 12% increase in sponsorship revenues for the 2017 season.

Court or catwalk?

The lines between fashion, music, and sports are blurring (see article entitled *Style equals substance*, p.9).

The NBA recently loosened on-court sneaker colour restrictions, a move designed to encourage individual expression. This led to a significant boost in sales for Nike, which leads the basketball market with a 73.5% share of the billion-dollar business. Its competitor, Jordan, remains at 7.8% (67 percent of NBA players wear either Nike or Jordan brand shoes).

However, according to the NPD Group, "Basketball has fallen from its height of being an important streetwear product to really out of fashion right now," as the performance segment has declined over multiple years and no sport-specific shoe category has shown any growth in more than three years.

Though sports brands still dominate the field, they are now looking to conquer the ever-lucrative lifestyle segment, the key to capturing tomorrow's consumers. While specific sports shoes have come and gone out of fashion, athleisure, defined as "clothing designed for workouts and other athletic activities worn in other settings, such as casual or social occasions," is now the trend in fashion.

The traditional approach was to sponsor a celebrity athlete to stimulate emulation. Now, the approach may operate in reverse, as athletes bring their own streetwear style to the court. Jordan's partnership with Paris Saint-Germain is a good example of a lifestyle look making a foray into soccer.

Besides shoes, the NBA axed its hard stance on team uniforms during the 2017-2018 season. Instead of traditional jersey colours for home games, teams were allowed to choose their own.

Jersey eccentricity combined with sports, music, and fashion was on full display during the Raptors' OVO night in support of the Welcome to Toronto initiative. This fundraising program was designed "to help encourage the next generation towards a future of arts, community, and ball." The initiative was activated during six home games, which featured OVO Jerseys and a black and gold themed home court. Proceeds from the Raptors-OVO partnership went towards developing Canada Basketball and refurbishing 12 local community basketball courts.

Activism and causes

In the 2018 edition of this magazine, we reported on brand purpose and activism. One year later, the topic is still relevant.

Athlete activism now includes the issue of gender equality, which received much attention thanks to the 2019 World Cup U.S. Women's National Team win. Despite the agreement reached between the NFL and the Players Association, head injuries in football remain a controversial topic. And the NCAA is being targeted for its lack of athlete compensation and harsh restrictions with regards to student athletes, all while lavish college sports facilities are being built.

Nevertheless, there have been some notable past initiatives involving brands that have supported sports-related causes.

Nike

Nike's commercial featuring Colin Kaepernick generated a massive amount of publicity and debate. Taking a stance on polarizing issues may have been too risky for a brand in the past, but this initiative played in Nike's favour, even despite the backlash, with a 31% increase in online sales after the ad launched. Nike has since rolled out similar campaigns, with the same focus on equality tied to brand ethos.

Adidas x Parley for the Oceans

Adidas teamed up with Parley for the Oceans, a non-profit looking to use creative thinking and art to bring awareness to ocean-related environmental issues such as plastic waste. The partnership has helped foster a line of high-performance sportswear made from plastic trash.

Citi x No Kid Hungry

Citi Bank is partnering with No Kid Hungry to raise awareness and activate a cause through an innovative approach, which will leverage its existing sports sponsorships with the New York Mets, Miami Dolphins, Dallas Mavericks, the PGA Tour, and pro-golfer Justin Thomas, to name just a few.

Paddy Power x LGBT

No stranger to stoking controversy, the Irish betting company Paddy Power donated £10,000 towards LGBT charities every time Russia scored during the 2018 World Cup, in an effort to make football more inclusive—an ambush stunt that garnered much publicity.

Sports analytics and advanced statistics

As we discuss in the new category section, sports analytics have evolved immensely in a short time, providing new sponsorship opportunities and an improved viewing experience with up-to-the-minute and in-game stats and predictions.

Despite the complexity of collecting data in football, the NFL now gathers statistics on all plays with the use of RFID technology, joining other leagues that are making increased use of their massive data vaults.

The relationship between artificial intelligence and sports statistics is still in its early days, but as the data collection systems improve and AI becomes more efficient, its applications will be far-reaching, from evaluating players and managing injuries to improving the fan experience.

This will likely bring an influx in sponsorship revenue from various technology partners, and will also change the landscape for fantasy play and sports betting.

Sports betting

As far back as 2011, Heineken pioneered a real-time betting app called StarPlayer for UEFA Champions League games. In the absence of legal options in the U.S. (except for Las Vegas, of course), there has been a rise in daily fantasy games, such as DraftKings and FanDuel, which are hedging on sports betting.

This betting category has also fuelled European soccer sponsorship revenue for years. Today, half of the English Premier League jersey sponsors are bookmakers.

While some European voices are trying to curb the presence of sports betting, the U.S. Supreme Court lifted the federal ban in 2018 and, since then, 11 states have moved towards legalizing the practice.

MGM Resorts struck a deal with the MLB, the NBA, the NHL, and Caesars, the NFL's casino partner. A few teams followed suit and signed agreements with the approval of the major leagues. NASCAR is now permitting teams to add gambling sponsors, and a new partnership between Monumental Sports & Entertainment (Capital One Arena, D.C.'s Capitals, Wizards and Mystics) and betting company William Hill US now allows on-premises betting. Importantly, the networks haven't opposed these moves.

Betting on esports has also gained in popularity recently.

Esports

Gaming is a massive market, valued at between $100 and $150 billion worldwide. As the audience for streaming games and competitive gaming—known as electronic sports, or esports—has grown, so has brands' interest. This portion of the gaming market has reportedly reached upwards of 350 million people globally.

While these numbers are impressive, it's important to understand that the audience is heavily fragmented both geographically and by game title, each of which is more or less structured (franchise vs. relegation model). For instance, gamers who purchase individual titles may not necessarily play online, and many audiences prefer to stream games on platforms like Twitch or YouTube. While esports audiences have grown rapidly in recent years, whether esports will cross the chasm to become fully mainstream on par with traditional sports remains to be seem.

Sports leagues have also taken an interest in esports, creating their own leagues with existing video game titles such as FIFA, Madden (NFL), NBA2K, and NHL, but none of these top-20 game titles were played or watched via streaming. A safe bet for sponsors of traditional sports might be to transition to esports through the league's virtual teams, though this is not necessarily where they will reach important and elusive audiences.

The most popular games, including League of Legends, Minecraft, Fortnite, Overwatch, and DOTA 2, are set in imaginary and fantastic environments. This may be where brands lose their bearings with regards to esports. How can they fit into these weird, invented worlds? The answer is through the audiences.

