

# THE FUTURE OF SPONSORSHIPS

How KPI Transparency Will Change the Sports Marketing Game



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# NOW

**“GumGum Sports is delivering a similar level of transparency and performance-driven KPI’s for sponsorships as our clients would expect across the \$70B+ in media buying we manage on their behalf—globally across TV, digital and out-of-home advertising each year. We live in an attention economy where sports is one of the most effective channels at capturing attention.”**

-Will Swayne  
Global President, Client Solutions  
Dentsu Aegis Network

dentsu  
AEGIS  
network

# THEN

**“You get what you get. When it comes to renewal time, sponsors and rights holders risk having subjective discussions in regards to performance if specific key performance indicators around exposure, engagement and brand impact aren’t established first. It also increases uncertainty about the return on an investment with no downside risk mitigation.”**

-Jeff Katz  
VP Strategy and Partnerships  
GumGum Sports

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SPORTS

# BACK TO THE FUTURE OF SPORTS SPONSORSHIPS

## TIME FLIES

**B**efore the era of the internet, social media and never-ending commercials, Yogi Berra was an athlete who knew how to grab attention. But true to his words, there's no way he could've predicted what the sports media landscape would look like now.

Today, the sports sponsorship industry is changing rapidly. If Berra had a time machine, he'd see logos on courts, fields, jerseys and everywhere in between. (He'd also be phenomenal on Twitter, no doubt.) Most importantly, he'd see just how much of a numbers game sports have become. According to the World Advertising Research Center (WARC), global sponsorship spending in 2018 was projected to top \$65.8B, almost a 5 percent jump from the year before.

**“It’s tough to make predictions, especially about the future.”**

—Yogi Berra

What does this mean? Companies are spending a ton to be seen, and that trend is only going to increase. Mainstream leagues like the NBA, MLB and MLS are finding new ways to monetize jerseys and equipment, while Esports, Formula One and other industry players follow suit.

The value of the game is changing, so it pays for teams, brands and individuals to understand where they stand and how they can capitalize on new opportunities.

Let's take a closer look to see what the future holds.

# 6 Ways Technology Will Build Greater Trust & Performance Between Sponsors & Rights Holders



## The sports sponsorship almanac

For too long, sponsorships have been an inexact science. With the technology we have today, sponsors and rights holders shouldn't have to guess about what's working. Here are a few ways a new roster of tools will provide better data, asset management and decision-making. →

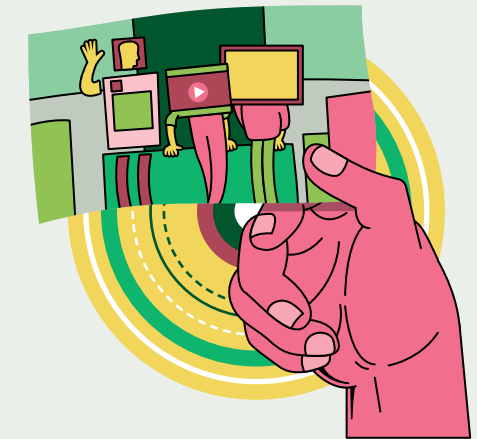


## Guaranteed Expectations With Transparent KPIs

**SEE THE FUTURE:** Soon, sports sponsorships will be tracked and guaranteed like all advertising spend. Sponsors will be able to set or negotiate clear KPIs—like impressions and engagement targets—when they purchase deals before each season. As a result, rights holders can deliver deeper transparency, increased ROI predictability and downside protection to brands with upside potential.

