



# 5 factors shaping the future of sports marketing

Focusing on the fan will drive the best outcomes



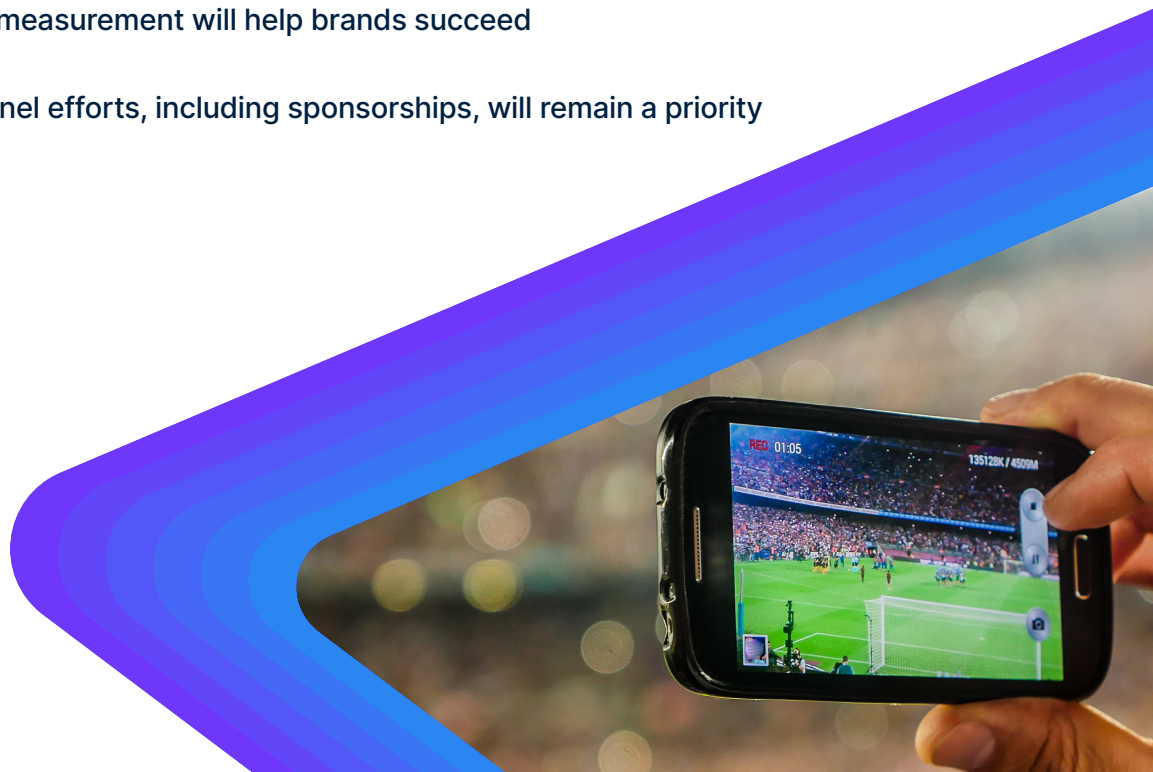
# Introduction

Over the last 18+ months of uncertainty, the ongoing pandemic has affected every facet of sponsorship—from how it's sold by rights holders to how brands invest and partnerships are activated. In early 2021, Nielsen Sports released [The Changing Value of Sponsorship](#) report, which highlights these seismic shifts in sports marketing. The areas of focus identified in the report have only increased in importance, from the changing media consumption habits of fans to the power of athletes as influencers. As advertisers head into 2022, what has occurred will continue to impact the year ahead.

To effectively engage consumers, marketers must remain nimble in a fragmented environment. Sponsorships will continue to transform as the sports industry moves away from siloed metrics. To unlock growth in 2022, marketers in the global sports industry must identify drivers of return against objectives and measure the holistic impact of their brand's sponsorship initiatives.

## Nielsen Sports has identified five key factors that marketers in the sports advertising space should be mindful of:

- 1 Esports will remain a resilient bet
- 2 Influencer athletes will continue to grow in popularity
- 3 Fragmentation will expand, but is navigable
- 4 Comprehensive measurement will help brands succeed
- 5 ROI from full-funnel efforts, including sponsorships, will remain a priority



# Esports will remain a resilient bet

Around the world, the pandemic's effects and ensuing economic fallout have been disproportionate. While some countries have made strides, global output will be roughly [2% below](#) pre-pandemic projections by the end of 2021. And though the rebound will continue to be uneven, the global economy's [robust post-recession recovery](#) is the strongest we've seen in 80 years.