Esports audiences are tech savvy, predominantly young males who tend to shun traditional media (60% don't watch TV in any given week). Fans are heavily invested in the category. They reportedly stream an average of one hour a day, and one segment supposedly consumes more than 20 hours a week. As stereotypes begin to fade, this area is now being taken more seriously. More than 50 U.S. colleges now have esports teams. Interestingly for brands, gamers form close bonds, very much like sports communities.

Watching esports isn't a passive affair; this is a world of inside jokes, jargon, and memes. Streaming platforms allow audiences to comment on, and even reward, their favourite players with points, which can later be translated into cash.

Brands, however, should be cautioned: those who venture clumsily into this arena may end up being the butt of jokes, as numerous homemade memes created by esports fans will attest.

What is the implication for sponsorship?

After advertising and media rights, sponsorship is the most important revenue stream for leagues.

Those organized along a more structured, franchised model are more attractive to corporate sponsors because they are likely to be more stable in the long term since they require a buy-in for a predetermined number of fixed teams. League of Legends (Riot Games) requires a $10 million fee, and Overwatch League (Activision Blizzard) commands a $20 million price tag for a team.

Just as with traditional sports, the esports space offers multiple entry points through which partnerships can be forged, including players (and their personal streams), teams and team facilities, arenas, broadcasts, post-game shows, and league levels. But what might the potential impact be of aligning a brand with violent games, as many of them are?

Non-endemic brands (meaning brands that aren't directly linked to the esports sphere, such as computer components or gaming accessories) are jumping on the bandwagon for the first time to ride this wave of excitement. The most notable categories are in the automotive, financial, and food and beverage sectors. High-profile brands that have also recently announced agreements in esports over the past year include MasterCard, Nike, and BMW.

Nike leads the pack, as it moves into esports via a four-year partnership with China's League of Legends Pro League (which includes 16 professional teams) to provide the official team kits, hoping to reap revenues through the sale of team merchandise. League of Legends was the most popular content on both Twitch and YouTube in 2018, and, according to various accounts, China is either the first- or second-largest esports market behind the U.S. While League of Legends teams have other kit agreements with Puma, Adidas, and Umbro, Nike's is much larger in scope.

KFC is also using esports to reach a young demographic in the Chinese market, with a League of Legends team Royal Never Give Up (RNG). This extensive partnership includes RNG toys as well as special meals and an exclusive store. It is reported that the previous instalment of this agreement helped KFC grow its customer base in China by 5%.

Esports is on an upward trajectory, but because the space is currently heavily fragmented and investing in a franchise that may not exist in 10 years might seem risky, the million-dollar question now is will it challenge what we currently perceive as traditional sports a generation from now? The gaming and esports space is gathering momentum and becoming a potentially interesting environment for reaching a young and engaged demographic.

Three things to consider before investing in esports

- Spillover effect: Consider the impact on your brand if an alignment with a specific esports title were to spill over into mainstream media and reach your existing consumers. Would their perceptions be affected? How would other property partners reflect on your brand?
- Relevance: Will your partnership bring value to esports audiences? Are you in it for the long run and for the right reasons? What unique story will you craft to explain your presence in this space, a role that no current sponsor has taken up and, hopefully, that no competitors could emulate?
- Operationalization: Marketing communication teams will have to be set up to reach audiences in real time. You will not have the luxury of approving all messages that go out (similar to social media management, but faster). Is your company willing to relinquish some control over the message and would you welcome user-generated content?

Performance-based agreement

AB InBev caused a stir in the industry when it announced in 2018 that sponsorship dollars would be tied to performance.

This is not a new concept, and it has been part of sponsorship agreements for years. However, such a public announcement from a major player with more than 100 professional teams in its sports portfolio was a direct message to the industry. We have yet to see if such a measure, which will slowly be implemented as deals are renewed, will have long-term impacts on property revenues. The model will also not be applied across the board. Ultimately, it will come down to bargaining power, as AB's competitors would happily take its place in the most sought-after teams.

This is not dissimilar to the trend in advertising, where brands such as L'Oréal are testing new models to tie revenues to performance.

Looking ahead

What does the future of sports sponsorship entail?

What will the continent-wide 2026 World Cup look like, not just in terms of its complex logistics, but from a sponsorship standpoint?

Will LA 2028 be able to repeat the profit model it pioneered in 1984, by using existing facilities and attracting a large number of corporate sponsorships?

Lastly, as we turn our eyes to the 2020 Summer Olympics in Tokyo, we find a testbed for new 5G mobile technology. Unlike previous gains in speed, this technological leap could impact our daily lives, particularly with new Internet of Things (IoT) applications. These will lead to innovations by existing companies and new startups. And the implications for marketing and sponsorship are likely to be significant.

Much remains to be seen.

Gender equity in sports and how sponsorship can help

Rebecca Shanks
VP, Account Management
T1 Agency

Women's sports are underfunded. And though female athletes face challenges that go beyond funding (e.g. lack of coverage and unequal treatment), sponsorship can help balance the equity problems in women's sports by:

- building brands and properties
- driving awareness of women's sports
- funding programming, events, and broadcasts
- highlighting existing role models
- providing marketing support
- producing research and data
- developing and promoting content

Yet, in recent years, Canada's female athletes have experienced unparalleled international success. As a result, we need to take a different approach when comparing the metrics for women's and men's sports. The Canadian Association for the Advancement of Women and Sport and Physical Activity (CAAWS) is working to achieve equity for women in society through the power of sport.

The appetite for women's sports is growing. Nielsen recently noted that 45% of the general population across eight markets would consider attending live women's sporting events, while 46% say they would watch more women's sports if they were available on free TV.

Women are under-represented in sports-related leadership positions—as coaches, senior staff, and decision makers in boardrooms. But sports can help foster female leaders. In a study by Ernst & Young, 94% of C-Suite women played sports, and 52% of them played sports at the university level. Other benefits of girls staying in sports include confidence, teamwork and leadership skills. The facts are clear: encouraging girls to play sports longer would benefit overall equity in the workplace.

As part of their Fuelling Women Champions program, the Dairy Farmers of Canada partnered with CAAWS to support women and girls in a relevant and authentic way. Their work has included multiple Integrated Marketing Communications (IMC) tactics to help drive change. Videos present real stories of girls who have chosen to stay in sports and depict the impact that sports have had on their lives. The program's eight athlete ambassadors have been its champions and spokespersons, and they've reinforced the importance of dairy as part of their healthy training and balanced eating routines. They've also acted as inspiring role models for girls. The Champions Fund has provided much-needed grants for girls to stay in sports, and their research results garnered over 65 million impressions when they were released on International Women's Day. Packaged in easy-to-digest formats, this work bridged important knowledge gaps on the topic and helped reinforce the Canadian government's decision to invest in women's sports ($30 million over three years): proof that a marketing/sponsorship program can have a much broader social impact.

