

SPONSORSHIP SPENDING REPORT

**WHERE THE DOLLARS ARE GOING
AND TRENDS FOR 2014**



IEG'S 29TH ANNUAL INDUSTRY REVIEW AND FORECAST SHOWS A CONTRACTION IN THE FLOW OF MARKETERS' DOLLARS INTO SPORTS, ENTERTAINMENT, CAUSE, CULTURAL AND OTHER PARTNERSHIPS.

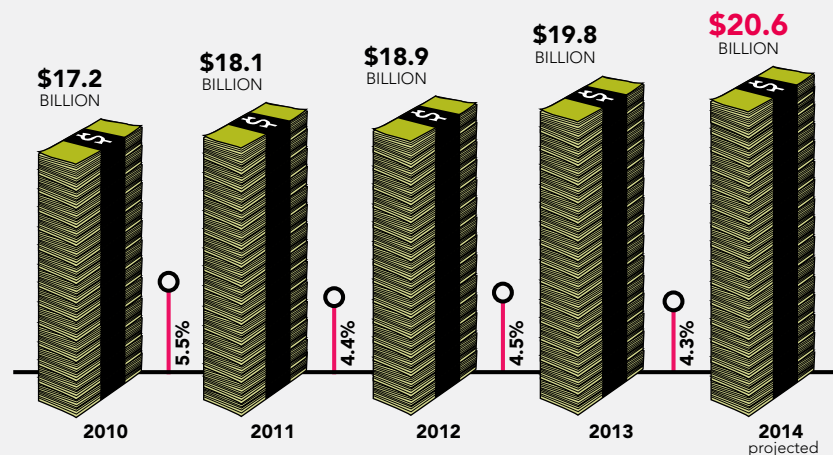
Although sponsorship is still seeing steady growth, corporate interest in other marketing alternatives, particularly digital (including social and mobile) media, has dampened enthusiasm for significantly increasing sponsorship spending.

Spending by North American companies is projected to rise just 4.3 percent in 2014. The amount spent is projected to be \$20.6 billion. In the year just ended, North American spending grew 4.5 percent, well below the 5.5 percent growth IEG forecast last January.

Globally, IEG forecasts 4.1 percent sponsorship spending growth over 2013, to \$55.3 billion. Worldwide spending increased 3.9 percent in 2013, below the 4.2 percent projected.

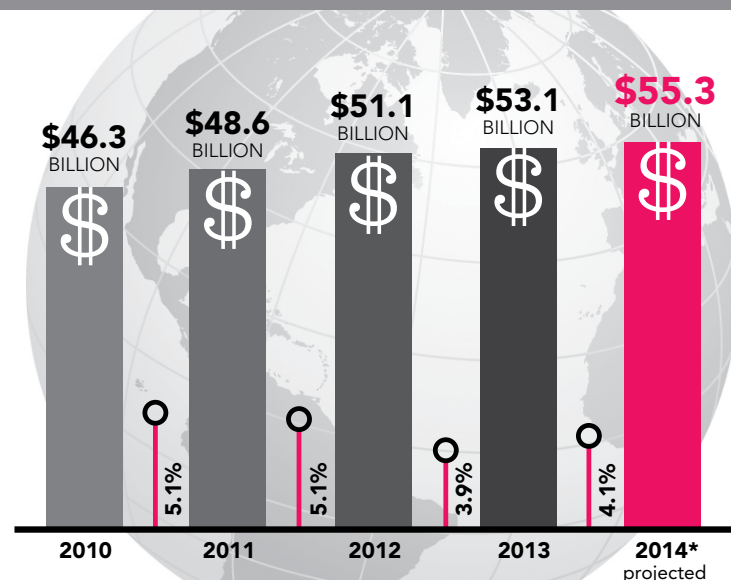
Excluding North American spending, sponsors from all other parts of the world spent \$33.4 billion in 2013. That number should increase by 3.9 percent to \$34.7 billion this year.

TOTAL NORTH AMERICAN SPONSORSHIP SPENDING



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TOTAL GLOBAL SPONSORSHIP SPENDING



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How rightsholders
are maintaining
relevance in a
digital world.

