

SPORTS MARKETING ROI

2019

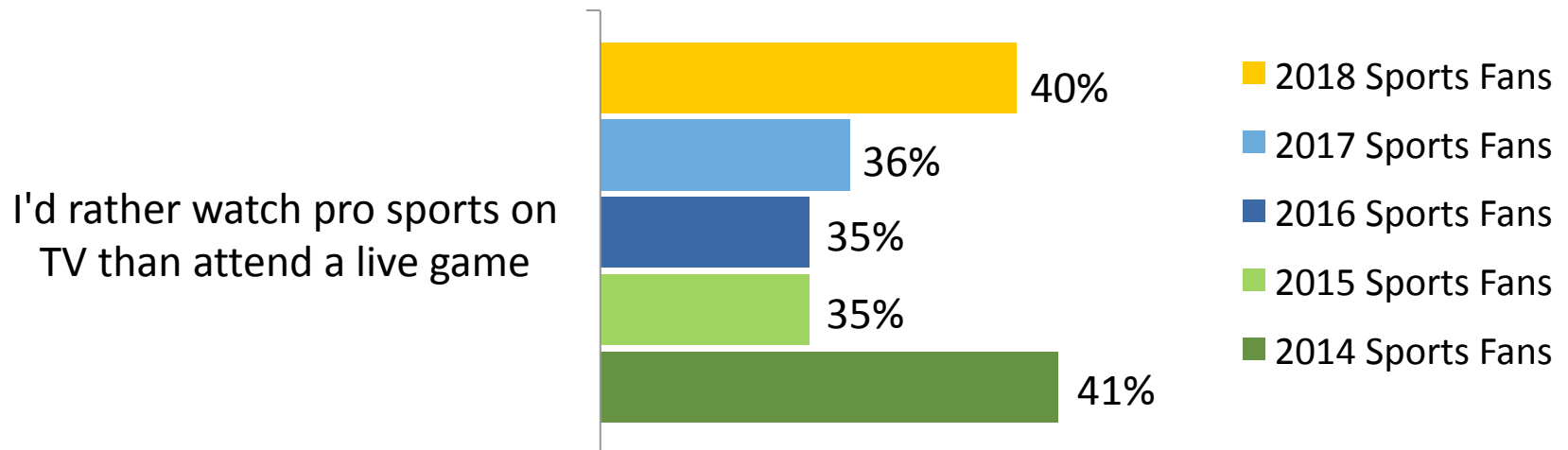
PREPARED BY:

**SPORTS &
LEISURE**
RESEARCH GROUP

Fan Engagement: The In-Game vs. At-Home Experience

“The implications for sports marketers is that messaging emphasis should remain on fans’ personal investment in teams and properties, the escapism and consistent value provided in live sports and the unique engagement that good sports marketing can provide.” – SLRG President Jon Last

SLRG Sports Fan Omnibus 2018 Report



Digging Deeper: Fan Engagement

The Ultimate Sports Marketing (Activation) Fantasy

The Callaway-Petco Park promotion (turning SD's Petco Park into a nine-hole golf course) is a great example of a sports marketing activation that meets so many of the essential elements of a great promotion.



"Sports Fantasy" was a pre-cursor to the participatory fandom that has spawned some of the more creative and amusing promotions, not to mention a prescient look ahead to our increasing zest to provide unique and memorable experiences while building our brands through sports.

1. It stimulates product trial at an opportune time
2. It builds media buzz
3. It plays to the desired positioning of the activating brands
4. It resonates with consumer imaginations and aspirations
5. It's measurable and facilitates a dialogue between brand and consumer

Digging Deeper: Fan Engagement

The
Marketing Insider

COMMENTARY

Why You Should Care About Fan/Customer Intensity

by Jon Last, Columnist, February 13, 2019

Sports marketers have likely pondered some variation of the old adage that 80% of your business comes from 20% of your customers. Not all fans are the same, and their relative quality should have a direct impact on a property's marketing focus and the ways in which sponsors evaluate potential partnerships.

Listening to a recent sports talk radio debate about the importance of "fan attendance" versus "fan intensity" got me thinking about my long-held belief that pure reach is secondary to audience engagement.

I've written in the past about how experimental design research (through pre- vs. post-exposure testing) is a more relevant metric than GRP equivalents. With researchers' increased ability to integrate behavioral and attitudinal data, I believe it's time to apply a fan or customer intensity measure to evaluate the impact of sports marketing activation and ticket marketing.

What should be included in the fan/customer intensity algorithm?

I've never been one to believe in one-size-fits-all solutions. But as affinity marketers have long done in categories like travel (where affinity marketing was born), any fan-intensity metric needs to factor in lifetime customer value. Organically this may be a large part of what drives sports marketers' obsession with youth and the next generation. There is a fundamental (but not always correct) belief that if you convert someone while they are young, the return on investment will be greater. What goes into a fan intensity equation is where things could get really interesting. Here are some initial considerations:

(continued)

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(continued)

Recency, frequency, monetary: This CRM staple looks at how often, how much and how recently the target audience spent on a property. It can identify best customers.

Tenure: The duration of the relationship is important both as predictor of future behavior and as a loyalty barometer.

Breadth of engagement points: Here one looks at consumption patterns surrounding legacy and digital platforms, as well as ancillary touchpoints that can include discussion boards and merchandise.

Brand affinity for partners: Here's where a read on pre- vs. post-activation exposure alignment with a sponsor brand triggers yields insight on engagement. Our work has often demonstrated the power of live sports in reinforcing sponsor messaging.

Satisfaction relative to expectation: Beyond Net Promoter scores, one needs to factor in the context around which targets are evaluating their satisfaction. I might not recommend a Knicks game to someone who wants to see a home team victory, but I still might enjoy my experience.

Impact of influence: Who is the fan communicating with directly and via social media, and to what extent is that driving behaviors?

Share of customer vs. other leisure activities: Helps evaluate relative prioritization.

Digging Deeper: Smart Stadiums—What Fans Want!

SLRG studies for NFL, NBA and MLB venues identified what consumers coveted.

