

# FOOTBALL AND SPONSORSHIP

CHALLENGES AND TRENDS MOVING FORWARD

WORKSHOP BY SPSG CONSULTING



# INTRODUCTION

## SPORTS PROPERTY

NAME	PROPERTY	TITLE
Juli Ferre	AS Monaco	Commercial & Marketing Director
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Juan Useros	Real Betis Balompié	Marketing & Commercial Director
Dave Hopkinson	Real Madrid	Global Head of Partnerships
Ramón Loarte	Sevilla FC	Chief Marketing & Commercial Officer
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## SPONSOR (COMPANY)

NAME	COMPANY	TITLE
Eelco van der Noll	AB InBev	Head of Experiential Marketing
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## MODERATOR\*

NAME	COMPANY	TITLE
Carlos Cantó	SPSG Consulting	CEO

WFS would like to thank all the participants for their time, valuable contributions and insights on the state of sponsorship in the football industry.

\* Carlos Cantó was assisted by Ingrid Rossell, consultant at SPSG Consulting, during the duration of the workshop.

The 4<sup>th</sup> edition of **World Football Summit** (WFS from now on) was held on the 24<sup>th</sup> and 25<sup>th</sup> of September 2019 in Madrid at Teatro Goya. During this two-day event, professionals from all around the world gathered to discuss about the new trends and challenges that the football industry is facing.

The program included talks and roundtables on current major issues, such as the development of sportainment, innovation strategies applied to sports, the biggest novelties and challenges in different markets, women's football and clubs' best-practices, among others. Likewise, **sponsorship has become a key revenue stream for the different sport's stakeholders** and, therefore, it was one of the most relevant topics to talk about.

In fact, according to IEG, sponsorship\* **generates around \$65.8 billion worldwide**, and is constantly growing.

This figure shows the rising importance of sponsorship in the development of sports. Indeed, WFS recently published a report called **"The Future of the football industry: the vision for 2022"** which, among other subjects, delved into the future of revenue streams in the football industry. The report states that the WFS Advisory Board members expect sponsorship to be the second commercial revenue stream to grow the most by 2022, mainly due to a decreasing efficiency of traditional advertising and new advances in technology that bring up new opportunities.

Bearing that in mind, the WFS organized a specific workshop that would provide interesting insights on the state of sponsorship in the football industry as part of the event. The objective was to enable both parties in the relationship (brands and properties), to explore the biggest challenges for them in the near future, and discuss together the key factors to make a sponsorship agreement succeed.

The workshop **"Football and Sponsorship: Challenges and trends moving forward"** was led by **Carlos Cantó**, CEO of SPSG Consulting and member of the Board of the Spanish Marketing Association, as well as member of the Advisory Board of WFS.

The participants that joined this exclusive by-invite-only workshop were high-profile professionals that work in the football industry either as a sponsor or as a sponsored property.

\* Known as the association between a brand and a property where the sponsored property grants rights and benefits to a sponsor for a limited period of time, in exchange for an economic or in-kind compensation.

# GENERAL CONCEPT

## 1 MAIN CHALLENGES TO FACE IN SPONSORSHIP WITHIN THE NEXT 5 YEARS

- Brands
- Properties

## 2 MAIN CHALLENGES TO FACE IN THE MANAGEMENT OF THE SPONSORSHIP AGREEMENT

- Brands
- Properties

## 3 CONCLUSION

- Annex



Handwritten notes on a yellow background:

- DECIDE CHANNEL FOR PROMOTION
- MEB = LANDSCAPE
- CONNECT WITH FANS
- How SPONSORSHIP REACT THE YOUNG GENERATIONS
- CONNECT WITH
- (Logos -)
- > FANS PROCESS
- VALUE OF

As mentioned before, sponsorship refers to the association between a sponsor (which can be a company, a private entity or a public entity) and a property (which can be a private or public entity: club, league, event, governing body, athlete, venue, etc.) where the sponsor provides resources (economic or in kind) to a property, in return for some rights and benefits. As the sponsorship relationship is established for a limited period of time (usually mid/long-term), the sponsor is responsible for leveraging on these rights by activating the sponsorship.

With respect to its advantages compared to other traditional advertising channels, sponsorship faces no saturation and is not intrusive when approaching the target audience (not only is perfectly aligned with the audience’s lifestyle, but also it does not interrupt them during an exciting match as commercials sometimes do).

Moreover, sponsors can generate content that is valuable for these target audiences such as offering “Money cannot buy experiences” around a property they are passionate about (e.g. contest to win VIP tickets for a football match and a M&G with the players).

As can be seen, sponsorship goes far beyond brand visibility and can amplify a sponsor’s differentiation over other brands sponsoring the same property. In particular, sponsorship allows companies to stand out among their competitors (being above the clutter) as, usually, properties grant sector exclusivity to their sponsors (so that they are the only brand from a concrete economic sector associated to that property).

Many of these advantages were mentioned during the “Football and Sponsorship” workshop in the WFS event, but the discussion was focused on the following main topics:

- 1 Main challenges to face in sponsorship within the next 5 years.
- 2 Main challenges to face in the management of the sponsorship agreement, once it is signed, specially but not limited to the coordination with the other counterpart (brand or property).

The workshop participants shared their thoughts on these topics (from their own perspective: as a brand or as a sponsored property) as well as reflected and tried to visualize the other counterpart’s point of view (by contributing to the discussion with insights on what are the challenges they think the other party is having to face).