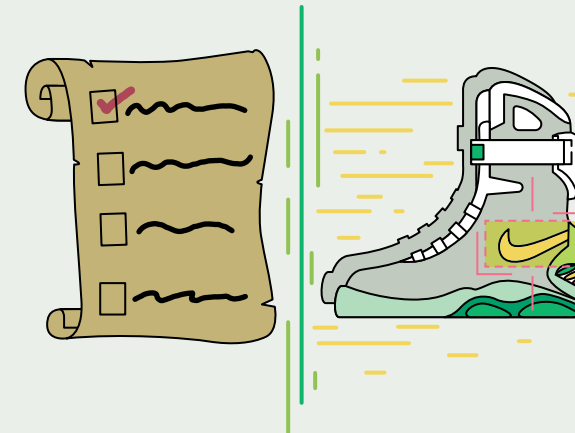
## Sponsorship Attribution Joins the Multi-Touch Party

**THE FULL PICTURE:** Brands will incorporate sponsorship ROI into their marketing attribution platforms alongside other channels like TV, digital, radio and OOH. With greater transparency, sponsorships will take their rightful place in multi-touch attribution models so brands can understand how their investments contributed to the overall marketing performance.



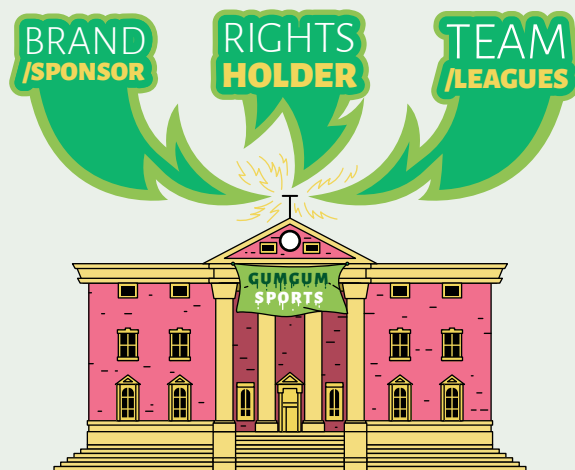
## Cross-Channel Asset Management Made Easy

**DYNAMIC-PRICING DELOREAN:** Cross-channel asset value will be accounted for and purchased as part of every sponsorship. In order to properly measure the media value of TV-visible signage, one must look across a myriad of sports consumption channels, including: TV, streaming, social, digital and online piracy. Teams that price and package sponsorships without accounting for the cross-channel value leave money on the negotiating table. And brands often have to guess the value of the fans' consumption habits. However, help is at hand. Technology partners such as GumGum Sports use computer vision to understand the full value of sponsorship on all media channels.



## More Accurate, AI-Powered Measurement

**TIME-TRAVELING TECH:** Sales impact will migrate from survey and panels to actual spending behavior measured through partnerships with global data and payment processors. Data management platforms (DMPs) will provide deterministic insights like sales uplift among rights holder fans vs. the general population.



## Third-Party Validation For All

**VERIFICATION CLOCK TOWER:** Sponsors will seek independent verification of rights-holder value. More sponsors will proactively secure their own third-party validated measurement, separate from reporting supplied by rights holders.

## Real-Time Sponsorship Exchange

**PROGRAMMATIC FLUX CAPACITOR:** TV-visible signage during late-game, playoff and other high potential moments will be purchased programmatically and priced dynamically. Brands and teams will capitalize when huge highlights occur. Just think about the last two minutes of a tie game in the NBA playoffs. If given a choice, would Pepsi pay more and would the Knicks charge more for a primetime April showdown?



Illustrations by Nikoby

# The Math, Money & Making Behind Today's Sponsorship Package Imperfection

## NHL'S OPEN NET

*Companies are just starting to crack the code on maximizing ad value. As leagues and brands get smarter about their sponsorships, the pricing should improve as well.*

To give a sense of just how little cross-channel value is accounted for in today's sponsorship measurement landscape, let's have a look at the state of professional hockey. GumGum Sports research gathered data that shows how much potential the NHL has to skate to where the puck is going to be in the sponsorship market.

## Breakdown of the NHL Sponsorship Valuation

Don't forget to show your work!

