

Press Release

For immediate release

Global sports sponsorship market to record strongest growth in a decade, with spend reaching \$48bn in 2020

Brand spend on Olympics, World Cup football and rugby, NFL, NBA, MLB and IPL all at record-highs, while e-sports presents new opportunities

WARC Global Advertising Trends – Sports Sponsorship Investment

28 January 2020 – Advertiser spend on sports sponsorship is expected to rise 5.0% this year to reach \$48.4bn worldwide – the strongest growth in a decade and ahead of growth projections for all traditional media, finds WARC, the international marketing intelligence service.

Recent market growth has been buoyed by record investment ahead of the 2020 Tokyo Olympics: the current Olympiad cycle is expected to garner \$5.94bn. WARC believes \$1.95bn will be spent by worldwide Olympic partners such as Coca-Cola and P&G – double the amount recorded during the previous Olympiad – while a further \$3.33bn will be invested by domestic sponsors including Canon, Asahi and Fujitsu for Tokyo 2020 – four times higher than Rio 2016.

Aside from the Olympics, new or expanded partnerships for the UEFA EURO 2020 tournament, English Premier League (EPL), National Football League (NFL), National Basketball Association (NBA), Major League Baseball (MLB) and Indian Premier League cricket (IPL) are all set to rise to record-highs. Atop this, e-sports sponsorship is forecast to reach a new high of \$584m in 2020.

James McDonald, Managing Editor, WARC Data, and author of the research, says: “Legacy rights holders are set to benefit from a windfall in sponsorship revenue in 2020, as brands continue to vie for association with properties that provide access to engaged and enthused audiences at scale.

“E-sports is offering a new avenue to hard-to-reach audiences for brands, ones which are young, affluent, and more likely to take steps to block advertising online. It also presents new revenue streams for media owners; Tencent, Amazon, Alphabet and Facebook all have a stake at play.”

- **Domestic properties are in rude health**

North America – the largest region – is the primary growth engine, expanding at a compound annual growth rate (CAGR) of 4.6% since 2011 to \$18.8bn this year. In the US, where 82.5% (\$15.5bn) of the regional total is transacted, brand associations with the NFL, NBA and MLB are forecast to reach \$3.97bn in value in 2020, just over a quarter of all spend.

NFL sponsorship value is expected to reach \$1.53bn in 2020, up 4.9% from 2019, while MLB deals are projected to rise 5.6% in value to \$1.05bn in 2020. Tie ins with the NBA are forecast to rise 7.1% in value to \$1.39bn for the 2020/21 season.

The financial services sector is the largest investor in sports sponsorship in the US (\$5.3bn in 2019), per Two Circles, followed by automotive (\$2.4bn) and retail (\$1.3bn). Telecoms (\$1.0bn), energy (\$0.9bn), technology (\$0.7bn) and soft drinks (\$0.7bn) brands are spending one billion dollars or less per year.

The **European** market is forecast to grow 5.0% to \$12.9bn this year, ahead of the five-year CAGR of 4.2%. Germany is the largest market, with a projected value of \$1.89bn, up 4.4% from 2019. Almost two-fifths (38%) of European sponsorship money is directed towards football rights-holders, with 10% of the regional total invested by the sportswear sector. Banking (5%), betting (5%), automotive (4%), drinks (3%), software (3%) and insurance (3%) follow.

In the **UK**, English Premier League (**EPL**) shirt sponsorship alone accounts for a quarter of adspend in the gambling sector. Betting companies are expected to spend £148.7m on internet ads this year, £49.4m on TV, and £34.6m in print to reinforce a projected £72.0m investment in football shirt sponsorship this year.

Asian investment has been lifted by the upcoming **Olympics**, Chinese brands' association with the **2018 FIFA World Cup**, and the **PyeongChang Winter Olympics**, which drew \$649m from domestic sponsors in 2018.

Further, WARC Data analysis of World Rugby financial filings shows sponsorship deals of the last **Rugby World Cup**, held in Japan in 2019, are likely to have topped \$50m for the first time. In India, **IPL cricket** sponsorships are thought to have been worth \$48m to brands in the 2019/20 season, up from the \$44m invested during the previous. The automotive sector spends the most in Asia at \$644m. Financial services, apparel and telecoms follow, according to ASN.

- **E-sports sponsorships pair brands with sought-after audiences**

Brand investment in **e-sports** – sport competitions using video games – is expected to reach \$795m worldwide this year, a 23.1% rise from 2019. Almost three quarters (\$584m) is to be invested in sponsorships, while a further \$211m is to be spent on spots during ad breaks.