NOT A DIGITAL DIVIDE

INSTEAD OF VIEWING “NEW MEDIA” AS COMPETITION, SPONSORSHIP PROPERTIES WOULD BE WISE TO EMPHASIZE THEIR ROLE AS CATALYSTS IN DRIVING INTEREST, ENGAGEMENT AND ENTHUSIASM FOR THEIR PARTNERS’ DIGITAL, SOCIAL AND MOBILE PLATFORMS THROUGH THEIR NEARLY UNPARALLELED ABILITY TO PROVIDE RELEVANT CONTENT.

As more marketers discover the ability to drive positive ROI by integrating digital and sponsorship efforts, the effect should be stronger growth for both segments.

While many rightsholders outside of the top-tier pro sports and entertainment sectors have a significant amount of work to do in developing content and related digital offerings, others are ahead of the curve in creating new assets that satisfy partners’ digital needs.

The examples on the following pages demonstrate how properties from associations to festivals to sports are taking advantage of the changing landscape to develop next-generation partnerships.

SEAWORLD

SeaWorld Parks & Entertainment is among a small but growing number of non-sports rightsholders contracting with television production companies to produce broadcast and digital programming that creates new sponsorship opportunities in addition to promoting the property.

SeaWorld is in its third year working with Litton Entertainment, an independent television producer and distributor, on *Sea Rescue with Sam Champion*, which airs as part of a block of educational/informational programming Saturday mornings on ABC network stations.

This season, the rightsholder and Litton expanded their relationship, introducing a new program, *The Wildlife Docs*, which features the work of veterinarians at SeaWorld-owned Busch Gardens Tampa.



GEORGIA AQUARIUM

Like SeaWorld, Atlanta's Georgia Aquarium has invested in content development through a partnership with Litton Entertainment to produce *Ocean Mysteries with Jeff Corwin*, a 30-minute program also aired Saturday mornings on ABC.

This year, Georgia Aquarium is taking things a step further with the development of a program segment called "Aquarium's Top Talent," a six-part talent show that pits the aquarium's resident animals in head-to-head competitions. The segment, which asks viewers to vote for a winner by text message each week, also lives online via YouTube, a dedicated Facebook page, and its own Twitter account.

Aquarium partner Georgia-Pacific was secured as presenting sponsor, with its Dixie brand featured prominently in each segment. "Aquarium's Top Talent" videos are hosted on Georgia-Pacific's YouTube channel.

SYDNEY FESTIVAL

Aside from creating content, properties and their sponsors are also capitalizing on content generated by fans, participants and other audiences.

Australia's Sydney Festival and sponsor ANZ offered a social media tool/app dubbed ANZ Buzz at the 2013 event that collated and stored social media posts, creating personalized feeds of social activity from the three-week citywide event.

Pulling updates from users' connected Twitter, Facebook, Instagram and YouTube accounts, and by using the #SydFest hashtag and Facebook check-ins, the app aggregated the social conversation in one place.

ANZ Buzz featured both a list and an interactive map view, so users could view tweets, photos and check-ins either as a social feed list, or plotted on a map to help identify festival hotspots with the most updates and pictures.



MCLAREN MERCEDES

The Formula 1 team's relationship with sponsor Diageo's Johnnie Walker brand dates to 2005. When the scotch whisky's intent shifted in recent years to focus on digital activation, the team and sponsor evolved the program to eliminate unnecessary benefits such as identification on the car and add critical new rights and access that enable Johnnie Walker to develop high-quality content.

To associate with the F1 lifestyle and use it to appeal to non-racing fans, the brand creates immersive digital content that reaches a wide audience. It's "Step Inside the Circuit" campaign aims to tell the inside stories of the team, drivers and the goings-on at races in key markets for the brand.

Content is posted on Johnnie Walker's YouTube site and Facebook page; in 2013 one video alone was viewed more than five million times. Vignettes also are shared with television broadcasters that have broadcast rights to races but lack the bandwidth to create their own content.

COLUMBUS ZOO AND AQUARIUM

The Columbus Zoo has partnered with sponsor Nationwide Insurance to host the zoo's live webcams on Nationwide.com.

The cameras enable the zoo to leverage existing "content"—its animals—in a new way. To enhance the experience, the cameras are not static, but allow users to control what they see by panning and zooming.

Separately, Nationwide also has sponsorship of television programs co-produced by the zoo and featuring its director emeritus, Jack Hanna.