**\$600M** CURRENT NHL SPONSORSHIP REVENUE

Priced to target 3-4x ROI

**\$2.4B** CURRENT PERCEIVED VALUE

Additional \$600M in value from cross-channel measurement

**\$3B** ACTUAL VALUE (5X ROI)

Priced to target 3-4x ROI

**\$750M (\$150M)** FUTURE NHL SPONSORSHIP REVENUE

Based on a 2018 report by ESP Properties, the NHL runs a \$600 million sponsorship business. GumGum Sports estimates that the combination of TV and social media team sponsorships drives \$3 billion alone in media value back to their sponsors, representing a 5x ROI. This figure does not include value from other channels like illegal streaming and digital.

With a more comprehensive system in place, NHL teams could make a data-driven case for at least 15 percent more (or \$150 million) in partner revenue while delivering a 4x return in media value to their clients. It all starts with having the appropriate data tracking in place and being transparent about the value teams generate on a partner's behalf.

Furthermore, not all cross-channel measurement is equal. Take social media, for example. Sponsor exposure from earned media accounts for the majority of social media value, yet most rights holders are only tracking their own social media accounts.

*The earned media boost favors placements that are frequently featured in game highlights. In the case of the NHL, sponsors should understand that the area behind the goal dasher boards is more likely to have cross-channel value compared to mid-rink dasher boards. They get incremental value beyond the broadcast from goal scoring clips that are shared across social media.*

# Visualizing a Progressive Language & Currency for Sports Sponsorship Measurement



Getting on the same page, for the sake of more coin.

# The Gold Standard

What does the long game for sponsorship measurement look like? For starters, it needs to be standardized. There are so many metrics and philosophies out there, which is hurting transparency and consistency. According to a recent Forbes survey of 331 marketing executives, 87 percent of respondents claimed that data was their most underutilized asset.

A few elements could go a long way toward creating a better arena for sponsorship measurement. Brands and rights holders would benefit from adopting a third-party platform to validate all measurements. They should also trade in universal KPIs instead of mixing and matching from various places.

When buyers and sellers have access to the same cross-channel data, they'll be able to view more accurate KPIs, analyze true ROI and optimize their packages accordingly.