Major areas where renovations resonate most with fans:

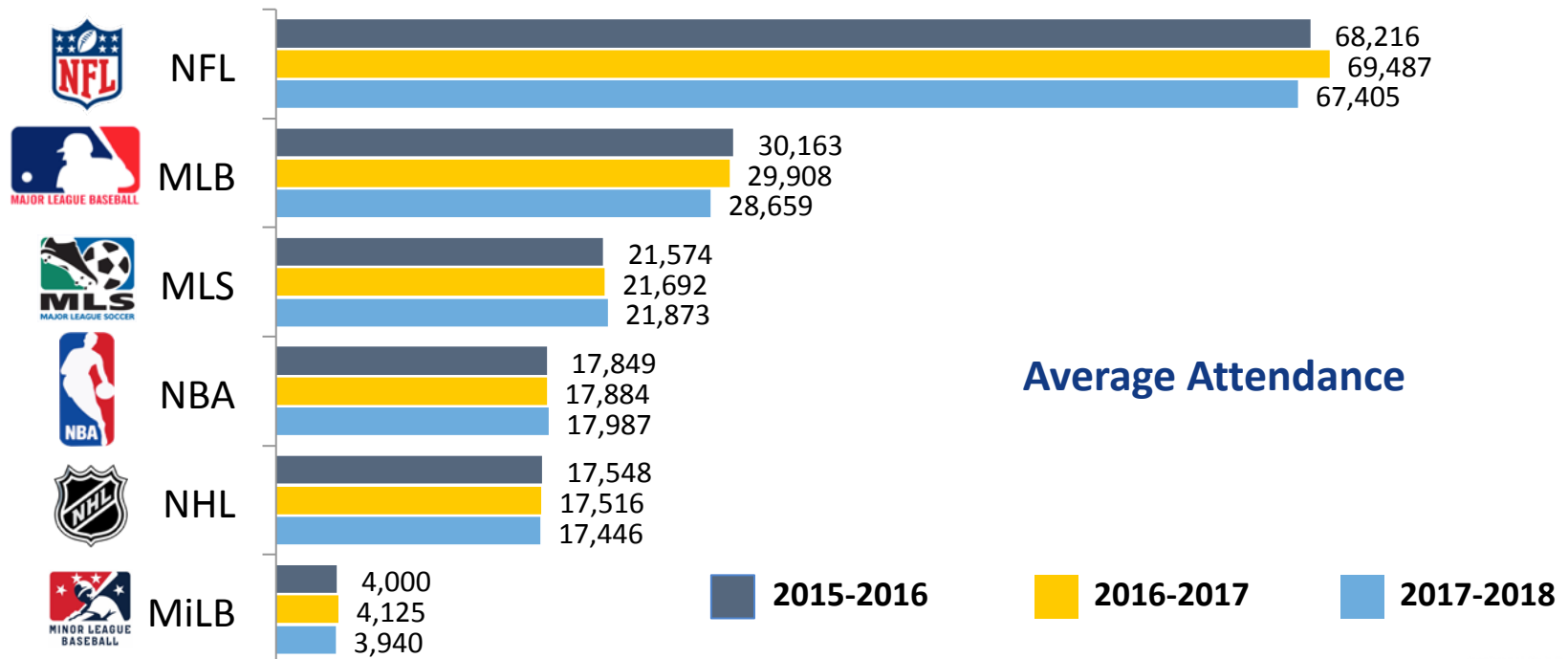
- Interactivity
- Access to the field of play/players
- Creature comforts ("oases" and social spaces within the building, restroom enhancements and "family friendly zones")
- Accessible premium seating options
- Expanded and upgraded food and beverage
- Enhanced scoreboard technology and integration with personal mobile devices
- Improved parking/thoroughfares and logistics
- Directional signage/way finding through apps and mobile devices



Venue Enhancements To Combat Stagnant Attendance

There is nearly \$17 billion committed to 135 stadium and arena constructions project across North America (SBJ Research) – which could correlate to a 25-30% lift in gate revenue during the first three years after moving into a new venue.

Average Major Sports League Regular Season Attendance



Our POV on Enhancing the Fan Experience

The
Marketing Insider

COMMENTARY

Finding Balance Between Serving Core Fans And Broader Market

by Jon Last, Columnist, January 8, 2019

The proliferation of live sporting events, combined with increased and improved out-of-home access channels, has kept sports marketers focused on enhancing the onsite experience.

Coupling this phenomenon with an incessant desire for ticket sales growth has surfaced a pervasive challenge for properties looking to boost attendance. This has amplified a desire to broaden the entertainment and amenity offerings to appeal to a wider event enthusiast audience, one that likely lacks a strong affinity for the home team or sport being marketed.

It's easiest and appropriate for a property to initially look to its core audience in developing enhanced amenities, increased fan access and creative onsite activations. Most properties have also bolstered existing fan relationships through technology value-add and communications programs that leverage the central values and participation drivers that make their offerings resonant. Missteps here can be costly both at the gate and in maintaining fan equity.

There are widely documented efforts of sports properties marketing to the next generation of core fans. Assuming that a simple "build it and they will come" approach is enough to capture this audience is often short-sighted.

Our research has shown that a focus on providing enhanced access to the event can often reinforce the essential emotional drivers for attendance from this next generation of fans. But the challenge is tougher when reaching beyond this group to those with a limited interest in the central sporting event.

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(continued)

The typical response by properties, of late — particularly those focused on millennial and Gen Z audiences — has been to develop social spaces or amenities that emphasize interactivity, unrelated entertainment or upgraded food and beverage experiences. These are often less dependent upon the central sporting event taking place.

But the appropriate question that emerges is, what's the cost of following this strategy? A marketing and activation plan focused on tertiary potential fans demands significant human and financial resources, while risking dilution of the core product, without any assurance of positive ROI.

How does a property find the right balance between creating an environment wider in appeal, without watering down the experience that core fans are seeking? How does one identify those segments most receptive to these offerings?

For properties focused on season ticket packages, there is also the inevitable need to cultivate the event enthusiast into someone with at least a basic appreciation and understanding of the core product.

These are the most important considerations that must be evaluated through research across multiple constituent groups. There's no singular magic bullet. But answers are out there.

Our POV on Enhancing the Fan Experience

The
Marketing Insider

COMMENTARY

Rethinking Arenas Of Future: Sports Book Meets Epcot Meets Top Golf?

by Jon Last , Columnist, April 9, 2019

Sports marketers remain focused on optimizing in-venue fan experiences. Earlier this decade, much of our research in this space surfaced fan demand for more social spaces, enhanced WiFi and upgraded food and beverage that leveraged local cuisine and broader, healthier menu options.