Brands and organizations are starting to realize that sponsorship can help drive their business objectives. They will sometimes sponsor a sport or athletes simply because senior leadership has an affinity for that particular sport. Occasionally, however, CEOs realize that sponsorship makes sense for their business too. That was the case for Canada Pacific Rail and the LPGA Women's Open Golf Tournament in Canada. Keith Creel, CP's president and CEO, said as much when he renewed the partnership. "We just think the return is there. It's giving an event to the community that's creating an emotional connection with our customers, with our families, at the same time as with Canadians across the board."

A recent tennis campaign by Adidas uses both regular girls and pro athletes in their social media posts. Instead of extolling product benefits, they're looking to create an emotional connection with their target. The campaign features tennis star Billie Jean King who once said,

NEARLY ALL SPORTS INDUSTRY

99.6%

SPONSORSHIP DOLLARS GO TO MALE SPORTS

WOMEN GET ONLY

5%

OF SPORT MEDIA COVERAGE

BETWEEN THE AGES OF 3-17

41%

OF GIRLS DON'T PARTICIPATE IN SPORTS

THAT FIGURE JUMPS TO AN ASTOUNDING

84%

IN ADULTHOOD

It was inspiring to see so many fans out to support and celebrate the FIFA Women's World Cup in Canada. How can we encourage a sporting experience such as this more than once every four years?

"I want to use sports for social change." This well-timed campaign highlights salient facts around women's sports and drives awareness of the social gap.

The Women's Tennis Association (WTA) was a leader in the fight for equity in tennis long before other sports. They were the first to achieve pay equity in their sport, and their athletes have some of the largest followings in the world. Despite this, they still face resistance. As recently as 2016, one tournament CEO was quoted as saying that female players in the WTA "ride on the coattails of the men." He followed up by suggesting that women should "go down on [their] knees and thank God that Roger Federer and Rafael Nadel were born, because they have carried this sport." Another notorious example involves the recent controversy around Serena Williams and the unequal treatment of male and female players on the court.

It was inspiring to see so many fans out to support and celebrate the FIFA Women's World Cup in Canada. How can we encourage a sporting experience such as this more than once every four years? What can we do as an industry to provide more opportunities for women's sports to shine on the global stage and at home? The Portland Thorns FC say that much of their success comes from treating the women's and men's teams the same way. Both teams were founded at the same time and both receive equal sponsorship support.

Finally, let's consider the Canadian Radio-television and Telecommunications Commission (CRTC) and what this organization has done for Canadian music. At first, stations weren't thrilled about mandatory Canadian content (which wasn't always high quality). But it provided a platform for Canadian music and fostered the development of production houses and investments in local artists, which in turn improved the music itself. The '90s saw a boom in incredible Canadian music, and true stars—and fans—were born.

What if we took this same approach to sports? What if we required major broadcasters to cover a certain number of women's sporting events? Sure, there might be a few complaints here and there, but imagine how the landscape would change if viewers had access to high quality women's sports content.

Audiences would emerge. Fans would develop. And sponsors would start investing more money. Eventually, women's sports would no longer be considered second best to men's (just as Canadian music is no longer viewed as second best to its American counterpart). The next generation wouldn't even know that there was a time when women's sports were considered inferior.

And that would be a dream come true.

Section 2

Sponsorship strategies

Sponsorship strategies aren't magic

François Royer Mireault
Strategist, Member of the board of directors
Elevent

Drafting a new sponsorship strategy is hard work. It's usually done in response to a crisis in an organization. For instance, your company may be establishing a new 5-year strategic plan and looking to rebrand.

Or maybe the company is under pressure from new competitors. Whatever the circumstances, drafting up a new sponsorship strategy often requires making meaning out of a mess.

Strategy means discovering the most promising opportunity for your resources. Strategy is an investment. It is not led by an idea, a trend or a technology. It means doing hard work now to make the job easier later.

What does strategizing look like? Strategy can be broken down into three parts: the diagnosis, the strategy, and the action plan. You start by formulating a point of view about your current situation (diagnosis). You then develop a response to that situation (strategy). Finally, you allocate your resources accordingly (action plan). The following are potential pieces of the puzzle...

1. DIAGNOSIS

Business & Marketing

5-year strategic plan
Marketing & communications plan
Brand health reports
Culture insights
Customer insights
Product insights
Digital audit
SWOT analysis
Positioning matrix

Sponsorship

Budget overview
Portfolio analysis
Property evaluations
Competitive review
Trends review
Interviews with the team

2. STRATEGY

Why

A simple statement with two or three objectives and the key results.

Who

Prioritize your audiences.

Ideally use the same definition as the marketing and communications team.

What

Your themes or an important message for your audience from your organization.

Where

High-level criteria for selecting a property.

What makes you say yes?

When

A high-level calendar or the desired rollout for activities.

How

The communication ecosystem or the preferred channels or environments.

3. ACTION PLAN

Portfolio

Budget re-shuffle
Search for properties

Activation

Creative brief
Guidelines
Toolbox

Resources

Team (training or hires)
New internal partners
New production partners

Tools

KPIs
Automation tools
Online filtering system
Evaluation framework
Post-mortem templates
Email templates

Documents

External policy
Internal policy
Board presentation

Skipping steps 1 and 2 to dive into the action plan will lead to a dead end and have your team arguing about creative ideas before you understand who you want to speak to and what you want to say to them. If you're a small organization, skip the parts that seem unnecessary or that won't add value to the process. This is not a one-size-fits-all approach. You can easily trade the competition review for in-depth interviews with your team. You can grab a coffee with the VP Marketing and agree on three to five brand directions if there's no documented strategic plan.

Case study: The Toronto Pearson propeller project

Strategy isn't magic. It takes focus. Toronto Pearson International Airport found sharp strategic focus in a complex ecosystem of stakeholders.

1. DIAGNOSIS

- In 2016 and 2017, Toronto Pearson felt it was spreading itself too thin. It wanted to do more with its sponsorship and donations program. An external study found that it could have the greatest social impact with people who had been in the country for three years or more and who no longer received support from social service agencies.

2. STRATEGY

- Focus on helping later-stage newcomers gain the skills, connections, and opportunities to be meaningfully employed in communities around the airport and beyond.
- Group sponsorship initiatives and activations under a branded umbrella: The "Propeller Project" to make it easier for communications to rally the troops around a single mission.
- Leverage the airport communications channels and document the process through digital content (mostly videos and photos).

3. ACTION PLAN

- Support new programs such as Scientists in School (CivicAction's Escalator Program), 6 Degrees (by the Institute for Canadian Citizenship), and ACCES Employment.
- Establish an External Champions Council comprising 20 local business and community leaders.
- Measure results with simple KPIs: number of projects, money invested, number of residents impacted, and qualitative partner feedback.