BARCLAYS CENTER

The Brooklyn sports and entertainment palace provides an app that merges the best of the stadium experience with the technological benefits of at-home viewing.

In developing a must-have app experience, Barclays Center offers a compelling delivery vehicle for sponsor content and marketing messages.

The property's in-house BCTV production arm provides an assist to sponsors in creating content for the app, and provides an additional promotional platform through its content-rich website.

BONNAROO MUSIC & ARTS FESTIVAL

Attendees at Bonnaroo Music and Arts Festival are issued radio frequency identification wristbands instead of tickets. The bands not only granted admission to the event, but enabled festival goers to share status updates and pictures on Facebook, post Tweets and upload playlists to Spotify.

The festival sold sponsorship of the social aspect of the program to Ford, giving the automaker branding on Facebook check-ins and on a digital diary—delivered by email—recapping each user's social activity and containing content related to bands whose performances they checked in for.



A screenshot of the AARP Facebook page's 'Advertising Section'. It features a 'HOT DEALS' banner with a red background and white text. Below the banner is a large advertisement for AARP's Auto Insurance Program, showing a couple driving in a convertible. The ad text includes 'Drivers Over 50', 'who switch their Auto Insurance save an average of \$395*', and a 'Start Free Quote' button. To the right of the ad are four buttons labeled 'View Hot Deal 1' through 'View Hot Deal 4'. The 'View Hot Deal 3' button is highlighted in orange.

AARP

Although properties' unique selling proposition in the digital realm is relevant content that sponsors cannot duplicate, they should not overlook digital advertising opportunities in addition.

Rightsholders have the ability to offer more than banner ads. For example, AARP features "Hot Deals" from its sponsors in the advertising section of its Facebook page.

Diving deeper
into where
sponsorship
spending is going.

TALE OF TWO CITIES

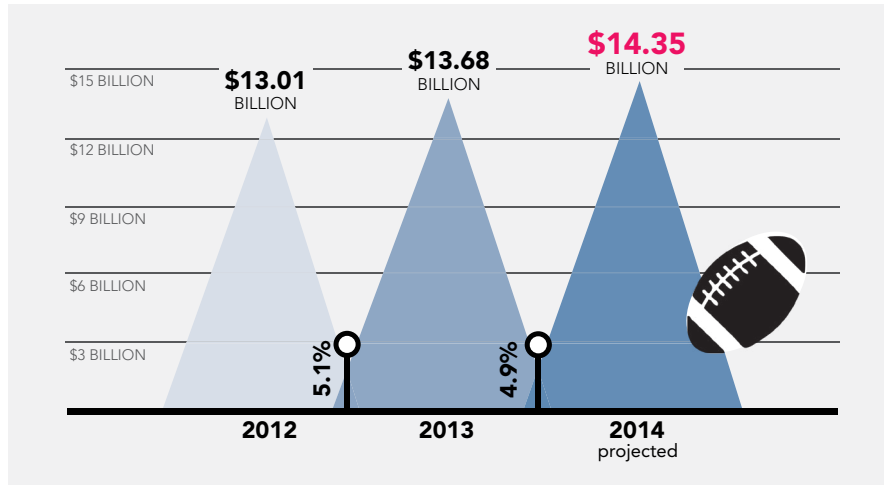
CONTINUING A TREND NOTED IN IEG'S 2013 FORECAST, SPONSORSHIP CONTINUES TO BE A "TALE OF TWO CITIES" IN WHICH SPENDING ON LARGER AND MORE PRESTIGIOUS PROPERTIES REMAINS ROBUST, WHILE INCREASES IN FUNDING DIRECTED TOWARD SMALLER RIGHTSHOLDERS—ESPECIALLY THOSE OUTSIDE THE SPORTS AND ENTERTAINMENT SEGMENTS—ARE EXPECTED TO BE BELOW TWO PERCENT IN MOST CASES.

Some of this divergence can be attributed to sponsors' desire to play it safe and stay in familiar territory that requires less initiative and is less likely to raise questions.

But it is also true that a growing number of sponsors are looking to establish partnerships that create incremental value for both parties through efforts such as developing content, collaborating on activation and creating new products.