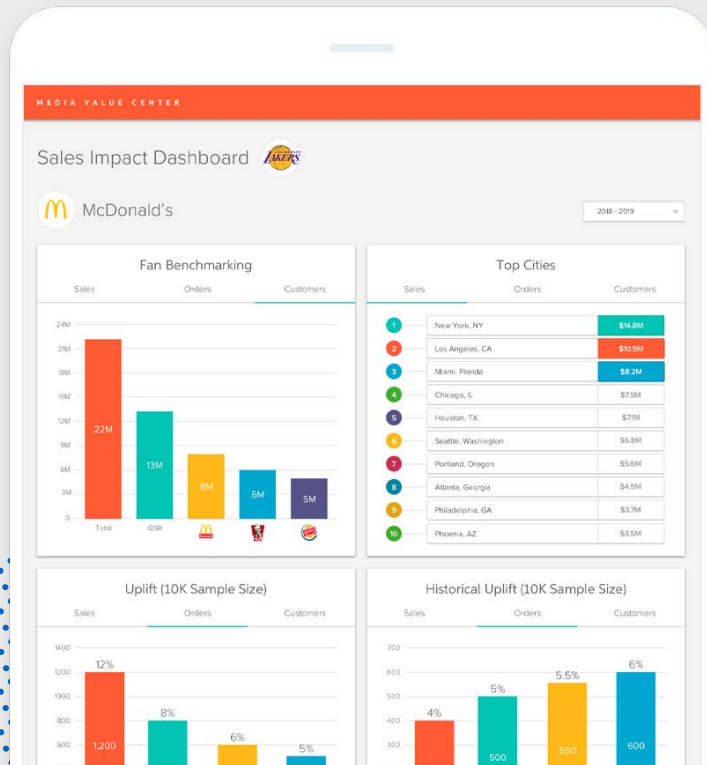
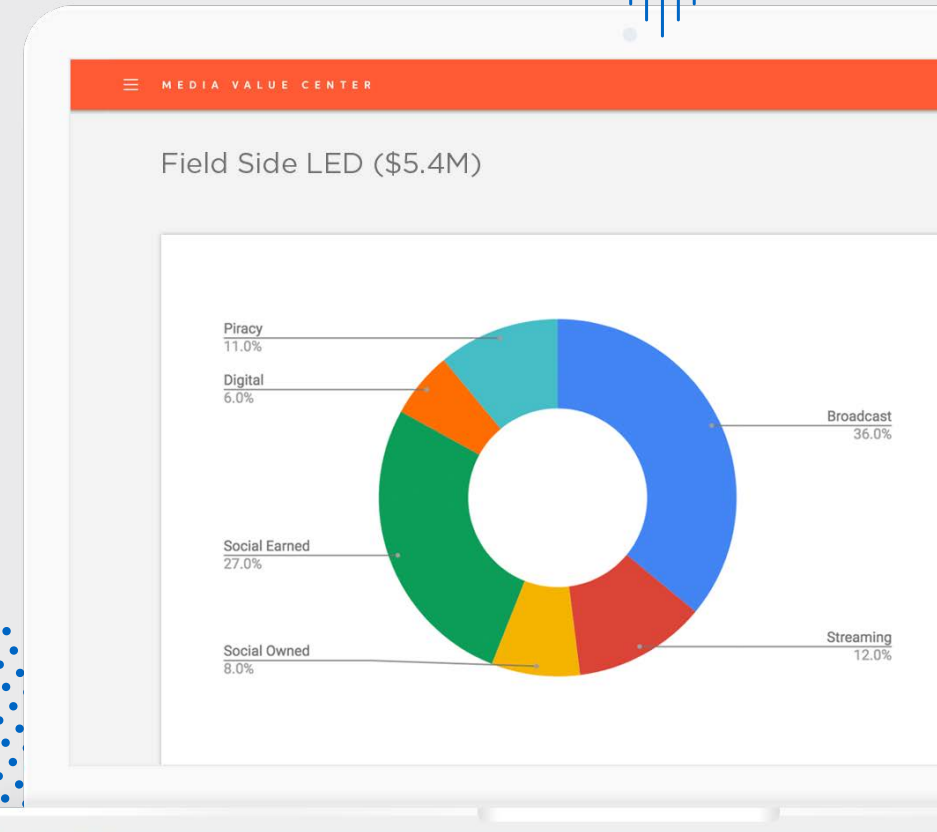
Let's dive in to see how this set-up could work.

# The Ultimate Sponsorship Analytics Dashboard

When putting together a sponsor package, rights holders need to be able to forecast the media value, impressions and engagements they expect from assets like TV-visible signage and dedicated social media posts.

FIELD SIDE LED KPI'S	MEDIA VALUE	IMPRESSIONS	ENGAGEMENTS
ACTUALS	\$5,392,001	526,974,201	1,773,968
FORECAST	\$5,000,000	480,000,000	1,550,000
PERFORMANCE	7.84%	9.79%	14.45%