The main goal was to know whether sponsors and properties are aware of what is the other counterpart’s situation and compare if they understand their challenges when dealing with the sponsorship agreement, with the aim to identify gaps that (once minimized) allow them to improve their relationship.

# MAIN CHALLENGES TO FACE IN SPONSORSHIP WITHIN THE NEXT 5 YEARS



## BRANDS

According to the workshop's participants, the main challenges for brands in sponsorship over the next 5 years will be related to the current media-content distribution disruption which requires them to adapt to the new digital world in order to capitalize on all the opportunities that technology brings; such as increasing fan engagement and improving the management of sponsorship (data management, ROO measurement...).

First of all, the media landscape has changed over the past few years with linear TV ratings declining while new and more sophisticated digital platforms appear to capture the market (ie. OTT and social media giants). In that sense, one of the biggest questions posed during the workshop was at what extent brands considered that football is a digital sport. Interestingly, it was discussed that for sure football is not only a physical sport as it is worldwide known that younger generations are used to multitask, even in sports. For instance, they can be watching a match in the stadium while commenting and sharing content through digital platforms. Therefore, for a brand, it is not only important to be present on what fans are seeing or watching (the match itself) but also on what they are sharing in order to gain exposure more efficiently.

However, this fragmentation on the access to audiovisual sports content also brings uncertainty to brands when deciding in which channels or platforms to invest their activation budget in order to connect with their target audience.

In fact, experts noted that although digitalization has amazing benefits (ie. it broadens the brand's reach beyond the stadium itself), it becomes also more challenging to maintain relevance and authenticity through sponsorship (specially with younger generations).

ACCESS TO AUDIOVISUAL CONTENT

← Challenges



FAN ENGAGEMENT

This leads us to the second challenge for brands which is to discover how they should leverage on all the new capabilities and increase engagement in a hyper connected digital world.



Obviously, properties consider that innovation will be a key success factor for brands to make sponsorship still effective.

What's more, brands agree that due to the globalization of the audiences, they are undoubtedly obliged to think digital by default. However, as a consequence, they must put additional efforts to optimize their segmentation strategies in order to reach more people (and grow the fan base to non-hard-core fans as well) but with less money. That happens because the required investments to stand out in sponsorship are increasingly less affordable, and it is worth noting that, at the same time, linear TV ratings are declining. As a result, there is more uncertainty on how to transform that high amount of money into value\*.

\* E.g. find other KPI's, understand how to convert leads into business...

To that end, both properties and companies agree that one essential factor is the **proper use of data**. Actually, the sponsor's analysis of data collected by the club (or league or federation) is necessary to fully understand the younger generations' behavior and improve its personalization skills accordingly. As a matter of fact, **properties believe that one**

**DATA MANAGEMENT**



**DIFFERENTIATION**

**of the main challenges for brands is their digital adaptability.** However, sponsors noted that for sure it is necessary for them to adapt to this new digital era but maybe properties are focusing too much on that, and brands still need to focus their activations on creating valuable experiences with emotional messages (that connect the values of the sport) in order to stand out from their competitors.



In that sense, properties are aware that another important challenge for brands to focus on is to **up-grade and maximize their Return On Objectives (ROO)** in order to breakthrough because, as we have seen, **sponsorship requires not only a sky-rocketing initial investment but also recurring human resources and monetary resources for activation purposes** (that aim to achieve this differentiation effort).

**BREAKING-THROUGH**



When it comes to analysing the sponsor's traditional return on investment (ROI), one key aspect to consider is the reliability of the measurement methodologies. Traditionally, although there hasn't been a standardized process to examine a sponsor's return on investment (meaning brand exposure value in media through sponsorship), brands have considered objective metrics such as **TV ratings and media value equivalency**. However, companies added that this current technological revolution opens up the question on how to understand the digital assets' KPI's\*.

**ROI MEASUREMENT**



Certainly, during the workshop, brands mentioned that it is good to gather all the possible data regarding millennials' behavior and all the possible digital ROI metrics. However, as for brands, it is also important **not to get confused in such a large pool of data and lose the focus of the strategy they primarily defined** (e.g. they must ask themselves if the new trends have the values they want to be associated to and, thus, if it's worth adapting their activation content or not).

\* E.g. "is it more important for a brand to have 1M views or 10K app downloads to accomplish my goals?"

Indeed, according to the clubs, as digitalization is shaping an interconnected world, **developing a clear brand's sponsorship strategy will become even more challenging** for them as they find an oversupply of properties to sponsor\*. For instance, although it was not mentioned by the properties, **brands explicitly pointed to eSports as a sponsorship space to consider** (specially when it comes to "traditional" football, digital version).

**SATURATION OF PROPERTIES**



\* E.g. different football clubs, other sports properties, international properties...

Furthermore, not only will brands have access to more worldwide sponsorship opportunities, but they will also face increasing threats to their sponsorship investments arising from globalization such as having to protect themselves from more ambush marketing capabilities.

Therefore, it seems to **football clubs that all this uncertainty and saturation provoke that brands are more reluctant to establish long-term partnerships** (which is actually necessary for sponsorship's efficiency: as the brand association to the property by the population takes time).