An airport has hundreds of options for its sponsorships and donations strategy and a long list of audiences and stakeholders to please. Focusing resources on the most promising opportunity (such as helping later-stage newcomers) was a bold move that would make the daily operations of the program much easier. Toronto Pearson started with a clear diagnosis through external research. They formulated a strategy that narrowed down the audience, the message, and the touchpoints. They then developed an action plan that could be measured with simple KPIs.

Good strategy might make you feel uncomfortable. Good strategy requires trying new things or saying no to familiar options. The process might require writing a 200-page deck of input. But the output should be simple and direct (e.g. it could be summarized in an email).

Rely on data as much as pilots rely on their instruments. Examine and discuss information with your colleagues, but challenge the numbers. Talk to your team, contact your partners, speak with customers, attend events, and read comments on social media. Then, think outside the box.

A shift in sponsorship strategy most likely means shifting budgets that some people hold dear, changing the team's composition, or developing new communications channels. Getting everyone excited about a new direction requires more than a PowerPoint presentation. It might take many meetings and presentations. But doing the hard work now will make it easier later.

Outside influence: Five factors impacting sponsorship

Jim Andrews
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Thought Leader

Sponsorship professionals spend a significant amount of time examining how we, as an industry, are succeeding or falling short in our constant efforts to improve.

Sponsorship professionals spend a significant amount of time examining how we, as an industry, are succeeding or falling short in our constant efforts to improve. But we must not lose sight of the external forces that can either propel or impede our efforts. Here are five factors that could have substantial effects on sponsorship:

I. Industries in low-growth mode

The largest companies and brands in important sponsorship categories such as packaged goods, autos, apparel, financial services and telecommunications have experienced little to no growth over the past few years.

Compounding that, marketers experiencing stagnation often focus on short-term goals to help impact quarterly numbers and please executives and shareholders.

A recent study showed that while the optimal marketing mix is 60 percent long-term brand building to 40 percent short-term sales promotion, marketers have shifted to a 50-50 split, taking money away from impacting the future and instead trying to earn results today.

Sponsorships don't typically fit into short-term plans. While digital and ad media excel at quick turnarounds, partnerships are a long-term play.

II. Growth in uncharted places

Economic growth *is* happening, just not in the usual places. The slow growth cited above is among Fortune 500 companies, which is no doubt a critical group.

But, as noted by the Interactive Advertising Bureau's excellent report, "The Rise of the 21st Century Brand Economy," the hub of growth in the consumer economy has shifted to companies and brands that have tapped into low-barrier-to-entry, capital-flexible, leased or rented supply chains. These include thousands of small firms in all major consumer-facing categories that sell their own branded goods entirely or primarily through their owned-and-operated digital channels.

These brands are the marketers most in need of a cost-effective marketing platform—like sponsorship—that can raise awareness, build their brands, create stature and put them on a level playing field with well-known category leaders.

This is a true best of both worlds scenario. Consider the razor category. Clearly there is a chance in one world to offer relevant sponsorship opportunities to high-growth disruptors such as Dollar Shave Club and Harry's, which are taking roughly one market share point away from category leader Gillette every year.

But there is also an opportunity with the heritage brands that are being disrupted. Yes, loss of share, sales and revenue means budgets are under severe pressure at companies like Gillette's parent company, Procter & Gamble. But marketing spending isn't gone. In fact, slow growth or no growth means brands like Gillette are looking for new opportunities to reach new consumers in new ways.

So, while we see a slow-growth threat when we note that Gillette exited its sponsorship of Major League Baseball in 2018 after 79 years, we also see opportunity when we look at the brand's new deals in esports.

III. Zero-based budgeting

The latest trend in management is zero-based budgeting (ZBB). This accounting technique essentially forces adherents to rebuild budgets from zero every year, justifying each line item rather than targeting an increase or an aggregate spend and then backfilling. According to a recent Deloitte study, 22% of CPG brands—including Unilever, Kraft-Heinz, Mondelez and Kellogg—have adopted this approach, and it's spreading to many other categories.

Zero-based budgeting is not a bad idea in itself. Budgets are built around what is needed for the upcoming period, regardless of whether any given budget is higher or lower than the previous one. The problem is when companies in low-growth mode and with a short-term vision poorly apply the concept of ZBB to try to cost-cut their way to growth.

It's also clear that zero-based budgeting is no friend of long-term plans. It favours areas that can achieve direct revenues in the near term, as their contributions are more easily justifiable than investments in long-term—but necessary—objectives like brand building. If a sponsorship is subjected to an annual review under ZBB, it's going to have to produce some measurable outcomes to ensure it sticks around.

IV. Outcome-based marketing

In a similar vein, brands are growing accustomed to marketing platforms that can connect the dots between campaigns and actual sales. This has been digital marketing's great strength. If you buy Google ads, Google Analytics helps you attribute conversions, sales, etc. at the user level. Facebook does the same.

> An issue causing much angst among marketers: "Can I trust that my brand won't end up next to or associated with inappropriate content?"

And this trend is not limited to digital media. Increasingly, TV is preparing to provide real-time reporting and household- and user-level data just as digital does. Procter & Gamble Chief Brand Officer Marc Pritchard said last year, "What has occurred over the past several years is that digital technology and data analytics have allowed greater control of the marketing. We are now seizing that control back."

This was both a major disruption of the ad agency media-buying model and a big deal for sponsorship as well. Our field currently lacks the campaign-to-result analytics and through-line. Yet, more marketers expect those as the norm as more brands are demanding greater accountability for their marketing spending—and sometimes putting more of it into the hands of procurement departments. Sponsorship therefore runs the risk of getting left out if we don't up our game.

And it's not just analytics. Some media players are offering new models that reduce risk for marketers. Consider the digital agency that 1) sold media to a real estate firm based on cost per actual lead and 2) lowered the price in exchange for a profit share on any homes that were sold. The idea that "we are so confident this will be a good buy for you that we are willing to have skin in the game" goes a long way with marketers in today's environment.

V. Brand safety

An issue causing much angst among marketers: "Can I trust that my brand won't end up next to or associated with inappropriate content?"

Problems with programmatic buying and the fact that Google and Facebook refuse to allow third-party content verification have made brand safety a headline topic, with advertisers threatening to boycott YouTube, among other measures.

This issue is one reason that the digital spending free-for-all is over—good news for sponsorship and other sectors. Although digital is still where many marketing dollars are going and will continue to go, there is a market correction happening based on the things that digital has not done well. A great deal of money was spent on ads and videos that no real people ever saw for more than 1.7 seconds. Brands have caught on to that and are getting much smarter about where and how they spend their digital dollars.