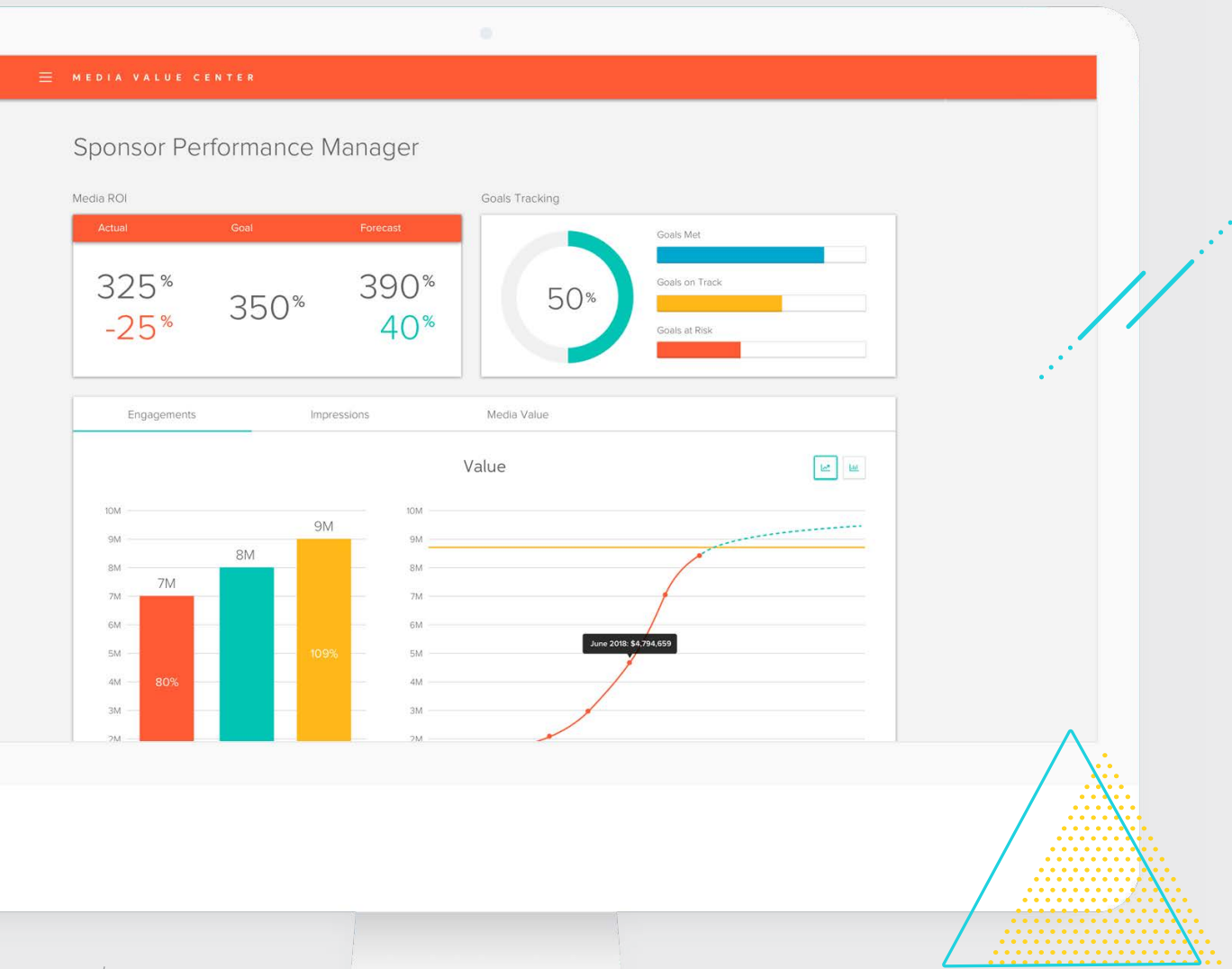
This system enables rights holders to better justify a price point. They can also establish clear KPIs, making partners more comfortable throughout the sponsor lifecycle. That trust and transparency ensures that both parties have a clear definition of success that can be validated throughout the course of the relationship.



## Forecast All Channels, Track Any Placement, Maximize Every Highlight

Capturing information is a good first step. But the key to great measurement is being able to track data against a goal or industry standard. That way, a decision-maker can clearly indicate how an investment stacks up to specific media value, impression and engagement KPIs.

Furthermore, this measurement machine will help demonstrate true sales impact reporting. This is where data management platforms (DMPs) can validate how many fans actually purchased a product or service from a rights holder relative to the general population as a sponsorship KPI over time.