**PROPERTIES**

If we switch the perspective, **properties face some of the same challenges as sponsors such as having to deal with the new sports content distributor's landscape (keeping up with technology) and managing uncertainty regarding the new generation's behavior. Moreover, properties will also be threatened by increasing competition from other sportainment offerings, so they will need to optimize their assets in order to stand out in a global market.**

To start with, **football clubs also see the new access to content paradigm as a challenge for themselves** (as well as brands do) but in a more direct way; because as less people watch linear TV and the rates decline/become flat, clubs (and leagues and federations) will consequently get less revenues from traditional broadcasting.

**BROADCASTING UNCERTAINTY**



← Challenges

What's more, brands identified the **escalating cost for superstars** (and financial fair play rules) as a challenge for the properties because as they eventually will get less revenue from linear TV, **football clubs will become more dependent on commercial revenues which will put even more pressure on them to attract and retain sponsors**. In fact, one of the biggest concerns for properties is to be able to put together an attractive commercial package which delivers both the expected values (referred to image, positioning, association...) and value (referred to profitability) to the brands.

Indeed, according to clubs, as they enter the current digital era, it will become more difficult for them to comply with this second component of the commercial package and find which is the streaming - "digital value" (OTT, social media, influencers, DFS, betting companies, etc.) they are offering that justifies the rising sponsorship fees in comparison to the declining linear TV ratings (which as stated before, it has been the most-commonly used KPI to measure sponsorship results). Consequently, one of the main threats for them is to **keep up with digital developments** that allow them to optimize these measurements.

**CREATE VALUE TO SPONSORS THAT JUSTIFY THE FEES**



In response, some properties stated that sponsorship has to be based on the premium content they are selling instead of just focusing on how it is distributed. However, brands precisely feel that in some instances not only they are

competing for that premium content with the clubs themselves, but in addition, they also struggle to provide them what the market is demanding.

Actually, according to the panel of experts, **nowadays younger generations want to know everything that happens beyond matches** (what are the players eating, how

COMPETING AGAINST OTHER SPONSORSHIP OPPORTUNITIES

they spend their free time...). Hence, football evolves from a 90' product to a 24/7/365 one. Nonetheless, clubs do not often have access to this type of content that fans are demanding, whilst players do.

On top of that, companies are also aware that some countries like China are "Icon-based markets" and fans are more committed and loyal to big-name players themselves rather than the club they are playing for. That means that when the superstar leaves the team, icon-based fans leave as well and the club sponsors lose their reach\*. Therefore, although properties haven't identified it as a threat, as players become influencers themselves, **brands consider players as an alternative property to sponsor to the clubs.**

\* E.g. Cristiano Ronaldo's move from Real Madrid saw Juventus' popularity rise in China, up nearly 70% between July and December 2018

Certainly, clubs mentioned they are obliged to keep pace with the professionalism of the industry to be able to compete against other clubs for drawing sponsors' interest but more than that, brands consider they are competing "against" their own players as well (which have the power to sell their own rights in a more direct and cheaper way). Then, some of the challenges for the football properties are:

**FROM THE FAN SIDE: RETAINING THEIR INTEREST.**

**1. ENGAGE FANS:**

Show these superstars' fans that although the player may be sold to another club, something better is going to come so they are still the team (or even the league) to follow. If they accomplish that, brands will want to stay where the fans are.

**FROM THE PLAYERS SIDE:**

Despite the fact that football properties didn't identify their own players as their direct "rivals" in terms of sponsorship (as brands did), they did mention that one of the challenges to tackle is their **low commitment to the club's sponsorship activations**. Then, it showed be necessary to:

ACHIEVE PLAYERS COMMITMENT TO SPONSORSHIP ACTIVATIONS

**2. EDUCATE PLAYERS THAT ARE NOT FULLY COMMITTED TO THE SPONSORSHIP AGREEMENTS:**

2.1 It is important to **organize a mandatory session where the properties explain the players that the club depends on the sponsors revenues to run smoothly** (and thus, their wages as well) and as they are part of the ecosystem, they need their help to drive those revenues by providing the services agreed with the sponsors.

2.2 Involve the players to generate commitment in the sponsorship activities (especially if they add value to the club). Selected clubs, for example, organize a group meeting at the start of the season in order to engage the players in the sponsorship activation (independently of their popularity).

**3. DEAL EFFICIENTLY WITH CONTROVERSIAL SITUATIONS** where a player has a sponsorship agreement with a brand that is a competitor of the club's sponsor\*.

\* E.g. Lionel Messi is sponsored by adidas and FCBarcelona by Nike

Besides, in a context where the key appealing asset for brands in sponsorship is content, **football is competing in a global market with other entertainment products beyond sports**. For instance, millennials are not only interested on sports, but their passion is also fragmented on travelling, fashion, food, music... so brands are increasingly supporting those spaces as well (sometimes as a substitute sponsorship option to sport).

Owing to this, clubs consider that it is becoming more difficult for them to commercialize all their assets. As a result, they should:

**1. EMBRACE TECHNOLOGY IN ORDER TO STAY RELEVANT.**

The optimization of their databases will enable properties to have a deeper understanding of their fans and offer **multiple segmentation possibilities and content personalization opportunities** to their sponsors. In fact, the properties are seeing steadily more brands looking for new commercial packages away from the traditional visibility to the delivery of knowledge (they are looking for receiving fans' behavior data).