As the proliferation of OTT options and the continuing evolution of home theater raised properties' concerns about the potential downgrade of value for live events, there was greater attention paid to upgraded seating options and the reimagining of family-friendly oases and ticket packages.

Today, we see an extension of these trends towards an even bolder vision of the future. Legalized sports gambling will continue to crumble the walls of "church and state," under the watchful eye of sports' governing bodies.

The idea of in-venue sports books puts a modern twist on parimutuel betting windows — although this time ensconced in VIP lounges replete with digital kiosks, banquettes with built-in interactive tablets, video monitors and maybe some fire pits and a DJ for those who want to multitask on more than just the game itself.

For those who aren't inclined towards betting, the confluence of technology and a desire to build greater interactivity harkens back to one of my first visits to Disney's Epcot Center. There, I was enamored by a theater that foreshadowed today's in-flight entertainment, with interactive touch pads that allowed guests to compete in trivia contests. Extend this concept to tomorrow's sports venue — and second-guessing the coach, playing armchair umpire and daily fantasy sports take on a new crowd-sourced dimension.

(continued)

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(continued)

Also, imagine a push of a button on the in-seat console summoning wait staff to deliver your chicken and waffles or avocado toast. Interactivity integration can also borrow from pro sports' current embrace of esports and the Top Golf phenomenon, focusing on participatory activities where guests can simulate placing themselves in the middle of the action.

As a sports and entertainment junkie, I'm excited by the prospects of these potential enhancements. But as a Gen X marketing researcher, it's incumbent upon me to question what the customer really wants.

Our testing some of the above enhancements also surfaced a healthy dose of skepticism, particularly from older, affluent fans fearing the dilution of the core product.

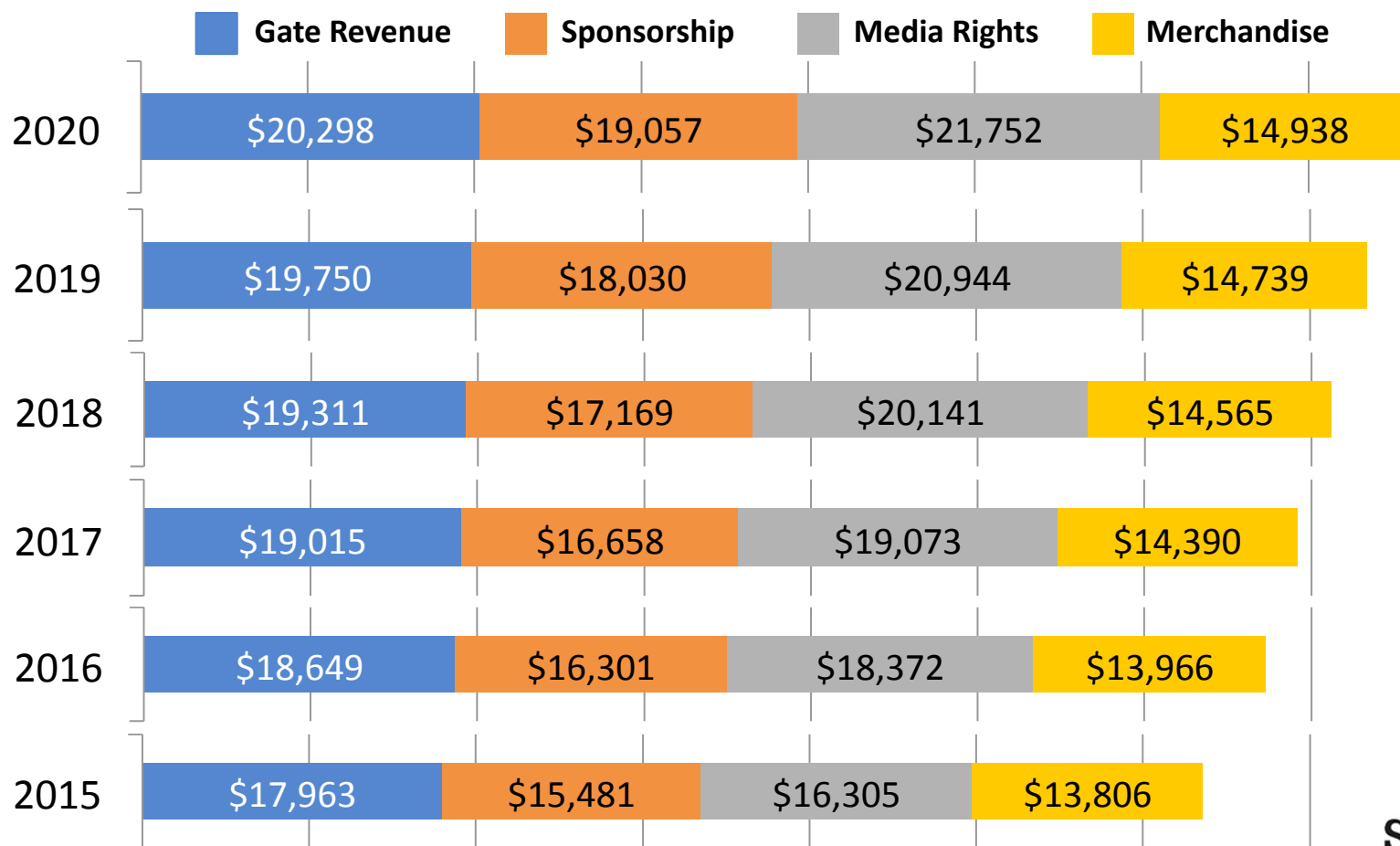
Last week, journalist Mike Purkey, suggested the same in the golf space, coining the wickedly wonderful term, "Youth-anasia."

It's important to consider whether these new in-venue diversions will fail to resonate with "old school" fans or even younger ones — who, our research has shown, often embrace the tradition and escape from the day-to-day multitasking digital world through live sports.

Will these innovations ultimately be discarded by younger targets for the next shiny new object? The right answers will vary by market and property. I hope operators seek those answers.