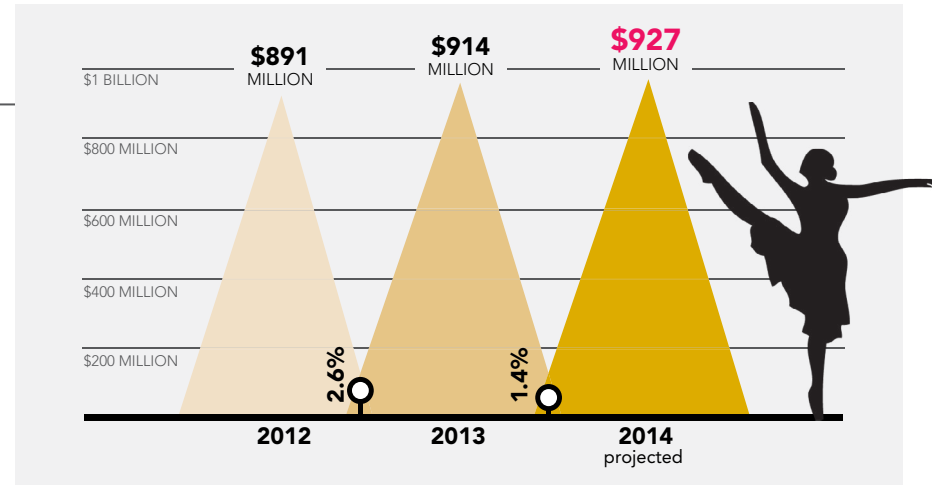
Because of that, smaller properties that continue to rely on the one-dimensional and transactional model of sponsorship—which simply exchanges cash or in-kind commitments for a series of rights and benefits—are and will remain at a disadvantage.

NORTH AMERICAN SPONSORSHIP SPENDING: SPORTS



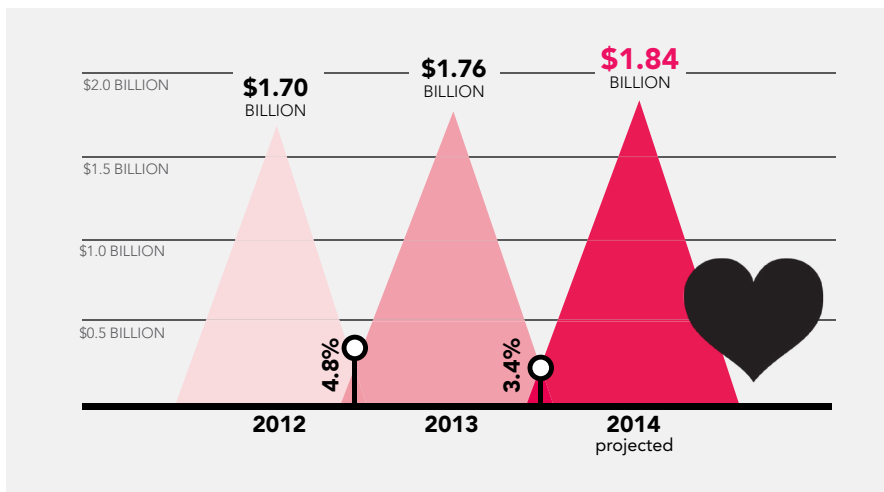
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NORTH AMERICAN SPONSORSHIP SPENDING: ARTS



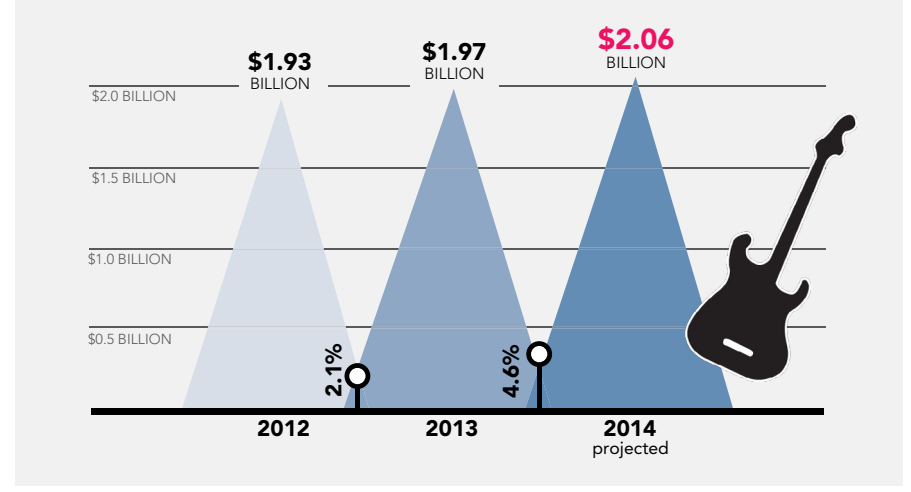
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NORTH AMERICAN SPONSORSHIP SPENDING: CAUSES