OPTIMIZATION OF DATA BASES

**2. ADAPT THE PRODUCT TO EVERY TARGET GROUP'S PREFERENCES.**

Millennials are said to have **shrinking spans of attention** so it may be boring for them to stay watching a match for 90'. Therefore, experts agreed that it is important for the properties to **adapt the content (e.g. through shorter formats such as highlights) and make it more relevant in order to retain the young generation's interest**. Otherwise, **millennials won't pay to see or watch a match if they can wait for a while and see the highlights few minutes later.**

ADAPT THE CONTENT TO YOUNGER GENERATIONS

As a matter of fact, some rights holders stated that it is not enough to adapt to the new means of consumption (e.g. mobile devices), but it is also necessary for them to adjust to the new popular products (e.g. eSports). To that aim, they are already exploring new ways to engage millennials by firstly finding out where they are and then, acting accordingly. For example, **as influencers have become crucial for reaching younger audiences on social media, football properties** (e.g. leagues and clubs) have started to transmit the information to the fans through these popular people that speak the same language.

In the same way, brands and properties agree that one of the biggest challenges for the rights holders in sponsorship will be to offer an appealing 360° product, which is tailored to every brands' needs. The objective is to connect values with brands, surpass other sponsorship opportunities and achieve sponsors' satisfaction that derives in the establishment of a long-term partnership (which would secure an essential revenue stream for the properties).



To finish, it is interesting to note that although properties mentioned that establishing long-term partnerships will be one of the main challenges both from a property perspective and from a sponsor perspective, brands did not.

# MAIN CHALLENGES TO FACE IN THE MANAGEMENT OF THE SPONSORSHIP AGREEMENT



## BRANDS

The signature of a sponsorship agreement is not the end of the work to do but actually the beginning of it. When asked about the main challenges moving forward, the brands and properties present in the workshop agreed that sponsorship requires continuous involvement from both parties and that flexibility in managing a contract is a must.

Since sponsorship is a fast pace changing environment, brands have to embrace technological innovations to stand out among their competitors.

According to brands, one of the main challenges to tackle is achieving differentiation among other sponsors. As we know, sponsorship is focused on the association between a brand and a property but, in general, the population is able to remember only 3-4 top-of-mind brands associated to a certain property.

### THE POPULATION IS ONLY ABLE TO REMEMBER 3-4 TOP-OF-MIND BRANDS ASSOCIATED TO A PROPERTY

As a result, sponsors are not only competing for the population's recognition against companies from their same industry or sector but, actually, they are also competing against other brands that sponsor the same property (irrespective of the industry they are working in).

Therefore, as far as experts concern, **sponsors could go unnoticed unless they capitalize on differentiator factors.** In order to respond to a possible "overselling" of sponsorship by a club, league or federation, brands need to:

- 1 **Develop unique and exclusive "vertical" projects** with the property that other brands don't have access to (ie. Mastercard is the only UEFA Sponsor that develops the player's escort kids activity).
- 2 **Be creative** and frequently propose new ways to activate the sponsorship in order to increase their share-of-voice.
- 3 Set and prioritize objectives that mark the pathway to follow, but, even more importantly, **be flexible in order to adapt the strategy according to the evolution of the market and their changing business needs.** Properties believe that they should develop a common list of objectives.

On top of that, the properties themselves should also help brands by pro-actively identifying new initiatives that deal and tackle with this kind of challenges. Some ways to enhance the Brand-Property relationship are:

- The organization of a **Sponsor Day** (when the number of partners is above four) which is an **annual meeting** for partners where the property summarizes the

activities deployed during the year and presents new projects and novelties. The Sponsor Day is very effective to keep sponsors up to date, sell new assets like “vertical” projects, and allow partners to network among them (for Business-to-Business purposes).

- The organization of a workshop. One such example mentioned during the discussion is the organization of a football match with all the sponsors, followed by a workshop and a networking session.

Apart from this, experts mentioned that despite the fact that it is of course necessary to acknowledge sponsors by offering them unique experiences such as **VIP tickets to matches or free tours through the stadium** (that can be provided either as a way of promotion for sponsors and to their target audiences), brands also positively value simple actions like a C-suite executives to visit their main office, which clubs (and other football properties such as leagues and federations) usually forget to do.

With this in mind, maybe sponsors and properties should try to listen and communicate clearer because for the great majority of properties, another main challenge for brands is **receiving the assets and value they expected to**. However, their point of view is that sometimes there are **too many intermediaries** between the property and the brand as well as difficulties in dealing with players, which makes the sponsorship delivery not as efficient as it should be.

## THE SPONSORSHIP CONTRACT SHOULD BE UNDERSTOOD AS A REFERENCE, BUT FLEXIBILITY IS A MUST

In like manner, it is acknowledged that football is a very competitive market, so brands believe that the rights and benefits recognized in the contract act as a reference, but both parts need to be flexible to survive in such an environment (especially when these are multi-year contracts). In that sense, although it's challenging for the brands to receive the agility they need in terms of adapting the agreements, they believe football is a highly professionalized industry and these deals usually have built-in flexible structures that allow those concrete tweaks.

What's more, executives pointed to this rapidly shifting market as the main reason that brands push for greater flexibility to reach different markets. Incidentally, properties understand that it's a challenge for brands to reach different geographical areas without adapting their content because clubs (as leagues as well) have experienced the cultural differences in business terms by themselves (e.g the ways in which deals are negotiated and risky moments approached are different).