Marc Pritchard himself has admitted that in going (almost) all in on digital, P&G and other brands had become blinded by shiny objects. Now they're reallocating some of those budgets to other forms of media. P&G alone has shifted $200 million out of digital and back to other advertising and marketing channels.

Although the topic of brand safety has primarily been associated with digital marketing, sponsorship lives in a glass house and shouldn't throw stones. Where once we touted sponsorship as a safer environment for brands—in alignment with trusted institutions that people are passionate about—that argument is tougher to make today.

The most egregious examples are those that are self-inflicted on the part of properties. Certainly, sponsors were justified in removing themselves from the USA Gymnastics, and no tears were shed regarding the FIFA's World Cup sponsorship woes.

Other recent examples are more interesting. No doubt, the U.S. sponsors who chose to partner with the NRA knew they were getting involved with a controversial organization. There have always been brands that decide that reaching a sizable group of potential consumers is worth suffering the consequences of those who might be upset by the association.

That calculation is, however, harder to make in our transparent world where such partnerships are easily found, and where reaction to them is much swifter and stronger thanks to the acceleration of social media. While partnering with the NRA would never have been a safe option, it was certainly safer in a pre-digital world.

Perhaps most interesting of all is the NFL anthem protest controversy, with so many angles, actors, and, ultimately, sponsors ultimately caught in the middle with both sides calling for boycotts. From any of these angles, it's safe to say that sponsorship isn't always a brand-safe environment.

Five steps to making sponsorship more impactful

Matthew Leopold
Non Executive Director
European Sponsorship Association (ESA)

Sponsorship partnerships can be a brilliant marketing tool. Nothing else in the marketer's toolbox can generate a more positive emotional response from customers.

Sponsorship partnerships can be a brilliant marketing tool. Nothing else in the marketer's toolbox can generate a more positive emotional response from customers. They really can be the magic dust that transforms the way customers think about and engage with your brand.

Alternatively, sponsorships can be a massive waste of time and money

Over the last few months, I have presented at a number of sports and sponsorship conferences around the world. While preparing my presentations, I reviewed a range of high-profile sponsorships from the UK, Europe and around the world. Clearly, some are very clever and creative. The sponsors understand how and why sponsorship can benefit their products and brand.

However, a large proportion of sponsorships I reviewed are not impactful. Investments in them underperform and achieve little.

I was discussing this a few weeks ago with my friend and colleague Ian Thompson (who leads the well-known marketing consultancy PACL). We concluded that there are five key steps that, if followed, would make sponsorship partnerships significantly more impactful.

1. Create a strategy

Just last week I was sent a sponsorship proposal promising me "a guaranteed 3:1 return on your investment in media value alone." No! Just like every other element of marketing (or business), you have to start with a strategy. Justifying a multi-million-pound (or dollar) investment on a (rather dodgy) media valuation is not the place to start.

Sponsorship is marketing. So why do our brains turn to gloop whenever sponsorship is discussed? Start with the basics: what is the marketing (or business) problem you are trying to solve? How does the communications process actually work? What are the target customer segments? What is the key insight that will help you deliver? Then, and only then, ask yourself "could sponsorship help solve this problem?" Quite often, the answer will be no. It is so easy to get caught up in the glamour and celebrity sparkle of sponsorship. Think business. Think customer.

It's basic marketing and business theory. Ensure sponsorship is the solution to a strategy, rather than a strategy of its own.

2. Evaluate to improve, not to justify

Measuring sponsorship is not simple. There is no single-digit answer or magic formula. Let's accept that as fact and stop trying to justify sponsorships with irrational measures, such as media valuation or estimated reach. Is having five million views of your video really a justification for the money invested? Is it really a measure of success?

Rather than reporting against the outputs of sponsorship (the reach, the awareness, the number of attendees at events), let's move our focus to outcomes—in other words, the desired impact that the sponsorship has on the customer. We should be looking at how they feel and react towards the sponsoring brand. Output measures can help tactically, but should really not be used to justify or prove success in partnership marketing.

3. Meaningful connections are important

"Why should I care?" Can you easily and simply explain why you are involved in the partnership? The British Gas sponsorship of British Swimming delivered some brilliant customer and brand outcomes. However, they struggled to explain why they were partnered. This lessened their impact. They had to invest more effort into explanation rather than activation.

But don't fall into the corporate echo-chamber. You are speaking to customers, not corporates. Explaining that your brand and the rights holder share common values is not a connection! Have you ever heard a customer say, "both the brand and the sport are modern, brave and resilient—of course they should be in partnership"? No, of course not! So you shouldn't say it either.

4. Shake off the sponsorship mindset

Stop thinking sponsorship and start thinking 'marketing partnerships.' Sponsorship has long been seen as a transactional arrangement. This leads to the impression that it is expensive, unjustified and frivolous. Based some of the sponsorship deals currently in the market, the impression is deserved. To be taken seriously, sponsorship needs to be treated just like every other element of the marketing mix.

Customer research, insight, measurement, and evaluation need to be at the heart of all marketing partnerships. No brand would join a loyalty partnership with another business without significant research. Yet, millions of pounds are thrown at sponsorships based on nothing more than gut instinct. Sponsorship is a marketing platform—treat it like one.

5. Put the customer at the heart of content

Please, please—just because you have purchased brilliant assets and athletes, do not just create content. There is so much content, things are becoming cluttered.

Remember my first point? Create a strategy. Know what you want to achieve and then focus your assets (and content) on delivering it. Creating a lovely video might feel like a great thing to do, but if it isn't relevant to your brand or to your customer, it will just get ignored and confined to the depths of the internet.

Sponsorship performance: Three questions that brands often fail to answer

Francis Dumais
Co-founder, Elevent

Marketing professionals often lack the data to show direct positive returns, which would help build a solid business case for sponsorship investment.

Sponsorship budgets are under pressure and are often the first to get cut. Why? Upper management perceives sponsorship budgets as a long-term branding investment rather than a promotional spend that can render results in a shorter time frame. That perception is not totally incorrect, but it is incomplete and short-sighted.

You may or may not be surprised by the number of brands that spend a significant amount of money on sponsorship with no reliable data to back up the performance of their marketing investments.

Marketing professionals often lack the data to show direct positive returns, which would help build a solid business case for sponsorship investment. As the perception of sponsorship in large organizations is often distorted, the right metrics are key to changing the narrative.

At Elevent we are working with a consortium of financial institutions to pool research resources. We aim to create a common research fund and build an index specific to the financial sector, showing the impacts of sponsorship investment on client retention and lifetime consumer value. We feel strongly that we can measure the impacts of sponsorship and work with businesses in innovative ways to achieve results.