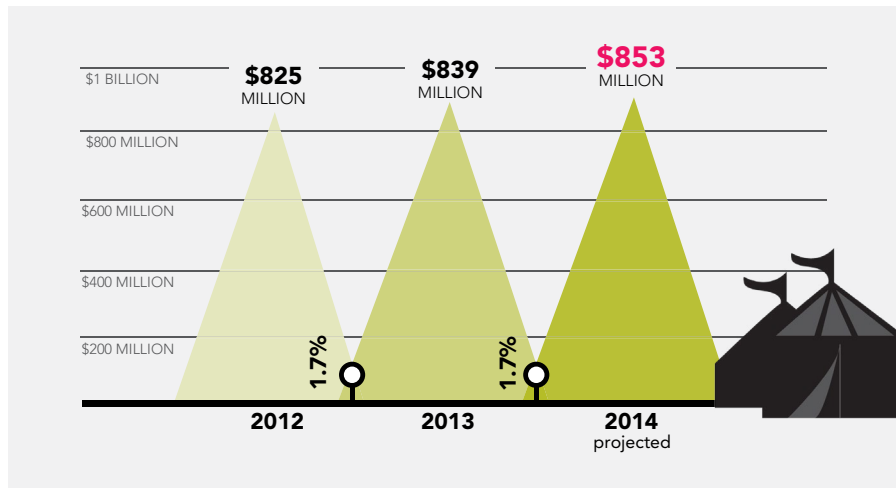
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NORTH AMERICAN SPONSORSHIP SPENDING: ENTERTAINMENT



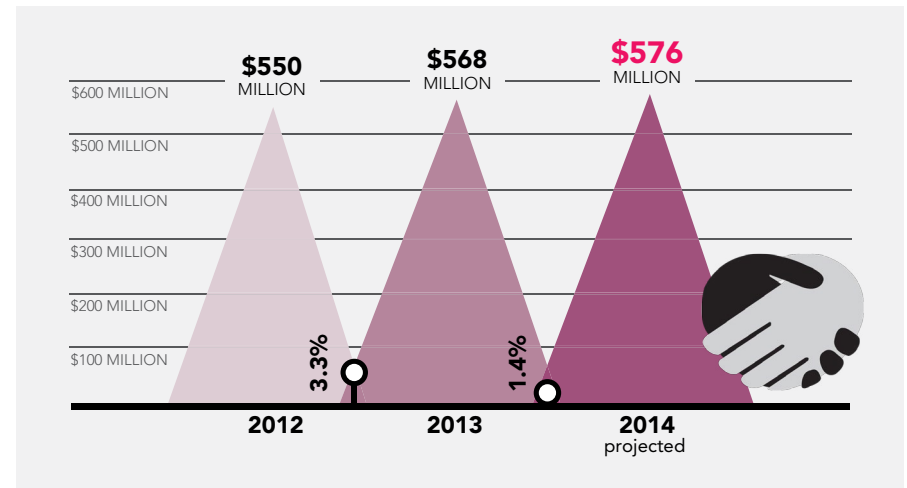
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NORTH AMERICAN SPONSORSHIP SPENDING: FESTIVALS, FAIRS AND ANNUAL EVENTS



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NORTH AMERICAN SPONSORSHIP SPENDING: ASSOCIATIONS AND MEMBERSHIP ORGANIZATIONS