Total Revenue by Segment in North America (In Millions)

- Total revenues will grow from \$63.5 billion in 2015 to \$73.5 billion in 2020 – a **20% jump**
- Sponsorship – **16% growth rate** between 2015 and 2019

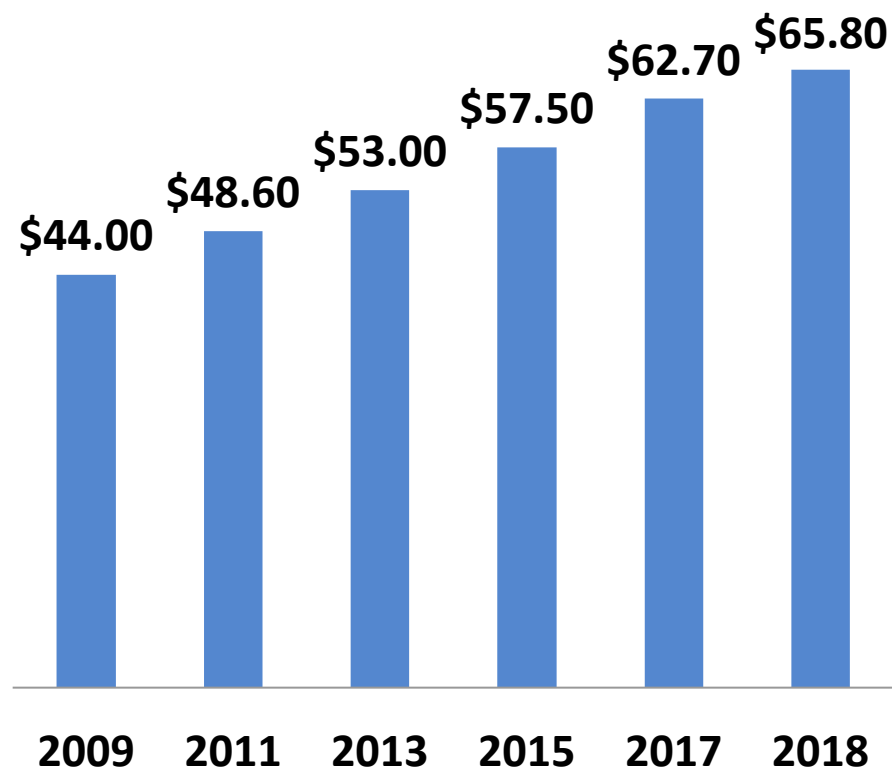


Source: PwC

Sponsorship Spending Worldwide



SPENDING IN BILLIONS

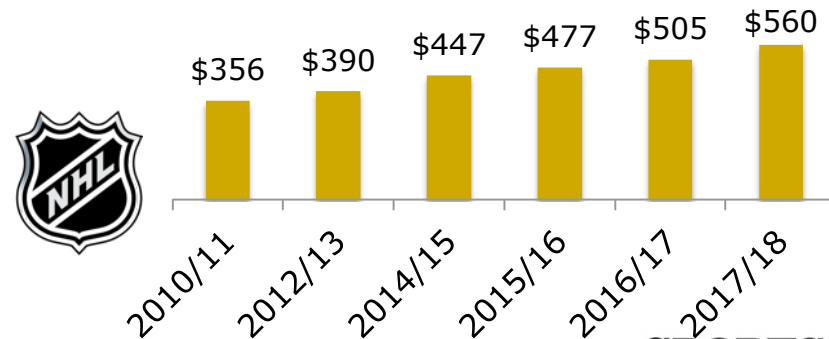
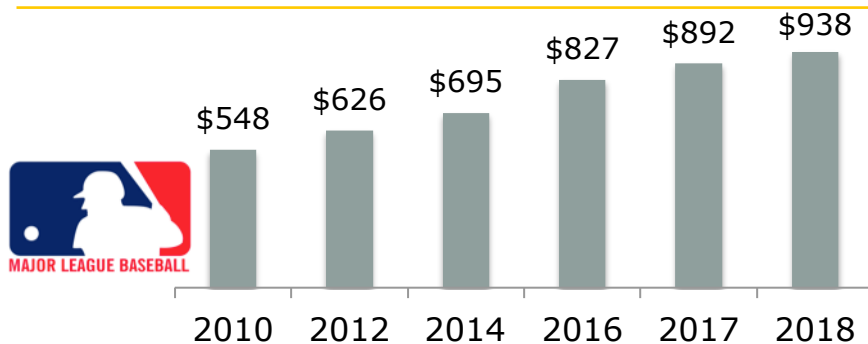
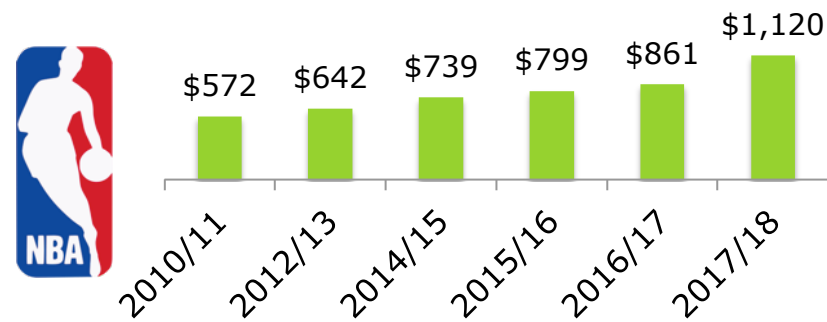
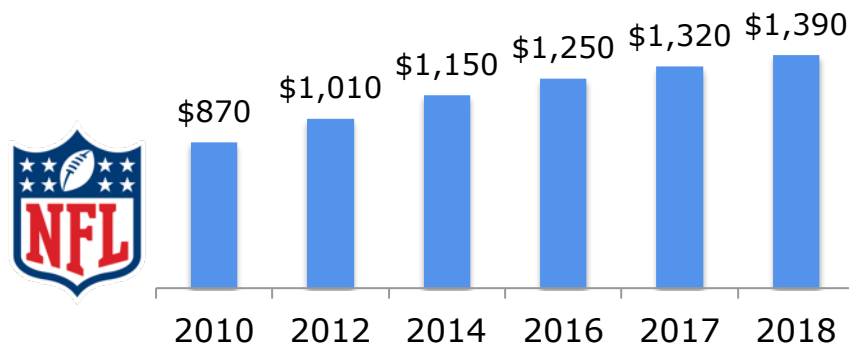


Source: Statista 2019; revenue cited across all forms of entertainment sponsorship