Three sponsorship questions

But let's get back to the basics. What three things can help communication and marketing professionals better position their sponsorship investment?

1. Why sponsorship?

Generally speaking, sponsorship is expensive and more complex than a typical advertising campaign. You are trying to mesh two brands together to generate positive brand equity—often within three short years. Investing in sponsorship without careful planning or a clear vision of the purpose of the partnership is a waste of time and resources.

The first question that brands need to ask themselves clearly is this: what can sponsorship achieve for corporate, marketing, communication, or even human resources objectives that other communication tools cannot achieve or, at the very least, not as effectively?

The short answer to this question is not always clear. It is critical to first identify the two or three key objectives that sponsorship needs to achieve for your organization. This will allow you to properly measure the impact of your program.

2. Do sponsorship programs work?

As with any other communication tools, the challenge lies in linking a result to a specific effect. But there is a lack of understanding of what that specific effect may be.

Sponsorship can be used to achieve multiple results, from visibility and brand awareness to brand image, brand affinity and sales. These work in a funnel, with building brand awareness at the top and sales (and repeat business) as the ultimate goal.

Unfortunately, the vanity metrics used in the industry won't tell you what sponsorship has done for your brand or business. For example, if you look solely at output or impressions, you'll find no information about the performance of the partnership on desired outcomes like, for instance, purchase intention.

Data collection

Data collection must therefore focus on the desired outcomes or variables that you want to test, such as brand recognition, brand sentiment, purchase intention, and so forth.

Control group: correlation vs. causation

To zero in on sponsorship effectiveness, an audience that has been made aware of and exposed to sponsorship must be compared to a control group that has not been made aware of or exposed to the partnership. Other than their level of exposure, these groups must be similar in almost every way. The two groups must then be tested for the desired sponsorship outcomes. Any differences between the groups will help assess the effectiveness of the sponsorship.

With improved metrics, professionals would be better equipped to refine their activation campaigns and sell sponsorship internally.

Sponsorship effectiveness from a business perspective

Besides value, what does sponsorship actually achieve for your business (e.g., image, client retention, sales, etc.)? While sponsorship is generally considered a matter of marketing or communications, it has the potential to tie into larger issues for an organization, and conversations around sponsorship can make their way to upper management or even the board. Thus, sponsorship should not be considered a niche tool, but should be used more broadly within companies.

3. What will the return on our investment (if any) be?

While many firms now claim that they can measure sponsorship impact and even ROI, they are mostly looking at social media, which often only represents a tiny portion of the sponsorship value. Linear TV and on-site assets still represent the lion's share of that value.

So how do you measure true sponsorship ROI? It's simple: value minus cost. Here is our take on what you should measure:

Value

- Sponsorship contractual assets, including on-site visibility and the property's media placement carrying the sponsor's logo
- Sponsorship-specific qualitative value
- Brand visibility from linear broadcasts or webcasts
- Value of hospitality, food, drinks and tickets
- Direct revenues and estimated increases in sales or direct cost savings

Cost

- Sponsorship rights fee
- Production costs
- Costs of managing the sponsorship (internal and external)

Gathering this data is not an easy task. There is no silver bullet for calculating sponsorship ROI. It requires an investment of time and money. Data must be gathered from various sources and best guesses may have to be made to fill in some information gaps.

Regardless of possible roadblocks, any efforts towards a gaining a better understanding of the effects of sponsorship investment will help your business make more informed decisions about single sponsorships and the portfolio as a whole.

Opportunity costs

Deciding whether or not to embark on a sponsorship program also comes down to the cost of sponsorship when compared with other communication platforms that can achieve your desired objective.

Measuring actual ROI may be too complex, due to environmental factors, a lack of metrics, or the difficulty of singling out the sponsorship impact among a range of communication strategies. However, calculating the opportunity cost of sponsorship can be a good benchmark to support decision making.

In a B2B environment, the value of a lead can be easily calculated. For example, if a company has established a $100,000 partnership for a business event involving FaceTime interactions with 1,000 qualified professionals, then the value of a lead in that sponsorship context would be $100. What could your marketing or sales team achieve with a similar amount? The same can be said in a B2C context when looking at other communication channels and their effects compared to the sponsorship investment.

Evaluating sponsorship opportunities against what can be done with a similar budget is an interesting proxy to justify sponsorship value.

What we're doing to solve the problem

When Elevent was founded in 2013, our goal was to bring a more structured and objective approach to sponsorship measurement. We examined more than 20 years of academic research on sponsorship to build a foundation for our tools. Our vision was to create an algorithm that automated the sponsorship valuation process, and, in so doing, we made the process not only more efficient, but far more reliable. Later, we put hundreds of sponsorship valuations through their paces to perfect our algorithm.

An algorithm like this opens up a new world of possibilities for benchmarking and qualitative KPIs, which we hope will change the conversation around sponsorship valuation and measurement.

We now have more than 125 clients in three countries, but our original mission is still at the heart of everything we do involving sponsorship consulting and performance measurement.

Section 3

Every year, to bridge the gap between the managerial and academic spheres, we present a brief overview of academic sponsorship research conducted by renowned university professors.

Science of sponsorship

Interference effects in competitive sponsorship clutter

Competitive sponsorship clutter involves a situation where consumers are exposed to multiple brands sponsoring different aspects of a given event at the same time. For example, Nike was the official sponsor of the 2016 Rio Olympics. But athletes also wore their own sponsor's merchandise, such as Adidas, Reebok, and Puma—Nike's brand competitors. It was thought that that this would have a detrimental effect on consumers' ability to remember brands. However, it turns out that competitive sponsorship clutter does not necessarily have a negative effect on consumer attitudes. While clutter does affect consumers' deeper information processing (memory, evaluation, etc.) of congruent sponsoring brands, it can also positively affect consumers' attitudes toward incongruent sponsors.

Sponsor-sponsee congruence refers to the perceived strength of the relationship between an event and its sponsors. In contrast, sponsor-sponsee incongruence refers to the low degree of fit between the event and its sponsors.

To explore how incongruence affects consumer attitudes, researchers launched an online experiment in the context of the Canadian Open golf tournament. To create sponsorship clutter, in one experimental condition, five competing brands were included as congruent sponsors (sportswear) of the event: Adidas (at the event level) and Fila, Reebok Puma, and Asics (at the golfer level). In another condition, five competing brands were added as incongruent sponsors (music programming): MTV (event) and Much, MusiMax, MusiquePlus, and Galaxie (competitors). Using a fictitious five-page promotional leaflet, the experiment exposed participants to either the congruent or incongruent sponsorship clutter conditions. Depending on the condition in which they were randomly assigned, participants read different versions of the leaflet and then completed a questionnaire that included several different measures (e.g. brand memory, perceived quality of the leaflet and the advertising, attitude toward the event's sponsor, attitude toward the sponsorship program, etc.).