With that, there are bright spots for esports advertisers. The industry is booming, and Nielsen found that over 40% of U.S. esports fans started following within the last four years. And while esports revenue comes from many places, the majority can be attributed to sponsorships and media rights. Earlier this year, panelists on a Cannes Lions panel said they expect revenue from global esports sponsorships alone to hit \$1 billion by 2022. What's more, over two-thirds of U.S. console esports fans believe sponsors improve the experience.

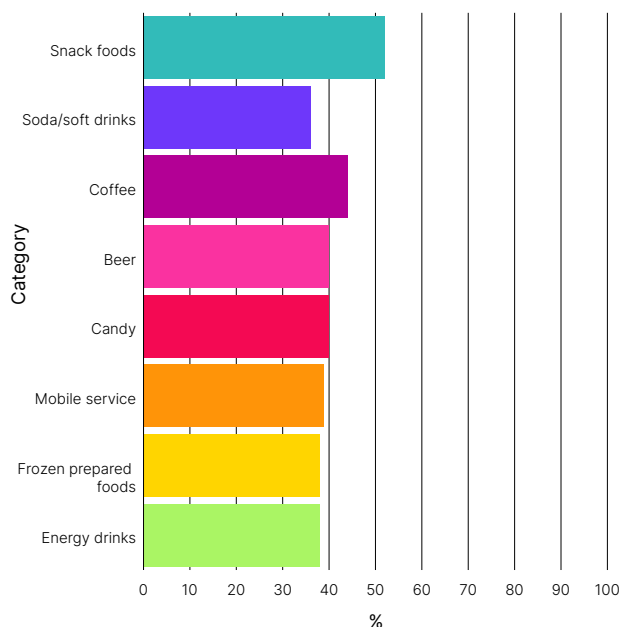
## Revenue from global esports sponsorships is expected to hit \$1 billion by 2022.

Across Nielsen clients, companies only allocate approximately 15% of their marketing budget toward [sponsorship opportunities](#). Going forward, its value and scale will likely attract brands that are not generally associated with gaming, as esports audiences purchase products across many categories. While brands that align with the esports industry—like PlayStation and Red Bull—are widely recognized as sponsors, the number of brands engaging in sponsorships is rising. With that

in mind, esports sponsorships can be an opportunity for brands across all categories to access new consumers.

### Purchase of non-endemic products and services among esports fans

Esports fans make purchases across many categories



Q: Which of the following categories do you personally use or purchase products/services from?

Source: Nielsen's Esports Fan Insights report

Esports also creates a great opportunity for new categories, including financial technology brands. According to Nielsen Fan Insights data, 30% of esports fans in the U.S. hold some kind of blockchain investment, and of those that do, 63% hold cryptocurrency investments. Comparatively, only 11% of U.S. sports fans and 8% of the general U.S. population own cryptocurrency, making this a great sponsorship opportunity for emerging tech categories. Heading into 2022, esports will remain an attractive and resilient option for robust sponsorships because of its ability to build awareness and connect brands with new and younger audiences in an innovative way.

# Influencer athletes will continue to grow in popularity

Over the past two years, a range of social and political movements gained traction and consumers' collective attention. Solidarity around these movements—or for some, divisiveness—was fueled largely by social media. As many athletes proved adept at shining a light on injustices and influencing decision-making, brands took notice and reacted with new marketing approaches, messaging and sponsorship objectives. During Nielsen's [State of Global Media](#) event in July of 2021, thought leaders noted that globally, social influencers are driving 4x more brand recall than paid digital. Athletes hold the power behind setting the agenda and promoting social issues that are close to their hearts—a trend that's here to stay for 2022.



**Athlete advocacy posts generate 63% more engagement for brands compared to other owned social media content**

Athletes have become increasingly important and influential in highlighting or amplifying campaigns or social justice issues.