Therefore, football properties are aware that **coordination is a key success factor**, so they need to work together with brands and complement themselves to make the

relationship succeed (sponsorship evolves to partnership). This brings up to the next part which is how they can foster the brand's willingness to renew the contract.

## COORDINATION BETWEEN THE SPONSOR AND THE PROPERTY IS A KEY SUCCESS FACTOR

Although it was not identified by the properties, one of the biggest challenges that brands must face arises from the **increasing sponsorship fees** because companies need to better justify their sponsorship decisions internally and, thus, they are lately placing greater emphasis on revenue-driven actions that give them an exponential return on objectives. Consequently, brands brought up the question of whether properties can help in the sell-in process of the sponsorship or not.

Experts stated that there are three main ways in which the property can ease this process and help them convince the board of directors (and other decision-making areas or levels) to renew the deal:

Firstly, **properties need to understand that brands have other objectives than gaining visibility and awareness through a sponsorship agreement**. One instance could be companies aiming to sell more products or services, as if they don't get the expected results, then the sponsorship may not be worth the investment for them. Bearing this in mind, properties should pro-actively find ways to help them improve and achieve these objectives.

Secondly, brands also asserted that it is better for the club (and, again, other football industry properties such as leagues and federations) to maintain the level of interaction/conversation/negotiation with the team in charge of sponsorship in the company (marketing, sponsorship, brand, public relations, etc.) and avoid trying to directly approach the CEO. In that way, it is easier to convince the board of directors from their own team perspective and the process is more efficient.

Lastly, as companies are being held more accountable for their investments, experts consider that **a performance-driven payment scheme would help properties show they are willing to help sponsors to achieve their goals**. These performance-based agreements follow a win-win philosophy and tie a portion of the fee either to team performance on the field (winning matches, ranking in the table, etc.) or to the delivery of particular results to the company (achieving agreed metrics such as ticket sales, match attendance, increase of brand product sells in a specific market...).

For instance, some of these deals have a baseline rights fee agreed and then, a variety of negotiated incentive payments based on performance. The variable fee, moreover, may take the shape of “bonus” or “malus”.

**FOOTBALL PROPERTY**

Three ways to help the brand to sell-in the sponsorship agreement:



**PROPERTIES**

Properties believe that the main challenges they face in a sponsorship agreement takes place during the signature of it (understanding the brand priorities, setting clear and joint objectives with the sponsor and negotiating effectively all the rights and benefits) and during the execution of the contract (keeping sponsors satisfied by continuously thinking on how to help them to achieve their goals, enhancing players commitment in sponsorship activations and delivering relevant measurement metrics).

In order to tackle the first challenge, still a few properties put together a welcome package delivered individually to every partner at the beginning of the agreement which includes a formal reference to the rules and procedures to follow in the relationship, information about the rights and benefits agreed, calendar of activities and how to use the property’s brand (among others). All this information can also be uploaded in a specific section in the property’s web (private access section).

Then, the second challenge is related to the delivery of the sponsorship agreement. To start with, the properties’ sponsorship departments have two important roles:

1. **BUSINESS DEVELOPMENT:**  
Proactively develop new assets (and “vertical projects”) that bring additional value to the existing partners (and look for new ones).
2. **SERVICING:**  
Not only must the property make sure that it is able to deliver all the rights established in the contract, but also needs to be very pro-active in terms of **providing new activation ideas to the brand** (or advising in their execution). Servicing also includes reporting to the partners the results of the sponsorship relationship: activities carried out during the year, figures, satisfaction surveys, results, etc..

However, as mentioned before, sponsorship is a fast pace changing environment and businesses’ needs evolve quickly. Hence, properties in servicing must have a frequent and sincere communication with the sponsors (through 1-to-1 meetings on a regular basis that aim to improve the sponsorship relationship), to understand their evolving business priorities and adjust the contracts mid-term accordingly, if needed (something that is challenging in particular if they have several sponsors).