The research revealed two key findings: (1) sponsor–sponsee incongruence has a positive effect on brand evaluation in a competitive sponsorship clutter environment, and (2) articulating the sponsor-sponsee relationship through communication initiatives such as advertising decreases the negative effects of sponsorship clutter.

The practical implications for this might include the following: When faced with competitive exposure—whether on the field or via social media—managers of sponsoring brands can implement defensive strategies. To counter ambush marketing and reduce interference, brand managers could try to convince the event organizers to adopt stricter rules governing the commercial environment. Or they could simply opt to disclose the ambushers. The results of this study also suggest that while incongruent sponsors should look for events where the main athletes are sponsored by competitors, congruent sponsors should avoid such events.

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Summary of an original article published in Psychology and Marketing, December 2018, Vol. 35, Issue 12, 968-979

The company you keep: How an organization's horizontal partnerships affect employee organizational identification

An organization's horizontal partnerships—particularly marketing relationships such as sponsorships, endorser relationships, and co-branding—can positively affect employee organizational identification, or OI, which is defined as the degree to which individuals integrate an organization's identity into their own. If initiatives related to sports, the arts, or charities meet employees' emotional and behavioural needs, that can generally help bolster an employee's sense of self.

This process is determined by an employee's evaluation of a partner's relevance (the perceived social import to the employee) and congruence (promotion of similar values to those of the employing organization). However, how horizontal partnerships affect employee OI will depend on employees' initial state of identification with their employer.

For OI to be established, organizations must respond to two comparison processes. First, employees will compare their own identity to the image presented by the organization. In this first comparison, employees' need for self-continuity must be met. In other words, they must be able to feel "true to themselves" within the organization. Second, employees will compare their current identity within the organization with the role they expect themselves to play in it over time. In this second comparison process, employees' need for long-term fulfillment must be met. In other words, the organization must allow its employees to live up to their own expectations of who they want to become.

What is surprising in the study's findings is that employees with an initially low OI can develop a stronger OI through their organization's horizontal partnerships. This is, in part, because employees can find an avenue for identity expression even when they perceive partners as having low congruence with their organization. Highly engaging managerial communications or actions and opportunities for identity enactment (e.g., frequently sending news about a partnership, organizing joint events such as teamwork training by members of a sports team, creating volunteer opportunities, or scheduling regular visits to a partner's sites) can amplify positive identification shifts. However, authenticity is key. High employee engagement could have negative consequences if engagement with a partner is mandatory or disingenuous, as employees who experience identity violation or identity resignation could find their identification with their organization eroded. A more decentralized approach to employee engagement (e.g., giving employees opportunities to be involved in partnership decision making and activities, volunteer opportunities, etc.) could therefore help to boost organizational identification.

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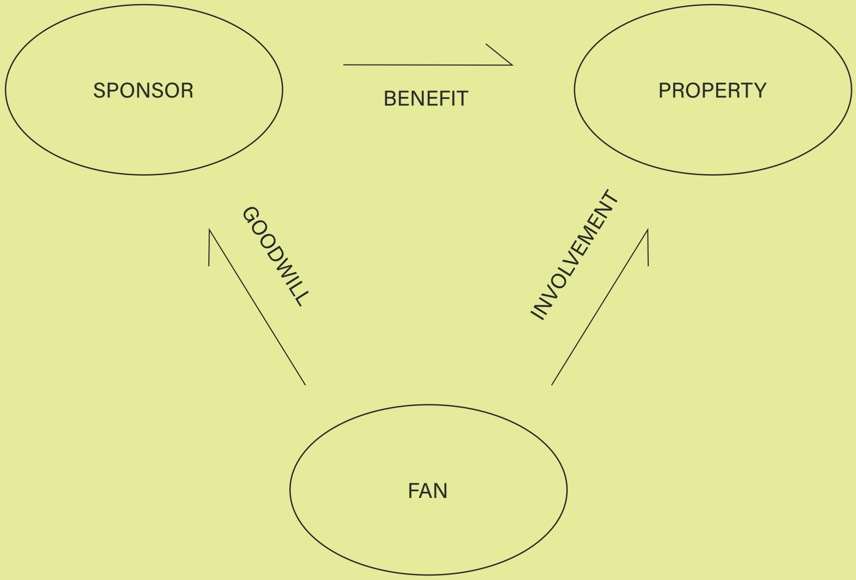
Adapted from an original article published in the Academy of Management Review 2018, Vol. 43, No. 4, 772–791.

Fan goodwill: The key to incremental sponsorship value

Despite important advances in key areas of sponsorship practice, including a multi-stakeholder orientation, the emergence of new property rights and the enhanced activation of sponsorship via social media, the measurement of effectiveness, and the related issue of providing evidence that sponsorship 'works' represents the Achilles heel for an industry with a suggested global rights spend of $65.8 billion in 2018. Consumer-focused sponsorship effectiveness research has traditionally relied on sponsor brand metrics related to stages of the consumer journey (i.e. brand awareness, image, affinity, consideration, purchase, etc.), all linked to sponsorship awareness as the basis for indicating sponsorship effectiveness. It could however be argued that focusing exclusively on sponsor benefits neglects the reactions of consumers (as fans) to the sponsor's behaviour concerning the object of their affections and passions, e.g. a sports team.

Interactions between parties in the sponsorship triangle



Sponsorship effectiveness: Introducing the fan focus

A recently published study of sponsorship effectiveness, the National Sponsorship Index (NSI), developed by Core Marketing Communications Ireland (part of the Publicis Group), included the traditional sponsor metrics as listed above, but additionally incorporated fan beliefs regarding the benefit delivered to both the sponsored property and/orthe fan-property interaction resulting from the sponsor's involvement. The source of this fan-related focus is a widely cited publication entitled "Understanding Sponsorship Effects," which presents a research-based model of 'how sponsorship works.' The diagram on the right illustrates the key parties involved in a sponsorship arrangement and the interactions between them.

Fan goodwill refers to the positive emotional reactions fans develop towards a sponsor that benefits a favoured activity, team, athlete or event. Goodwill is not automatic, but is both earned and contingent. Sponsor behaviour, when perceived as beneficial, can generate fan goodwill and gratitude towards the sponsor while perceptions of abuse, disregard and selfishness by a sponsor can engender a negative reaction from fans.