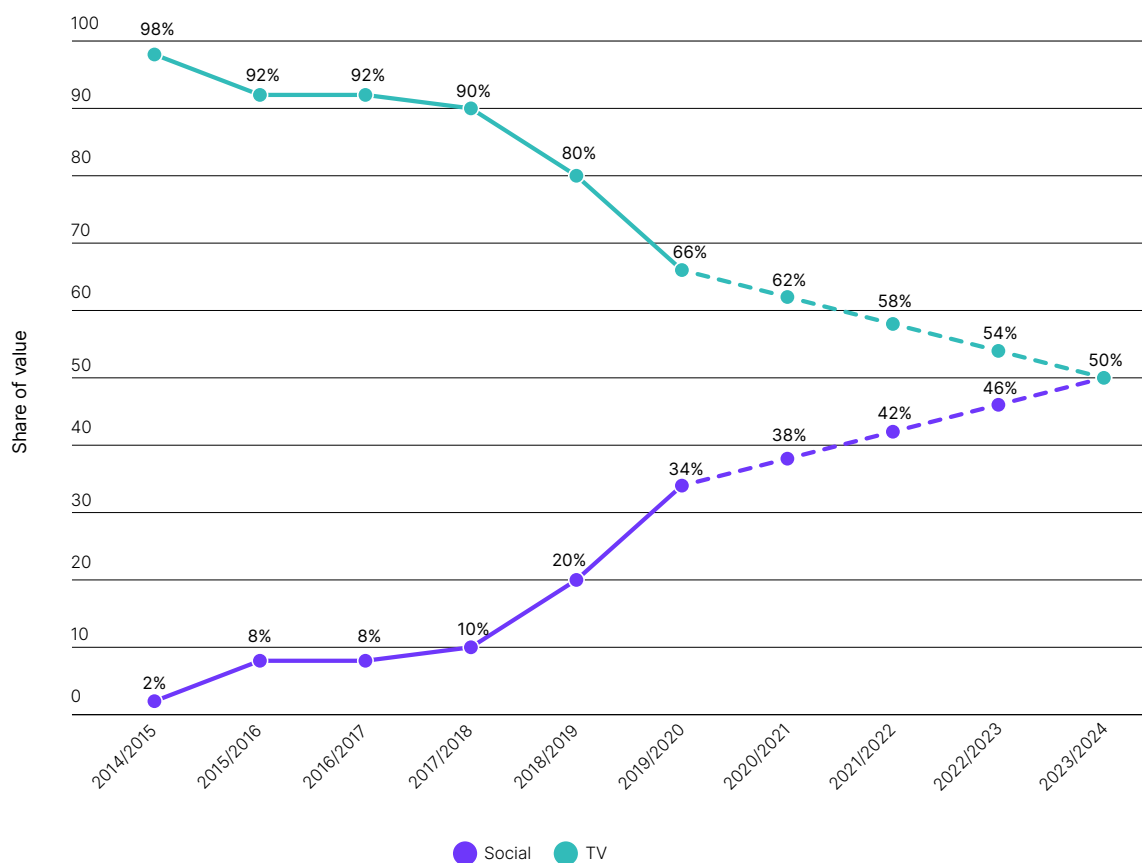
This trend underscores the potential benefits for brands to partner with athletes who are willing to openly voice their opinions on issues that resonate with fans. For example, 27% of U.S. [consumers believe](#) sports teams should take the lead on the topic of gender equality, and 26% believe the same for both brands and professional athletes. With many budgets still constrained heading into 2022 and brand-building efforts deprioritized by many brands in 2021, partnering with athletes can help brands rebuild brand awareness and drive sales.

# Fragmentation will expand, but is navigable

Even before early 2020, consumers were using multiple devices for their media; during the pandemic, time spent online skyrocketed and accelerated fragmentation. While TV remains a popular place for consumers to engage with sports media, social media's share of sponsorship value is growing rapidly. Advertisers should take note—social sponsorship's share of value over the next two years may exceed that of TV—as we can see when we look at the top eight NBA teams.

## Social sponsorship's share of value is growing

Among the top 8 NBA teams, value may exceed that of TV



Source: Nielsen Sports 2021 Changing Value of Sponsorship report

Given increasing consumption, the volume of channels, and the variety of brands, platforms, target audiences and content, valid measurement is necessary for brands looking to engage with influencers in 2022, and ensure value as the partnership grows.



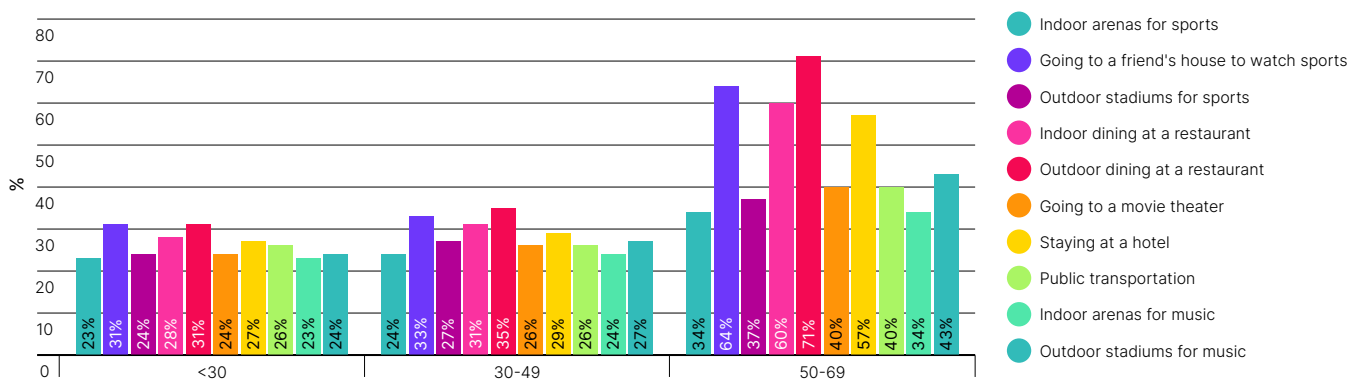
# Comprehensive measurement will help brands succeed

Sports advertisers and enthusiasts alike knew that the return to in-person sporting events hinged on the successful rollout of a COVID-19 vaccine. As 2021 comes to a close, vaccines are available in some countries, but adoption has been less widespread than many had hoped. Despite this, full-scale sports events have returned across many markets. At the beginning of 2021, Nielsen Fan Insights found that 19% of the global population planned to return to live events when a vaccine became available.