Sponsorship Revenue Across Major League Sports

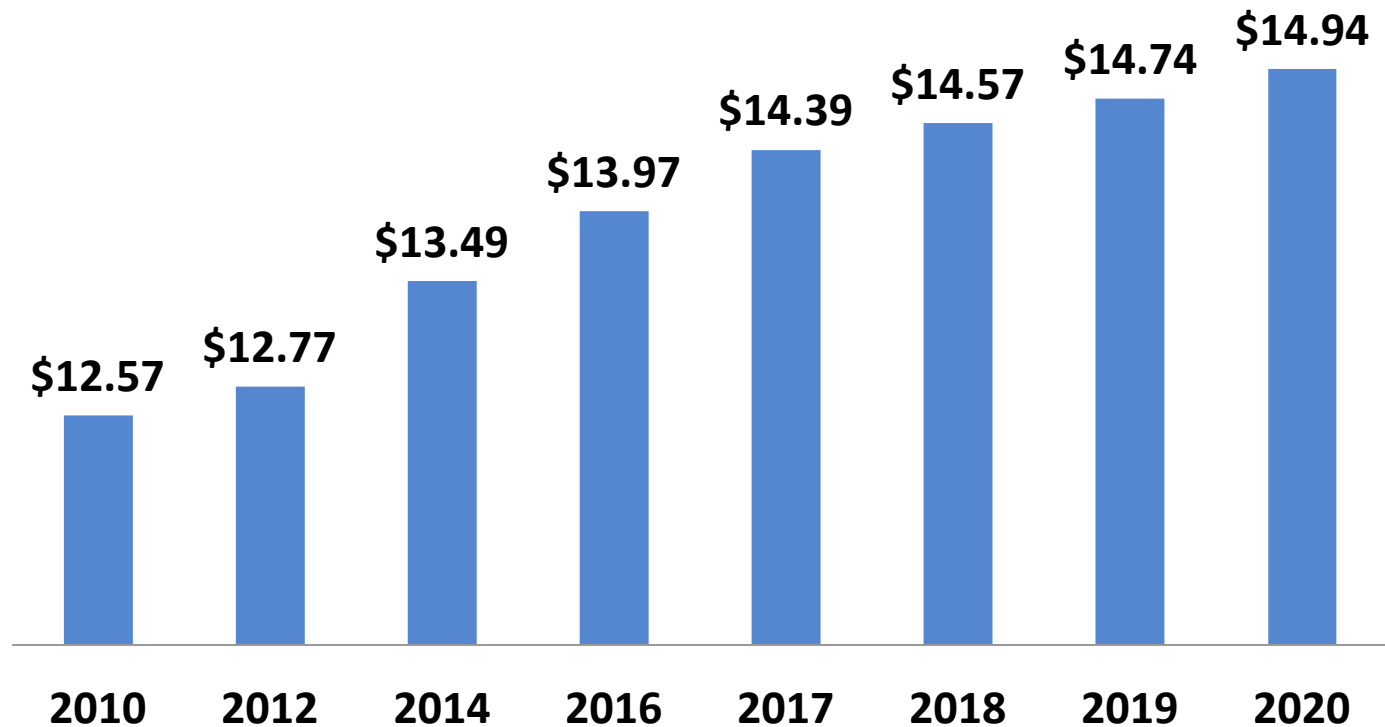
- Revenue for the NFL is highest among Major League Sports in the U.S.
- Growth rises year over year for every Major League Sport in the U.S.
- NBA made largest leap in Sponsorship Revenue in the 2017/2018 season

REVENUE IN MILLIONS



Sports Merchandise Revenue in North America in Billion Dollars

- Merchandising in Sports has increasingly drawn more revenue in North America
- Since 2010 revenue has increased by nearly 2 BILLION dollars.



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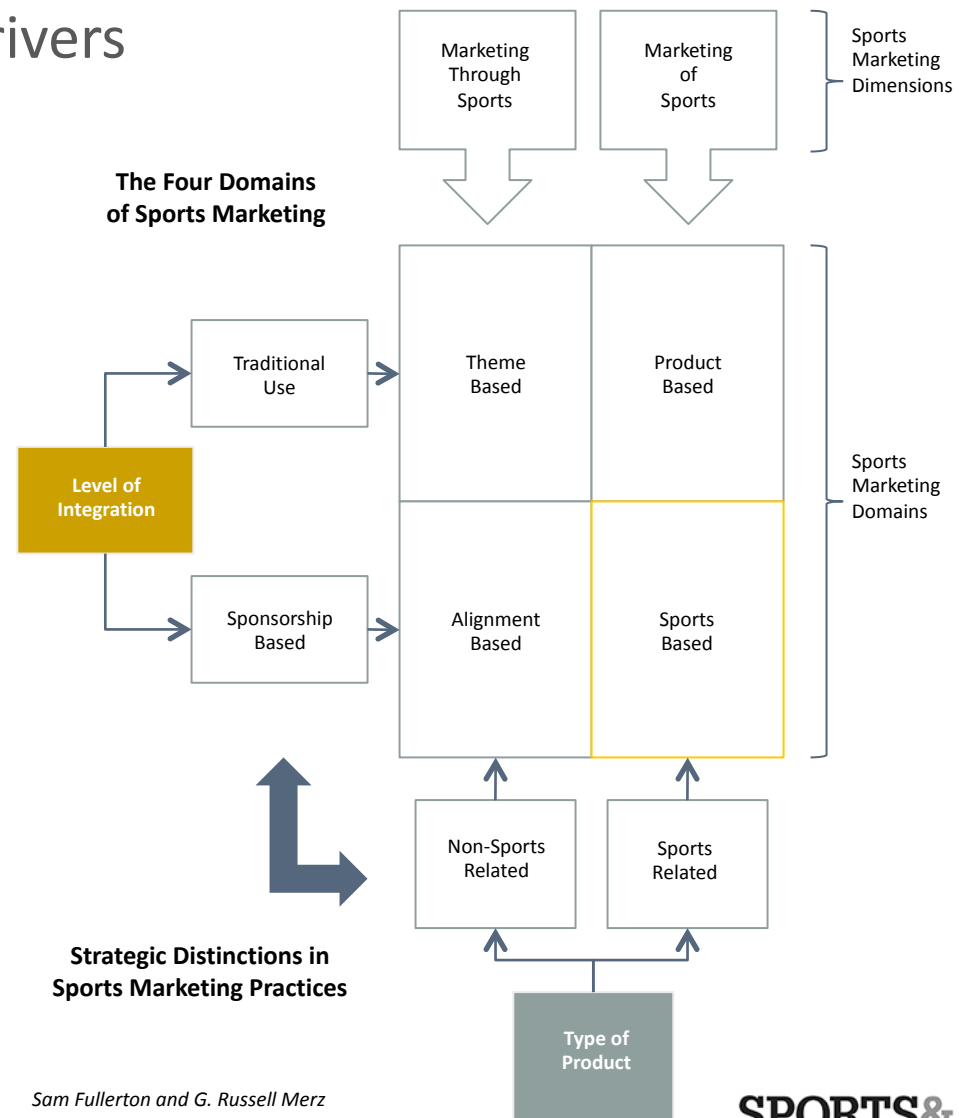
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SPORTS MARKETING ACTIVATION DRIVERS