# USE CASES FOR THE MODERN-DAY SPORTS MARKETER

A NEW KIND OF PLAYBOOK

**IF**

**THEN**

IF marketers have the ability to view their KPIs at any time...

THEN they'll be able to establish regular performance check-ins both internally and with partners. The benefit is total visibility and improved communication—two hurdles that have tripped up companies forever.

IF marketers can analyze more accurate cross-channel sponsorship data...

THEN they'll have real-time access to forecast the true ROI of their partnerships. This will essentially take the guesswork out of the sports sponsorship market.

IF marketers can optimize sponsorship packages...

THEN they'll benefit from intelligent campaigns and more efficient placement selection. This goes back to the idea of a live sponsorship exchange, where decision-making can adjust and evolve over time. That will put marketers in a position to maximize their budgets during a game's biggest moments.

# RIDE OFF INTO REALITY



## SECURE INDEPENDENT VERIFICATION

We're living through the golden age of sports analytics. Teams and players have more actionable data than ever before to improve their play. There's no reason the sponsorship market should be any different. Brand sponsors can work with the right platforms to see exactly what information the other side has to work with. Think of it like good scouting, leveling the playing field for all.



## INCORPORATE CROSS-CHANNEL MEASUREMENT

"There's more interest in our product than ratings reflect.... The problem is there is a large pool of audience out there who don't pay for basic cable, so they can't get it," NBA Commissioner Adam Silver recently stated while speaking at MIT's 2019 Sloan Sports Analytics conference in Boston. What this means to buyers and sellers of sponsorships is that it's critical to ensure they have an accurate understanding of value generated beyond the broadcast. If not, they risk making less-than-optimal decisions.



## DELIGHT CURRENT AND POTENTIAL PARTNERS

Since brands are being conditioned to justify every dollar spent with transparent KPI and ROI metrics, it's only a matter of time before this level of scrutiny becomes the standard in sponsorships. Industries like digital advertising have matured in third-party reporting and accountability. As a result, CMOs were more comfortable with the predictability of elements like media cost and ROI expectations.

## YOUR ACTION ITEMS

GumGum Sports estimates somewhere between 40–60 percent of every leagues' inventory is missing a significant portion of its overall value. Even though they may lack critical cross-channel exposure data, there are still simple ways they can take back the lead.

Here are some things brands and rights holders can do now to get ahead of the curve in this exciting future for our industry:



## THE TAKEAWAY

As media trends continue to evolve, brands and rights holders have a chance to step up their game like never before. The sports sponsorship industry is going to get smarter. Companies will gather better data, make better decisions and serve fans more relevant ads. To borrow another Yogi-ism, the future ain't what it used to be. In this case, it's going to be so much better.

# AI-POWERED SPONSORSHIP MEASUREMENT

GumGum Sports is a division of GumGum that leverages computer vision technology to help brands, agencies and rights holders capture the full media value of sports sponsorships. By analyzing live broadcasts, social media and digital streaming, GumGum Sports provides accurate, timely and comprehensive media valuations. The company enables rights holders to retain and grow partner revenue and gives sponsors the ability to track and optimize media value across their sponsorship portfolios.

## Sponsorship Analysis For The Modern Age

**Get your full 360-data from broadcast TV, streaming and social in near real-time.** Want to track, identify and measure the value of your brand sponsorships? Our analytics dashboard, Media Value Center, provides you with the most granular and comprehensive analysis of your sports signage from broadcast TV, social media and streaming platforms.

## Data Organization At Your Fingertips

**Collections pairs accurate value to your latest campaign or insane highlight.** Our customizable Collections feature means you can create the reports that matter most to you. You can track insights like impressions, engagements and media value as a group to chart campaign performance.

## Powerful AI, Intuitive UI

**Complex tech that's easy to use.** Our proprietary computer vision technology utilizes the latest in AI to streamline the measurement of sports sponsorships. This reduces turnaround times and produces more accurate valuations across all channels. The technology is intricate, but our dashboard and reports are elegant and easy to use.



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