**THREE EFFECTIVE WAYS TO OPTIMIZE SPONSORSHIP SERVICING**

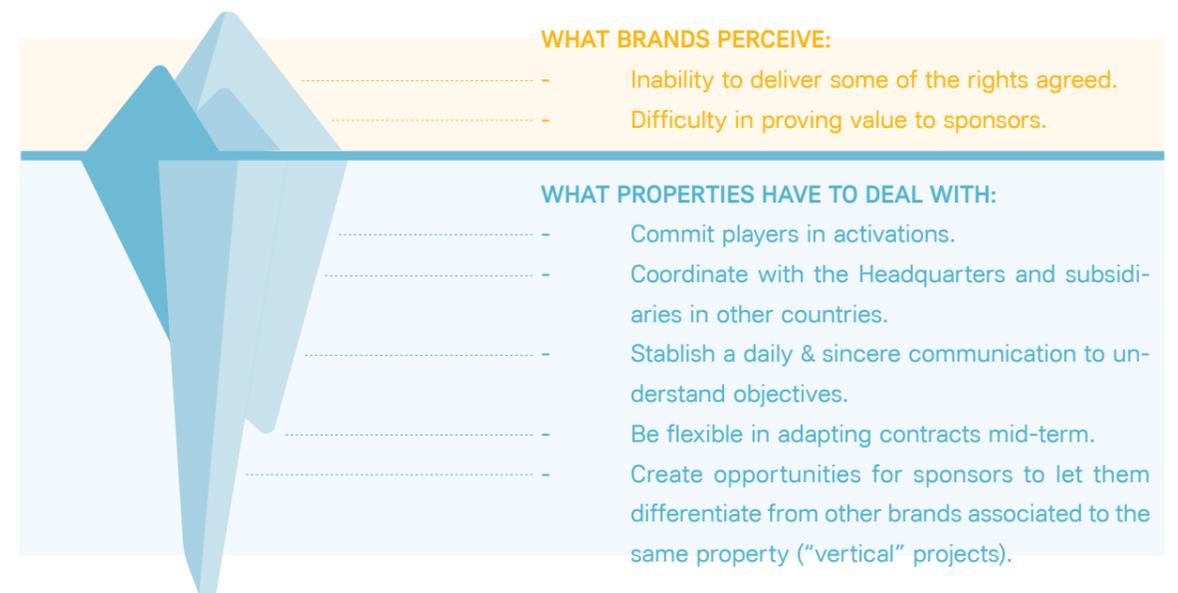


What’s more, **football properties need to be especially flexible under global sponsorship agreements**, as they must coordinate the rights delivery both with the Headquarters of the company (usually the one that dictates the agreement) and the subsidiaries (in other countries or geographical areas). Therefore, the challenge for the sponsored properties is that they are expected to adopt a “glocalized” (think globally, act locally) strategy with the local teams, although brands usually take it for granted.

Besides, brands added that **as sponsorship fees in football are very high, the sponsor’s expectations are also high**. From their point of view, **sometimes football properties struggle in terms of providing this value to them**, either because they face challenges related to legal or management issues which reduce the efficiency in the delivery of rights agreed in the contract. Another eventual reason is that clubs are not the owners of their whole inventory of assets, as usually a portion of it (in some cases, a very significant portion of the pie), is given to the league or to the federation, or even to investors and agencies as well as selected players. This in turn, eventually could lead to a no-renewal of the deals, so properties should be concerned about it.

Before, it was stated that one of the possible solutions to help brands in the sell-in process of sponsorship agreements’ renewal could be the adoption of a performance-driven payment scheme. However, this type of deal structure puts additional pressure to the football clubs to achieve the agreed performance metrics, and as experts mentioned during the workshop “The value chain has to be balanced in a level everyone can sustain”.

**PROPERTY’S SPONSORSHIP DELIVERY ICEBERG: MAIN CHALLENGES**



# CONCLUSION



How SPONSORSHIP REACTS > FANS  
 THE YOUNG GENERATIONS PROCEEDS  
 FOOTBALL AND SPONSORSHIP CHALLENGES AND TRENDS MOVING FORWARD WFS - SPSG  
 use of data  
 property

CONNECT LINKS OF SPORT



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GLOBALIZATION  
 THE ADVANCE  
 LACK of SEGMENT

New technological improvements are positively revolutionizing the football industry but, at the same time, bringing several challenges to brands and properties exposed hereunder.

To start with, brands need to manage the **uncertainty that the media-content distribution fragmentation** (in access to audiovisual sports content) brings in order to effectively allocate their marketing budget in the most suitable platforms to achieve their objectives. In fact, brands are obliged to adapt to this volatile digital world in order to keep pace with the development of the industry. Thus, brands need to find out **how to increase fan engagement in a hyper-connected digital world but without losing their focus on the physical one** (through the creation of experiences that enable them to differentiate from competitors).

Besides, another important challenge for them is that **as the fees are rising, brands need to better justify their sponsorship decisions through achieving positive ROO metrics** (far beyond the traditional "ROI") and managing data properly (and nowadays, digital KPI's are difficult to understand and prioritize). To finish, the development of a clear sponsorship strategy will become even more challenging with the increasing saturation of properties (and assets within a property) to sponsor.

In comparison, properties also need to face this new access to content paradigm but in a more direct way as they are **dependent on broadcasting revenues**. Therefore, **properties must secure revenues from sponsorship** (as well as other areas and ventures) to breakthrough by providing attractive commercial packages that are able to bring both values and value to the brands. To that aim, football properties need to keep up with digital advancements to **stay relevant among younger generations** and optimize their data bases to offer effective segmentation capabilities to sponsors. Otherwise, they will lag behind other entertainment offerings beyond sports (e.g. music, fashion...) and lose sponsors interest (even "against" their own players).

Therefore, clubs need to focus on **achieving players commitment in sponsorship activations and offer added value to brands** (i.e. by adapting their products) in order to outpace other sponsorship opportunities. Bearing all that in mind, if properties don't take action on all the different challenges, they will struggle to establish long term partnerships with sponsors.

MAIN CHALLENGES TO FACE IN SPONSORSHIP WITHIN THE NEXT 5 YEARS

7 CHALLENGES FROM A BRAND PERSPECTIVE

7 CHALLENGES FROM A PROPERTY PERSPECTIVE

	1. ACCESS TO AUDIOVISUAL CONTENT		1. BROADCASTING UNCERTAINTY
	2. FAN ENGAGEMENT		2. CREATING VALUE TO SPONSORS THAT JUSTIFY THE FEES
	3. DATA MANAGEMENT		3. COMPETING AGAINST OTHER SPONSORSHIP OPPORTUNITIES
	4. DIFFERENTIATION		4. ACHIEVE PLAYERS COMMITMENT TO SPONSORSHIP ACTIVATIONS
	5. BREAKING-THROUGH		5. OPTIMIZATION OF ITS DATA BASES
	6. ROO MEASUREMENT		6. ADAPT THE CONTENT TO YOUNGER GENERATIONS
	7. SATURATION OF PROPERTIES		7. STABLISH LONG-TERM PARTNERSHIPS

In terms of what are the main challenges to face in the management of a sponsorship agreement, both brands and properties agree that a sponsorship relationship requires continuous involvement from both parties to succeed.