Developing the National Sponsorship Index (NSI)

Core is Ireland's largest marketing communications agency, comprising a number of areas of related expertise. Two key areas of expertise within this agency, sponsorship and research, combined to develop an enhanced solution to the perennial industry problem of measuring sponsorship effectiveness. The primary objective of the Core initiative was to establish a national database of sponsorships in terms of 'effectiveness.' A necessary first step involved an extensive review of the relevant literature on sponsorship effectiveness, which then led to the development of the model that formed the basis of the National Sponsorship Index. Recognizing the proprietary nature and the consequent unavailability of research results from sponsorship practice generally, and armed with understandings from the literature review which suggested that three key building blocks, i.e. Fandom, Goodwill and Linkage, were essential to understanding successful sponsorship, the focus turned to the fan perspective on sponsorship effectiveness. 'Effectiveness' in this research study is thus viewed not from the perspective of the individual sponsor or sponsorship but from the perspective of the consumer as 'fan' and through the lens of the three variables. Fandom, Linkage and Goodwill represent measures that are realistic and that also facilitate common application across sponsorship generally. The Fandom variable is concerned with fan numbers and the intensity of fan passions; Goodwill is concerned with fan beliefs regarding benefit being delivered by the sponsorship; while Linkage is concerned with the extent to which respondents correctly associate both sponsor and property, i.e. sponsorship awareness. These building blocks formed the basis of the resultant Index. A working model of the Index was the subject of early market testing (sample size: 1,000 adults) using the 6 Nations Rugby Championship (the major European rugby championship) as its focus. This provided important validation of both model structure and research direction.

A key structural step in creating the NSI was to determine the most 'loved' properties in the Irish market in terms of reach and intensity of fandom. In this regard, a broad range of property types such as Sports, Arts, Venues and Causes was considered. Drawing on Core's own database of sponsorship properties, a panel of sponsorship experts shortlisted some 150 different properties. These shortlisted properties then became the subject of a national survey, (sample size: 1,000 adults) to determine fan numbers and the intensity of fan interest for each of these 150 properties. The results of this research led to a final shortlist of the top properties in the Irish marketplace, which became the focus of subsequent analysis. This final shortlist list included 35 different properties and 50 associated sponsorships.

The 50 shortlisted sponsorships were then the subject of two national surveys (sample size: 1,000 adults) relating to the key building blocks, i.e. Fandom, Goodwill and Linkage as described above. These two surveys were undertaken at different times to eliminate the seasonality factor associated with sponsorship. Future NSI research will operate on an annual rolling basis. The National Sponsorship Index creates a single score for each listed sponsorship and benchmarks the 50 marquee sponsorships in Ireland. This single score is the sum of the results of each of the three building blocks, Fandom, Goodwill and Linkage, which were calibrated to reflect their potency to influence meaningful commercial effects (as measured by brand affinity and propensity to purchase).

Research results and learnings

The recently published NSI results showed that the top 10 sponsorship list contained five sports, two cause-related and three high-profile venue sponsorships. The number one sponsorship was Darkness into Light (a highly acclaimed annual walking and fundraising event to raise awareness around suicide, self-harm and mental health), which is sponsored by Electric Ireland, a major Irish energy supplier. At the European Sponsorship Association (ESA) annual awards, this sponsorship won the CSR Partnership of the Year award in both 2017 and 2018, the Mass Participation Sponsorship award in 2018, and the overall European Sponsorship of the Year award in 2017.

During the two national surveys when data was collected in relation to the three building blocks of 'effectiveness,' i.e. Fandom, Goodwill and Linkage, data was simultaneously collected on key commercial effects as traditionally sought by sponsors (i.e. brand affinity and propensity to purchase) for each of the top 50 listed sponsorships. Cross analysis of these two sets of data, i.e. building blocks data and commercial effects data, yields important insights for each individual sponsorship listed on the Index as well as some important findings for sponsorship generally. At the individual level, the performance of each listed sponsorship can be assessed and compared based on the overall NSI score level; based on the score achieved for each individual building block variable (Fandom, Linkage and Goodwill) as well as the score achieved for each individual commercial effect (brand affinity and propensity to purchase). This information provides the clarity of thought necessary to direct future sponsorship strategy for each listed sponsorship. As the NSI data isolates and indicates the capacity of individual variables to trigger commercial effects, it thereby points to specific remedies to drive more effective sponsorship strategy.

Sponsorship effectiveness research has largely ignored fan perceptions of and fan reactions to sponsor behaviour. In terms of broader industry implications, the NSI findings suggest this approach is short-sighted. The NSI results indicate that sponsors could tap into significant incremental benefits that are available through the generation of fan goodwill leading to fan gratitude and reciprocation. The research results show that where fans are aware of the sponsor/property linkage, there is a 30% uplift in commercial effects compared to where fans are unaware of the linkage. While this finding reflects the results of many earlier studies on this issue, the real insight arises in relation to the goodwill issue. Where fans are aware of the linkage and believe that there is benefit to the property and to the fan experience (arising from the sponsorship), there is a 71% uplift in commercial effects.

This brief paper offers a more comprehensive framework for measuring sponsorship effectiveness based on an enhanced understanding of how sponsorship works. The research findings send a clear message to sponsors that there is additional value to be gained from generating fan goodwill and gratitude.

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Source: *Adapted from Dr. Tony Meenaghan, (2001), Understanding Sponsorship Effects, Psychology & Marketing, Volume 18, Issue 2, pp 95-122.*

End-to-end sponsorship service agency
Consulting, research, online solutions

Since we arrived on the scene in 2013, our mission has remained the same: to advance sponsorship through a mix of practical expertise, research and technology—an industry first.

Elevent is the only agency in Canada that provides a full suite of strategic sponsorship expertise under one roof. We offer sponsorship performance measurement and research services that cover the full sponsorship development cycle. Based in Montreal, our agency has the pleasure of serving clients, including major events and top-tier sports teams, worldwide.

We can help your marketing team and key stakeholders better understand the role of sponsorships within your organization, find the ideal partnership to maximize your brand impact, and negotiate the assets that are right for you.

Engineered with science and powered by human expertise, our tools support the entire partnership life cycle: CakeMix, our online valuation platform, calculates the exact value of your sponsorship assets; BrickRoad helps you filter through sponsorship proposals automatically; and SPOT gives you the value of your brand's visibility in broadcasts or on social media.

Sponsorship is our passion. That's why we devote a good chunk of our time to researching industry trends and sharing our knowledge. We invite you to soak it all up in our fourth volume of *Global Trends in Sponsorship.*

Feel free to reach out to us at info@elevent.co

Our team

This page: Francis Dumais, Daniel Juillet and Maxime Chamberland. Next page: Céleste Morisset, Matilde Bourgeois, Monia Hocine and Jay Hébert.

Our board

François Royer-Mireault, Normand Vaillancourt, Jay Hébert and Francis Dumais

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