Popularity is rising globally. In China a full 63% of males aged 16 to 24 years-old have watched e-sports content in the last week, per GlobalWebIndex. The equivalent rates are 40% in Saudi Arabia, 37% in Brazil, 32% in India and Germany, 29% in the US, 24% in the UK, 19% in the UAE and 16% in Japan.

Nike moved into e-sports sponsorship in H1 2019, entering into a four-year deal with the League of Legends Pro League (LPL) in China for exclusive jersey rights. Previous sponsors of the league, which attracts a peak audience of 95m, include Doritos, Intel, HP, L'Oréal and Mercedes-Benz.

- **Practitioners' confidence in measuring business returns from sponsorships has fallen**

One in four practitioners has no confidence at all in measuring business return from sponsorships – up from one in five in 2018 – and the overall proportion with some confidence (70.2%) is also lower than a year earlier (77.0%).

Agencies are most confident when measuring sponsorship ROI and brands least, while one in four rights holders are not at all. ANA research shows that 84% of practitioners believe that it is

important that the sponsorship property helps measure results, though only 30% of respondents audit or verify the metrics received from these properties.

Other new key media intelligence on WARC Data across regions

Global:

- Consumers: Gaming livestreams grow 12% as Facebook shows rapid rise
- Brands & Advertisers: Marketers embrace sustainability by changing culture
- Media & Tech: Advertising is main revenue stream for just 14% of publishers
- Brands & Advertisers: Facebook was only FAANG to lose brand value last year

Americas:

- Consumers: Instagram leads rapid social growth in Mexico
- Brands & Advertisers: DTC brands spend 41% of their media investment offline
- Media & Tech: Etsy and Target lead 'Big Five' in e-commerce growth

Asia Pacific:

- Consumers: Netflix triples APAC subscribers in two and a half years
- Media & Tech: 15% of Asian retailers have invested in AI
- Media & Tech: PG Mall enters top five e-commerce players in Malaysia

Europe, Middle East and Africa:

- Consumers: Distrust in brands is highest in France
- Media & Tech: Brands were over-optimistic on GDPR compliance
- Consumers: Over 40% of Spanish internet users have a connected TV

A sample of the Global Ad Trends – Sports Sponsorship Investment report is available to download [here](#).

Global Ad Trends, a monthly report which draws on WARC's dataset of advertising and media intelligence to take a holistic view on current industry developments, is part of **WARC Data**, a dedicated independent and objective one-stop online service which rigorously harmonises, aggregates, verifies and evaluates data from over 100 reputable sources, including Nielsen, featuring current advertising benchmarks, forecasts, data points and trends in media investment and usage.

WARC Data is available by subscription only. For more information visit <https://www.warc.com/data>

Ends

For further information, please contact:

Amanda Benfell
Head of PR & Press, WARC
33 Kingsway, London WC2B 6UF
amanda.benfell@warc.com
+44 (0) 20 7467 8125
www.warc.com

WARC – A global authority on advertising and media effectiveness

WARC is part of Ascential: the path-to-purchase company that combines intelligence, data and insights to drive growth in the digital economy. We do this by delivering an integrated set of business-critical products in the key areas of product design, marketing and sales.

WARC powers the marketing segment by providing rigorous and unbiased evidence, expertise and guidance to make marketers more effective. WARC services include best practice guides, case studies, research papers, special reports and advertising trend data, webinars, awards, events and advisory services.

WARC has 1,200 client companies, 75,000 active users in 100+ countries; collaborates with 50+ industry partners; has offices in the UK, US and Singapore.

WARC Data - The most rigorous and accurate benchmarks for media planning and strategy in the world

WARC Data sets new industry-standard for net advertising investment due to our unique methodology: HAVE. We harmonise, aggregate, verify and evaluate data to provide expert analysis drawn from over 40 years of experience. Our sources now, include a collaboration with Nielsen, allowing users to benchmark their strategy by category, channel and country.

WARC Data – methodology

WARC's advertising expenditure data are net of discounts, include agency commission and exclude productions costs.

Data is drawn from media owners – either directly or via the industry bodies in each market. Nielsen's data are, for the most, reported at a gross level and are calculated by applying rate card prices to volume.

Through a collaboration, WARC has now harmonised Nielsen's gross figures with net media owner data to create an entirely new and unique measure of advertising investment across 19 product verticals in 25 markets. The harmonisation factors in the formats Nielsen monitors and pairs these with the formats offered by media owners; totals are therefore balanced to account for any lack of coverage in the Nielsen data.

This results in trustworthy data, far closer to reality than equivalent data from other sources. All other data are verified prior to publication, we ensure our partners use watertight approaches to market monitoring.