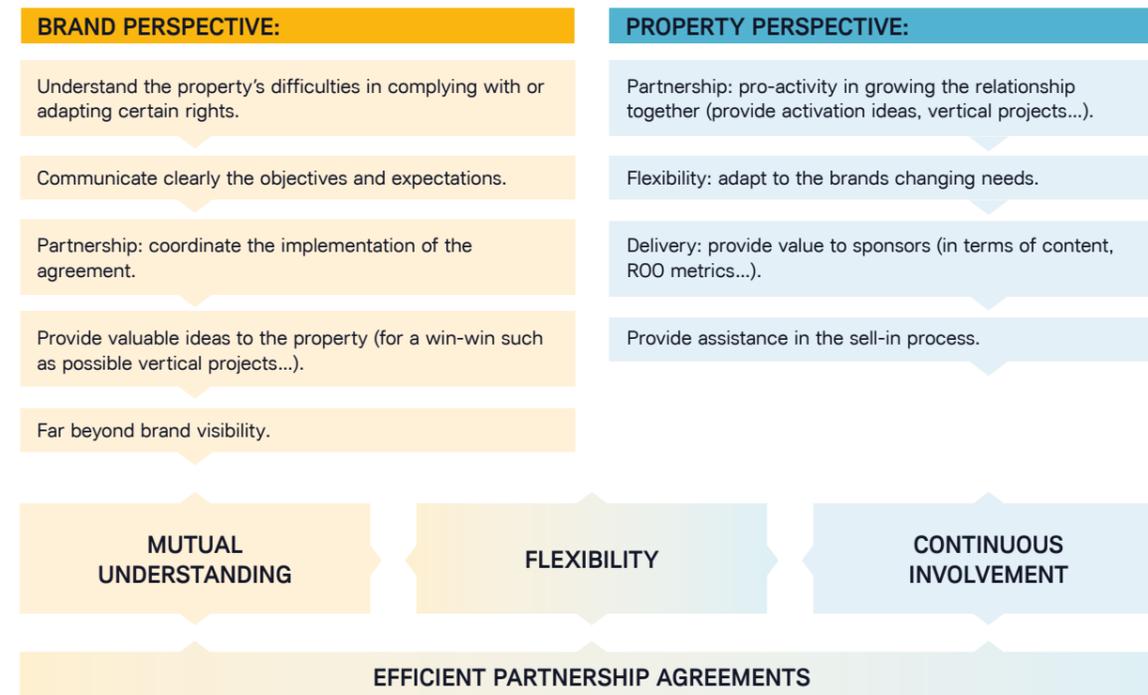
Brands need to differentiate themselves from other sponsors (that are sponsoring the same or other properties) by coming up with creative activations and/or taking “ownership” of a “vertical” project provided by the property and to develop and deploy in conjunction with the property. According to experts, the properties can also help sponsors to stand out by pro-actively offering those unique “vertical” projects, providing activation ideas, helping them achieve their final objectives and, all together, contributing to a smoother sell-in sponsorship process.

To that aim, it is necessary that they both honestly and clearly communicate their objectives and expectations. However, it is not only important to listen to the other counterpart but also to try to understand it. For instance, properties should understand that companies have evolving needs and priorities in order to be able to provide valuable content for them; and brands should understand that properties sometimes struggle to comply with the delivery of certain rights. Therefore, flexibility in managing and adapting the contracts is a must.

Finally, it is worth considering that for a better coordination between them, properties can provide valuable tools to the brands (such as welcome packages and structural reporting systems) that ease the processes.

In conclusion, when developing a sponsorship agreement, companies and properties should consider the following key success factors that translate into a higher sponsor satisfaction, and thus, to the establishment of an effective long-term sponsorship relationship (Partnership):