Fastforward to the summer, and about [half of U.S. sports fans](#) said they were willing to return to indoor and outdoor venues for sporting events and other activities. With the other half not ready yet, there is still an opportunity to reach audiences at home or when enjoying sports at a friend's house.

## Readiness to return to pre-pandemic activities among US consumers

By age



Source: Nielsen Fan Insights, April-June 2021

Rights holders and brands continue to develop virtual and digital solutions to meet audience needs—wherever they engage with the sports they enjoy. In fact, [Nielsen Fan Insights](#) found that over 50% of fans are more likely to consider brands that enhance the way they view live sports. With live and virtual events now merged, new opportunities for individualized experiences, reimagined sponsorship assets and new sponsorship revenue models will continue to unfold.

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As virtual offerings continue to be refined, the complexity of the fan journey will increase. If brands can keep up, the quality of fan interactions stands to flourish in the coming years, and tangible outcomes for brands will improve.

# ROI from full-funnel efforts, including sponsorships, will stay a priority

Amid significant budget cuts last year, it's no surprise that 71% of the respondents to Nielsen's 2021 Annual Marketing Survey stated their marketing mix spend changed at least a moderate amount because of the pandemic. The decrease in spending impacted sponsorship and rights holder revenue streams, and the effectiveness of models—including performance-related deals, short-term agreements, sponsorships split by distribution channels and bundling of assets and properties—was assessed. Adding to the pressure, marketers were under even more scrutiny to justify their sponsorship decisions and clearly identify ROI.

Highlighting sponsorship's short- and long-term contribution to sales is essential for any partnership—particularly as brands try to secure more resources in 2022 and beyond. However, longer-term sales impact is often given less attention than shorter-term efforts, and as a result, the true ROI is significantly understated. This is especially true in sponsorship, which tends to focus on brand rather than product-level communication.

## Highlighting sponsorship's short and long-term contribution to sales is essential for any partnership.

Athletes can play a significant role in brand awareness efforts, and while brand-building was sidelined for many throughout the pandemic, its criticality, and the harm of going dark, has become more evident.

### Impact of sponsorship on the customer journey



#### Long-term equity building

Over the longer term, media affects a customer's opinion cumulatively. The objective is to get on the list before they enter the purchase cycle.



#### Short-term sales

When a customer is considering a new purchase and actively in the purchase cycle, media and incentives have a direct short-term impact on sales.

**Marketers should consider how sponsorship impacts the customer on their journey by taking both short- and long-term effects into account.**

There is reason to be optimistic about the direction of advertising spend in the near future; the World Advertising Research Center (WARC) suggests that advertising spend will see a double-digit recovery across 2021 and 2022, and for the first time it will top [\\$700 billion](#). With that in mind, full-funnel measurement of every investment, including sponsorships, will be critical for brands in the sports space. Metrics that link sponsorship to sales impact can dramatically increase ROI and prove its contribution to brand building efforts and sales.



## The year ahead

Marketers in the global sports industry will continue to reckon with the challenges created by these unprecedented times. Fragmentation of where consumers get their media will continue, and proving full-funnel ROI will remain critically important.

And while there's uncertainty and challenges, there's also an opportunity to successfully connect with and engage consumers. To do this, marketers must remain nimble and transform with what drives value—particularly in the esports sponsorship arena. Esports will show resilience in the coming months, and influencer athletes will continue to grow in popularity and effectiveness. With the right mindset and insightful solutions in place, brands and rights holders can mitigate obstacles, broaden their marketing strategy and create success in 2022.



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## About Nielsen Sports

Nielsen Sports is the leading source of sports measurement and analytics around the world, with solutions spanning cross-platform media valuation, fan insights and digital & social analysis. With unrivaled data, products and consulting services, Nielsen Sports is uniquely positioned to help brands, leagues, teams, federations and agencies optimize sponsorship portfolios and maximize investments in sports. Nielsen Sports is part of Nielsen Holdings plc (NYSE:NLSN), an S&P 500 company with operations in over 100 countries, covering more than 90% of the world's population.

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