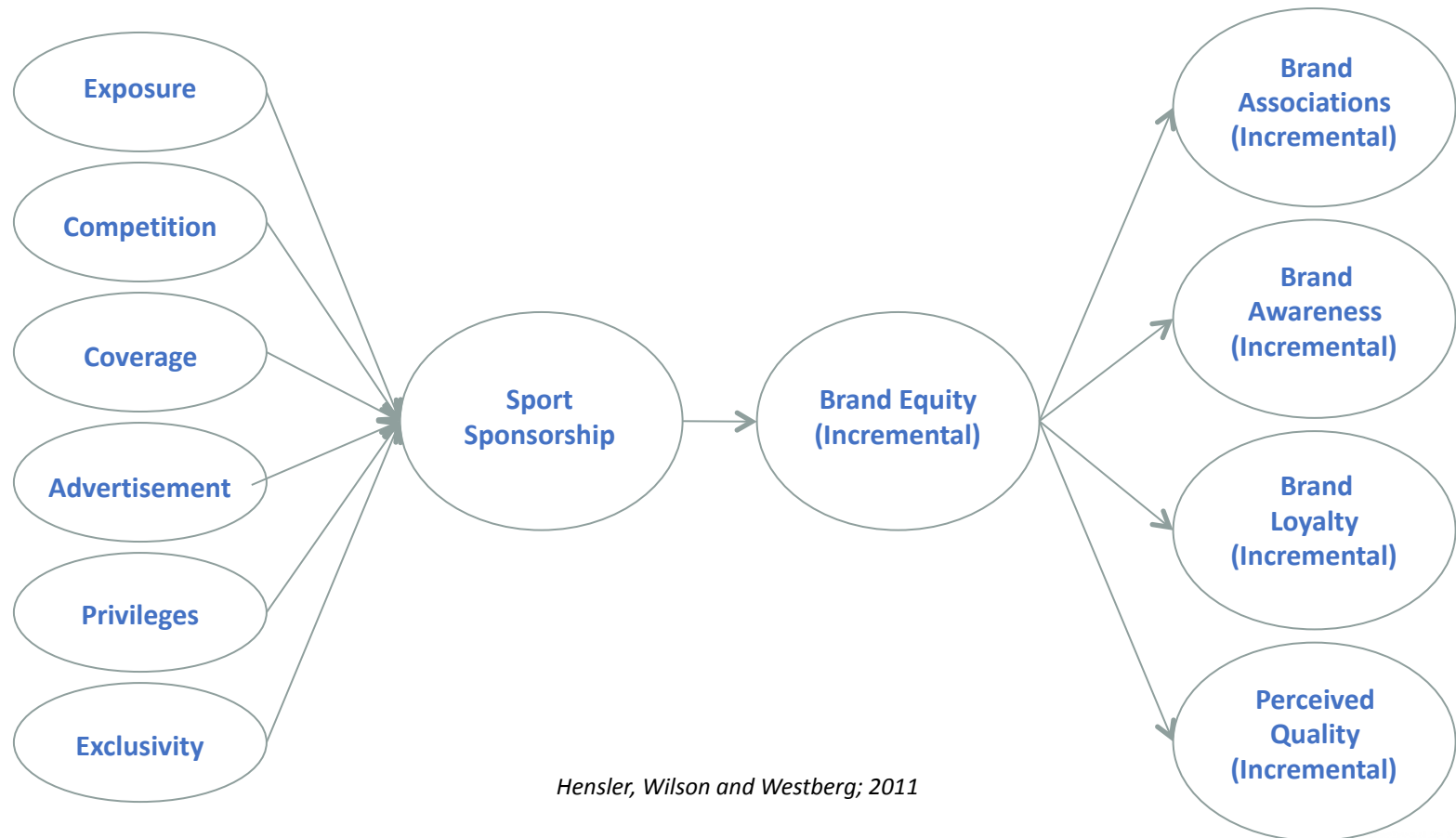
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Sports Marketing Activation Drivers

- Sponsorship Integration
- Venue Naming Rights
- Endorsement
- Licensing
- Theme based Strategies



And Research Demonstrates the Specific Impacts of Sports Marketing



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ROI FRAMEWORK

An ROI Framework

Key Measures of the Sports Sponsorship Index (SSI) Reveal Potential Drivers of Sports Marketing Impact:

1. The level of brand exposure;
2. The amount of coverage (TV and spectators in the stadium) that a sport entity has;
3. The club's quality (operationalized by the competitions the club plays in);
4. The Advertising opportunities that the sponsor receives;
5. Certain privileges granted to the sponsor; and
6. The exclusivity given to the sponsor.