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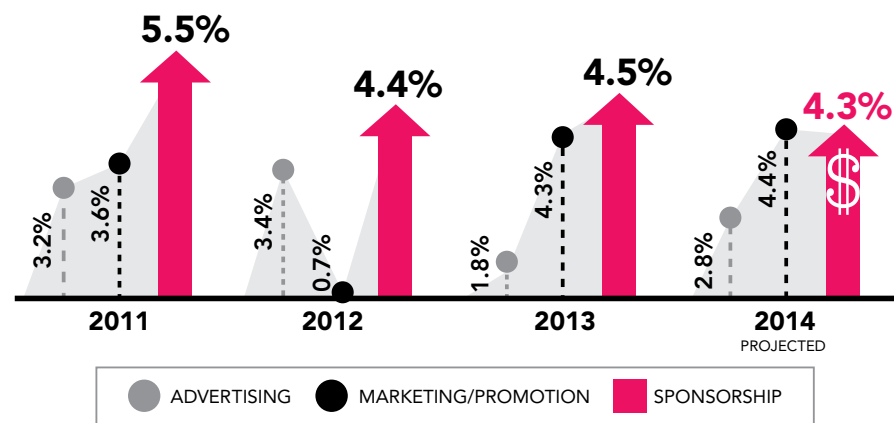
GROWTH RELATIVE TO ADVERTISING AND PROMOTION

THE GROWTH RATE FOR SPONSORSHIP SPENDING IS EXPECTED TO EXCEED OUTLAYS FOR TRADITIONAL ADVERTISING IN NORTH AMERICA.

According to the worldwide media and marketing forecast produced by IEG parent company GroupM—the global media investment management operation of WPP Group plc.—North American ad spending will grow just 2.8 percent, as large increases in digital spending (nearly 10 percent growth in the U.S.) will be offset by a continued decline in newspaper spending (down two percent in the U.S.) and slow growth in ad dollars for TV (2.6 percent), radio (one percent) and magazine (one percent).

Spending on other forms of marketing—including public relations, direct marketing and promotions—is expected to grow 4.4 percent in 2014, according to the GroupM report.

ANNUAL GROWTH OF ADVERTISING, MARKETING/PROMOTION AND SPONSORSHIP—NORTH AMERICA



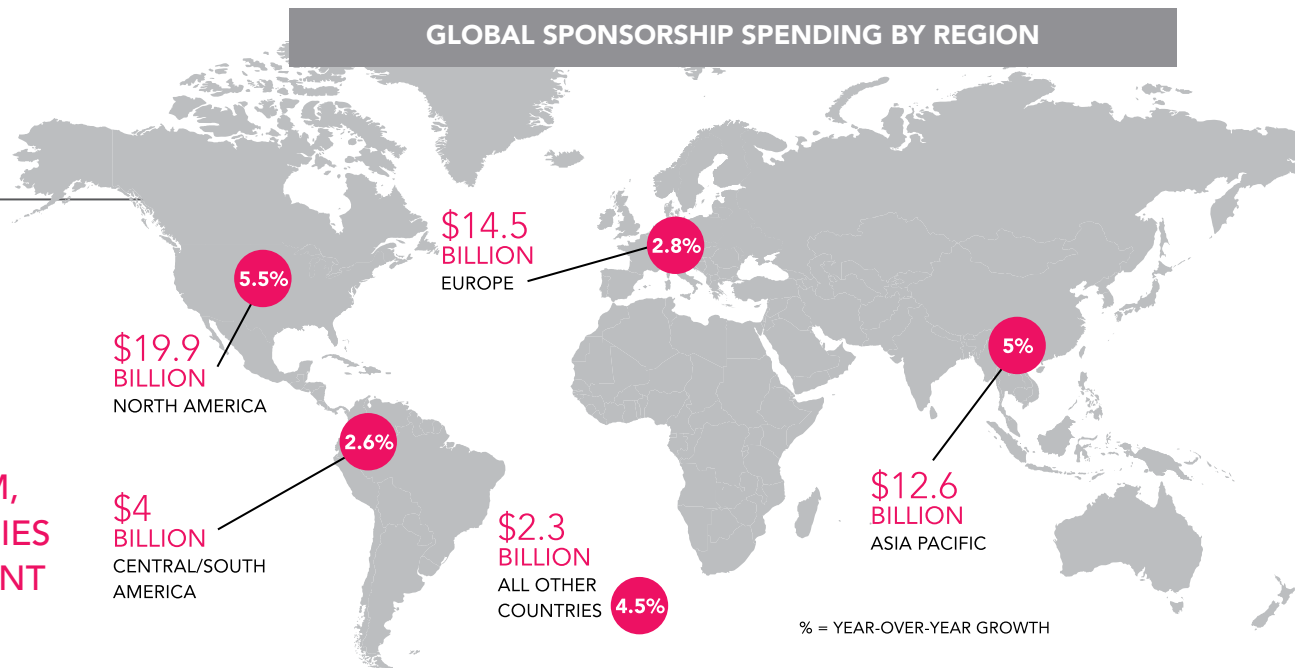
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VARIED PICTURE OUTSIDE U.S. AND CANADA