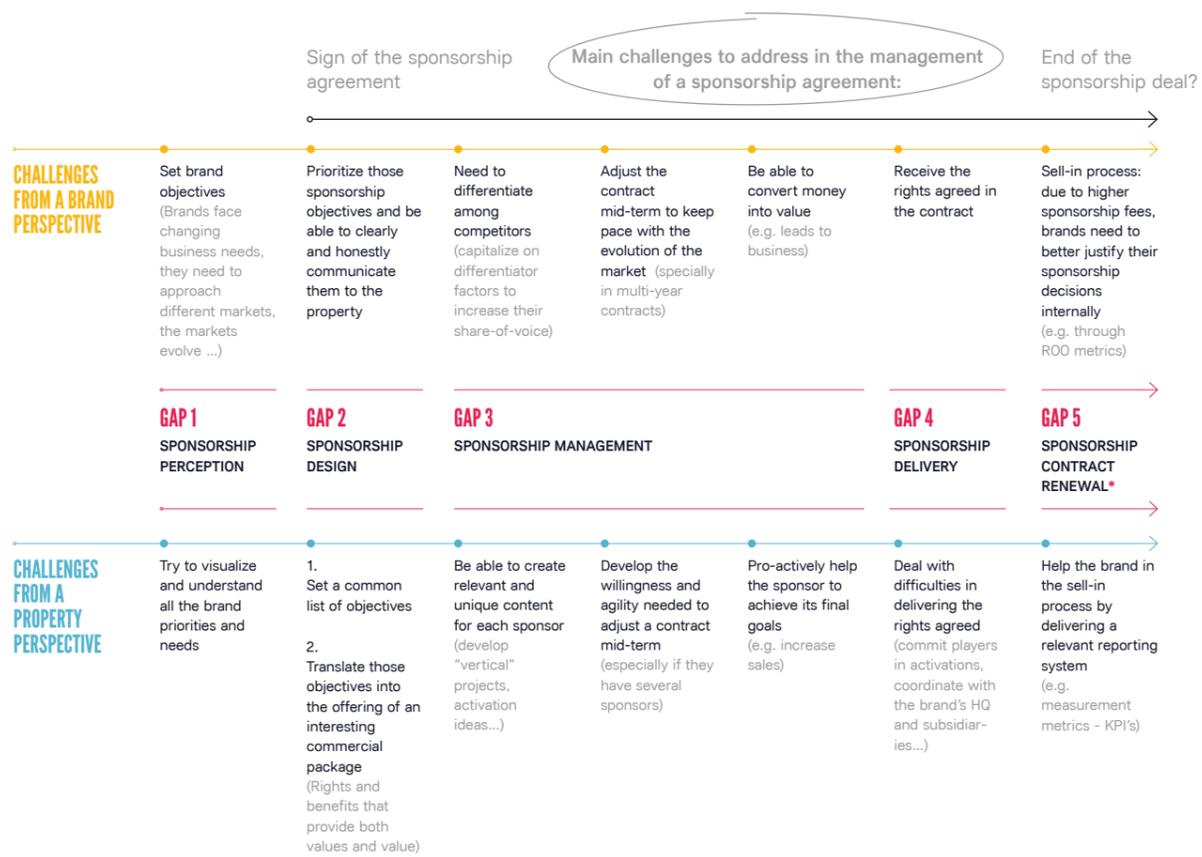
KEY SUCCESS FACTORS TO OPTIMISE A SPONSORSHIP AGREEMENT:



## ANNEX

The model of Service Quality Gaps (ServQual) was firstly developed by A. Parasuraman, Valarie Zeithaml and Leonard L. Berry in 1985. This model describes 5 major gaps that service providers must address (and minimize) in order to reach customer satisfaction. In the original model, the 5 gaps are the following: Knowledge gap, Policy gap, Delivery gap, Communication gap and Customer Gap.

In order to summarize the main challenges in managing a sponsorship agreement (mentioned during the workshop and described in this document), the ServQual model is adapted and applied to a sponsorship relationship between a brand and a property.



\* The sponsorship contract renewal will depend on whether the difference between the sponsor's expectation vs. perception is positive (satisfaction) or not.

Source: SPSG Consulting (adapted from and inspired by the Service Quality Gap model by Parasuraman, Berry and Zeithaml).

**GAP 1 SPONSORSHIP PERCEPTION GAP** → Market knowledge. Distance between what brands need, and what the sports properties perceive they need (prior understanding of those general brand's marketing objectives/needs/priorities and how sponsorship can help).

**GAP 2 SPONSORSHIP DESIGN GAP** → Difference between the ability of a brand to communicate its objectives, the property's understanding of the concrete brand's priorities/needs and the translation of that understanding to an appealing commercial package (with appropriate rights and benefits to achieve the objectives).

**GAP 3 SPONSORSHIP MANAGEMENT GAP** → Refers to the property's ability to efficiently manage the sponsorship agreement by responding to the brand's needs and comply with the sponsorship package priority designed.

**GAP 4 SPONSORSHIP DELIVERY GAP** → Difference between what the property promised to deliver to a sponsor through the sponsorship contract and what is finally able to deliver.

**GAP 5 SPONSORSHIP CONTRACT RENEWAL GAP** → Difference between the sponsor's expectations and perceptions/actual experience. The minimization of the 4 gaps by the properties (and further assistance on sponsorship reporting) will help brands deal with their last challenge which is the sell-in process of the sponsorship deal.

## ABOUT WORLD FOOTBALL SUMMIT

World Football Summit is a world leading event organizer with a focus on the football industry. It gathers the global stakeholders to discuss the most relevant topics and generate business opportunities. Since its creation, in 2016, it has hosted eight events, bringing together over 9,000 attendees and nearly 600 speakers. After consolidating its flagship congress in Madrid, in 2019 WFS started its international expansion holding the first edition of WFS Asia in Kuala Lumpur (Malaysia). In 2020 it will take a step further with the first edition of WFS Africa, which will take place in Durban (South Africa) on March 17<sup>th</sup> and 18<sup>th</sup>.

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## ABOUT SPSC CONSULTING AND INVESTMENTS

SPSC is a boutique consulting firm specialized in providing business solutions in the fields of Sponsorship, Partnership and Sport.

Created by Carlos Canto, who has the experience to lead projects in 23 countries in the industry of Sports, Entertainment and Sponsorship, advises sport companies/clubs, federations, governing bodies, sponsors, media companies, public sector entities, entertainment companies and investors.

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