An ROI Framework

Measuring the Performance of Sponsorship Spending:

- **Cost Per Reach**
 - Evaluate the number of people exposed to the sponsorship
- **Unaided Awareness Per Reach**
 - For every \$1 spent on sponsorship rights, companies devote anywhere from \$.50 - \$1.60 to activation – missing huge opportunities
 - Increased activation can result in greater unaided awareness & higher brand recall
- **Sales/Margin Per Dollar Spent**
 - Tie spending on sponsorships to key qualitative marketing measures such as unaided awareness, propensity to buy, and willingness to consider
- **Long-term brand attributes**
 - Brand strength contributes to 60-80% to overall sales – surveys can help identify the brand attributes that each sponsorship property support
- **Indirect benefits**
 - May stimulate indirect sales

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2019

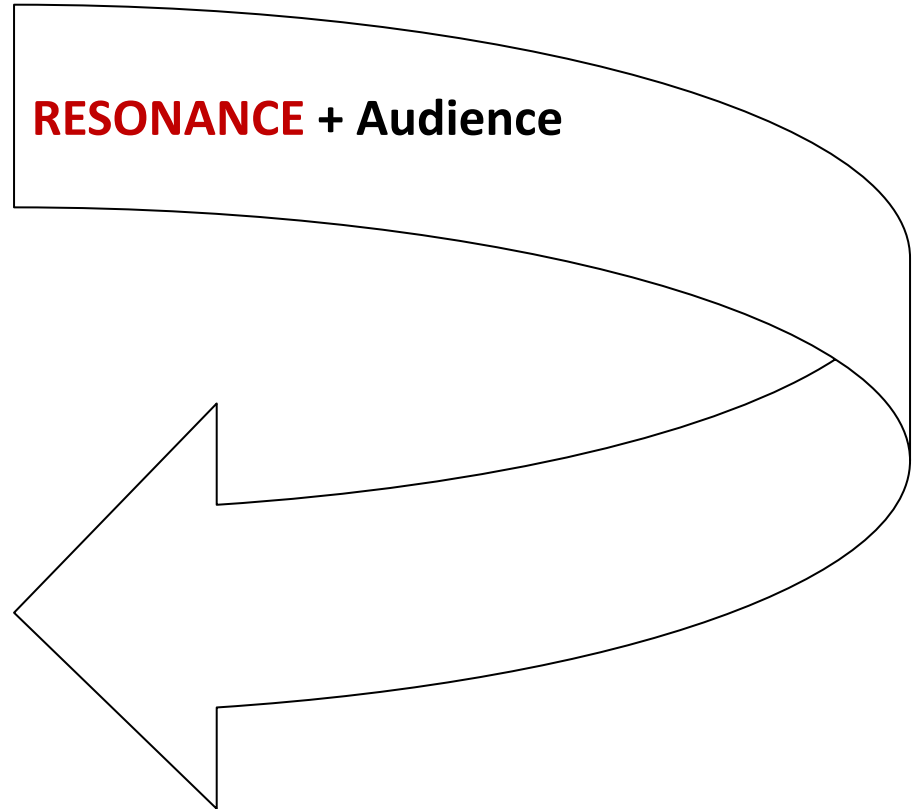
SLRG'S APPROACH TOWARDS MEASURING SPORTS MARKETING IMPACT

An SLRG Approach Towards Measuring Sports Marketing Impact

$$\text{Sponsor ROO} = \text{RESONANCE} + \text{Audience}$$

KEY MEASUREMENT CRITERIA

- ▶ Recall and Awareness
- ▶ Likeability/ Positive Association/ Favorability
- ▶ Purchase Intent/Category Engagement



An SLRG Approach Towards Measuring Sports Marketing Impact

An Overview



- ▶ Gain an understanding of target audience motivations, behaviors and preferences
- ▶ Identify optimum bundles of amenities and services that meet fan needs
- ▶ Test various pricing propositions for a variety of offerings so as to gauge price elasticities for each target segment and identify the optimal packages
- ▶ Evaluate the impact of various marketing message points and positioning for these packages so as to spearhead the development of effective communications strategy

An SLRG Approach Towards Measuring Sports Marketing Impact

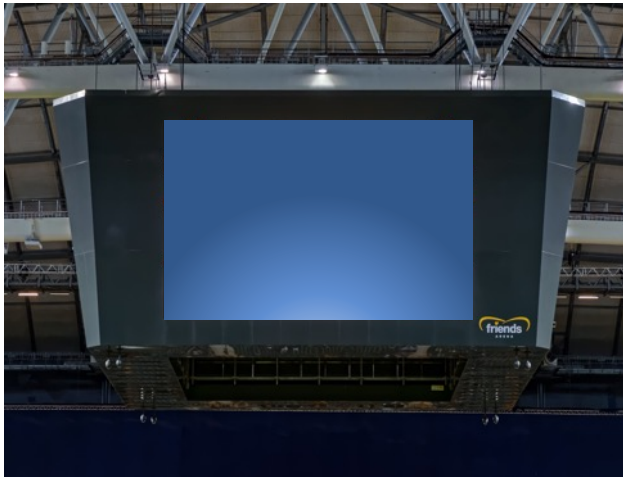
Measuring Efficacy, Not just eyeballs for Sponsor Partners



- ▶ Customized Pre/Post Tests with “Exposed” and “Control” samples moves the evaluation beyond “scorekeeping to communications optimization.
- ▶ Measure program resonance, awareness, recall, and association in a contextual “brand blind environment for honest, actionable and brand building insights.
- ▶ Conduct “Gap Analysis” to assess impact opportunities across multiple target markets and program elements...Helps you to derive audience based solutions.

An SLRG Approach Towards Measuring Sports Marketing Impact

Derive Insights on the Impact of Your Campaign



- ▶ Pre-Post Tracking Studies with fans and attendees open a window to a target's perceptual movement and ascertain the Impact of sponsorship activation
- ▶ Measure the effectiveness of a campaign to create proper associations with a brand's desired position
- ▶ Measure relative perception vs. competitive brands
- ▶ Gauge impact across multiple dynamics:
 - Exposed vs. Un-Exposed
 - Exposed over accumulation time horizons

An SLRG Approach Towards Measuring Sports Marketing Impact

Sample Summary Measurement Results

**Brand
“X”**

▶ **Likeability/Positive Association/Favorability**

- Sponsoring brand association with custom brand essence trigger #1 moves from 28% to 37% (from 3rd to 2nd in the competitive set)
- Sponsorship brand Likeability statement #2 moves from 34% to 43% (from #2 to #1 in the set)

▶ **Purchase Intent**

- Purchase likelihood moves from 13% to 25% (One of only two brands with positive post test vs pre test movement)

▶ **Recall/Awareness**

- 52% recall/awareness vs 14% for the second highest competitor
- 26% most impactful presence association is more than twice that of any competitor

An SLRG Approach Towards Measuring Sports Marketing Impact

Key Research Measures

Areas of Inquiry:

- ▶ **Brand Awareness Module**
 - Sponsor brand and Competitive Set
- ▶ **Aided and Unaided Recall Module**
 - Category Sponsorship in General
 - Specific activation elements
- ▶ **Main Message Association Module**
 - Attribution of key brand messaging to appropriate competitive set brand; derived from the creative brief/brand objectives
- ▶ **Brand Perception Metrics Measurement Module**
 - Association of specific test brands with a variety of desired performance and brand essence characteristics
 - Evaluations and Hierarchical Rankings of competitive set on fit, likeability, quality, value, performance benefits
- ▶ **Brand Fit Module—Full Competitive Set**
 - By Sponsorship Property
 - With Specific Event Property
- ▶ **Brand Experience and Intended Use Module**
 - Category Utilization
 - Prior and Future Trial/ Purchase Interest
- ▶ **Demographics / Respondent Profile Module**
 - Key Demographics
 - Audience/ Attendance History and engagement Intensity

An SLRG Approach Towards Measuring Sports Marketing Impact

Positive Brand Association Shows Post Survey Lift for Brand X

- ▶ Brand X shows positive perceptual growth across virtually all metrics—and with greater intensity than its competitive set!
- ▶ Brand X sees significant widening of leadership gap as competitor sees demonstrative fall-off against many dynamics
- ▶ Lift is particularly significant across the following dynamics:

	Pre Survey Total	Post Survey Total	
Has bold flavor	43.6%	49.7%	Biggest jump in the competitive set; broadens gap from #1 to #2
Is a smart way to snack	37.5%	39.6%	Tops in the competitive set; and the only brand with positive movement
Has intense taste	38.4%	45.9%	Tops in the competitive set and the only brand with positive movement
Is more than a snack	28.3%	37.6%	Only brand with positive pre-to-post movement, climbing from third to second in set
From the quality leader	48.6%	53.6%	Significant leadership growth to more than half of all respondents

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2019

BRAND COMMUNITIES

Fundamental Sports Marketing Truths:

Target a Broader Audience than the Obvious

- College football is a perfect illustration of this phenomenon. While alumni are an obvious target, there's also the local community that is drawn in by the pageantry, spectacle and opportunity to be part of something that escapes the norm. Within those realities are potentially strong marketing triggers that can shape your communications and your activation.

Play up Nostalgia, Tradition, and the Escape to “Better Times”

- Our research continues to show that Americans are looking for a wistful escape from the chaos of our 24-7 world. This phenomenon is exacerbated in stressful and challenging times. With the holidays often heightening these desires, the bowl season (and by analogy other well-executed sports marketing activation) can be a wonderful surrogate for days of yore where selective memory tells us that life was simpler, and the prospects of unlimited opportunity abounded. By re-opening old windows, sports marketers can deliver “oases of comfort” and that’s a compelling proposition.



Our research continues to show that both figuratively and literally, time depravity yields opportunity for marketers who can bring families and like-minded cohorts together for a meaningful experience. Add in a dose of community service and benevolence to fellow man, and you have at minimum, a metaphor for the American way.

Live Sports is the Ultimate Brand Community



MARKETING:sports

The 'New Simplicity': Why Bigger Isn't Always Better

by Jon Last, Columnist, October 5, 2010, 7:03 AM

Last month, I teased the notion raised by our research that we were cycling through a surprising but significant period of adjustment. A backlash against what for much of the first decade of this new century had been an insatiable appetite for the "super-sized." The dawn of the 21st Century saw an incessant push towards "bigger, better, faster" that ultimately led to a "massification" of luxury brands.

★ Recommend

SHARES



Special and Safe Place: Somewhat to the client's surprise, the game, when positioned as one of those truly comforting escapes from all of life's distractions and challenges, was actually seen as a special and safe place ... a welcome respite that addressed a need for comfort and consistency, and evoked a simplicity and familiarity that was coveted amidst the chaos.

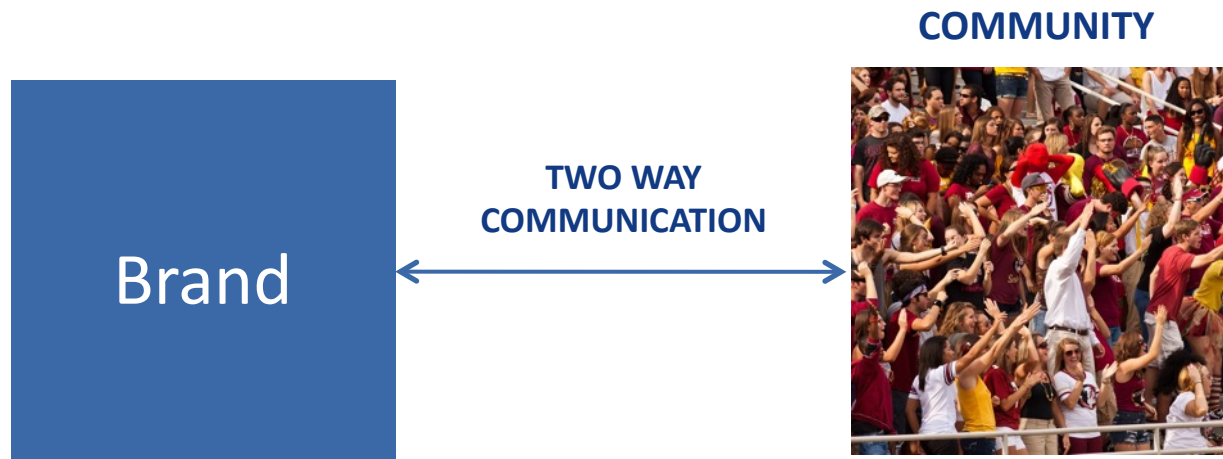
Fan Mindset: For brands that make the effort to understand the fan mindset within that environment and activate accordingly around it, the potential return on investment can clearly exceed the sheer audience GRP equivalent.

Custom Research: By leveraging custom research, a sports property or media brand can transform the marketing relationship with sponsors and advertisers.

➔ **How SLRG accomplishes this:** By partnering with a property for customer research it would look to do elsewhere, the sponsoring brand can achieve significant cost efficiencies, and the property can potentially go beyond the added value model and turn research into a profit center.

Consumers Engage Brand Communities By:

- Participating in events
- Serving as brand evangelists – carrying the marketing message into other communities - resulting in new customer leads
- Constituting a strong market for licensed products and brand extensions



Loyalty Marketing Foundations



Contact Us for Further Information:



Jon Last
President

445 Hamilton Avenue, Suite 1102
White Plains, NY 10601

914.358.3558/3557

jl原因@sportsandleisureresearch.com