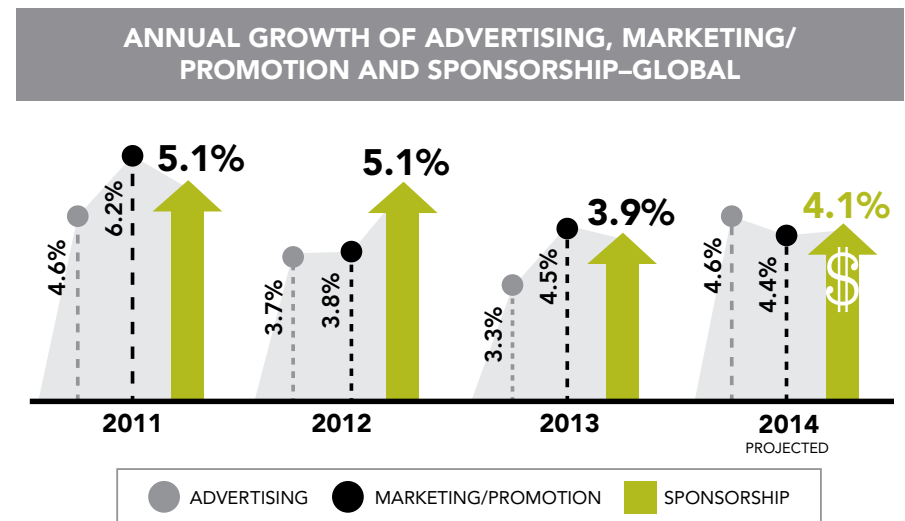
ECONOMIC CONDITIONS IN EUROPE SHOULD KEEP THE REGION AT THE LOW END OF THE GROWTH SPECTRUM, AS SPENDING BY EUROPEAN COMPANIES IS PROJECTED TO GROW BY 2.1 PERCENT IN 2014.

The Asia Pacific region, which continues to see strong interest in sponsorship across nearly all countries, leads all other geographies with a forecast growth rate of 5.6 percent. Central and South America, host to this year's FIFA World Cup and the 2016 Olympic Games in Brazil, should see five percent growth.

Comparing sponsorship spending to GroupM's forecast for media and other marketing expenditures globally, advertising is projected to see the largest growth, 4.6 percent, compared to 4.4 percent for marketing/promotions and 4.1 percent for sponsorship.



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ABOUT IEG

For nearly 30 years, IEG has guided clients through the complex, evolving world of sponsorship, ensuring they stay ahead of the competition and add value to their brands.

We help clients forge deeper connections with targeted audiences through the sports, entertainment, causes and experiences their customers love. We are the only objective sponsorship optimization consultancy fed by smart analytics and strategic expertise.

Our work with industry-leading sponsors—Aon, AT&T, Avis, BP, Canon, Dr Pepper, Exxon, GE Healthcare, Grupo Modelo, GM, HSBC Bank Canada, IBM, JPMorgan Chase, Kodak, Kraft, Nissan, Pfizer, P&G, Subway, Verizon Wireless, Visa and more—provides a practical and informed perspective on what sponsors need to evolve their sponsorship investments.

Only IEG has an objective perspective on the world of sponsorship that is crucial to growing brands. Our consulting for brands focuses on blueprint strategies and metrics to exceed long-term objectives.

A unit of WPP's GroupM, IEG is connected to specialty sibling communications companies in media, digital and activation. GroupM is the leading global media investment management operation that also serves as parent company to WPP media agencies including Maxus, MEC, MediaCom, and Mindshare.

For more information about IEG and the sponsorship industry, please visit www.sponsorship.com or call Mike Maggini at 312/725-5133.



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