ECONOMIC UNCERTAINTY TO SLOW SPONSORSHIP GROWTH IN 2012

Sponsors seem unwilling to place bigger bets until they have more confidence in the U.S. and global economies.

The lingering effects of scattered economic crises throughout the world and a yet-to-stabilize recovery in the U.S. kept sponsorship spending from rising as much as projected in 2011 and will be a wet blanket on budgets throughout the new year.

Corporate marketers appear to be holding off on bigger votes of confidence pending the outcome of solutions to national debt problems and the U.S. presidential election.

The 27th annual year-end industry review and forecast from IEG reveals that sponsorship spending by North American companies increased just 5.5 percent in 2011, below the projected rise of 5.9 percent. Outlays for sponsorships of all types grew to $18.11 billion.

Looking ahead, IEG projects that North American sponsorship spending will grow by just 4.1 percent in 2012, to $18.87 billion.

The global spending picture is slightly brighter, with spending in emerging markets such as Brazil and India offsetting tighter markets in Europe. Global spending, including North America, grew 5.1 percent to $48.6 billion in 2011, just below IEG’s projection of 5.2 percent growth.

For 2012, worldwide spending should increase 4.9 percent to $51 billion.
Sponsorship Keeps Pace With Other Marketing Expenditures

Spending on sponsorship in North American will grow just slightly more than spending on traditional advertising. Media spending, which rose four percent in 2011, is projected to increase by the same percentage in 2012, according to the worldwide media and marketing forecast produced by GroupM, the global media investment management operation of WPP Group plc. (GroupM is the parent company of IEG SR publisher IEG, LLC.)

In the sales promotion realm of direct marketing, sampling, trade shows, etc., consumer and business-to-business promotional spending is expected to grow by 2.1 percent this year following a 1.7 percent gain in 2011, according to the Communications Industry Forecast published by private equity firm Veronis Suhler Stevenson.
Annual Growth Of Advertising, Sales Promotion And Sponsorship

North American Sponsorship By Category

As is typical when marketers turn conservative during economic turmoil, the more established categories of sports and entertainment grew faster than the other four North American major property sectors in 2011.

That trend should continue in 2012, as risk-averse sponsors look for packages that bundle in media exposure and offer activation platforms including retail, digital and on-site marketing.

Sports sponsorship spending grew by 6.2 percent in 2011, making it the fastest-growing sector, just ahead of the six percent growth seen by entertainment, a sector that includes concert tours, theme parks, and branded entertainment partnerships.

Sports and entertainment are projected to grow by 4.6 percent and four percent, respectively in 2012.

Overall, the sports sector will account for 69 percent of North American sponsorship spending this year, a one point increase from 2011. The festivals, fairs and annual events sector will see its share of spending dip from five to four percent in 2012, while all other sectors retain the same share they had in 2011.
Emerging Markets Drive Global Growth

Excluding North America sponsorship spending, sponsors from all other parts of the world spent $30.5 billion in 2011. That number should increase by 5.2 percent to $32.1 billion this year.

With the exception of last-minute spending around the London Olympic Games this summer, most of Europe will see a slowdown similar to what North America will experience in 2012. Sponsorship spending by European companies is expected to grow 4.4 percent in 2012 versus 4.7 percent in 2011.

Led by a vibrant Indian sponsorship marketplace and continued activity in China, spending from the Asia Pacific area is projected to grow the most of any global region in 2012 at 6.3 percent. Healthy growth is also expected in Central and South America, spurred by the Brazilian marketplace in anticipation of the 2014 World Cup and 2016 Olympic Games.

### Global Sponsorship Spending By Region

<table>
<thead>
<tr>
<th>Region</th>
<th>2010 Spending</th>
<th>2011 Spending</th>
<th>Increase From 2010</th>
<th>2012 Spending (Projected)</th>
<th>Increase From 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>$12.9 billion</td>
<td>$13.5 billion</td>
<td>4.7%</td>
<td>$14.1 billion</td>
<td>4.4%</td>
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<tr>
<td>ASIA PACIFIC</td>
<td>$10.6 billion</td>
<td>$11.2 billion</td>
<td>5.7%</td>
<td>$11.9 billion</td>
<td>6.3%</td>
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<tr>
<td>CENTRAL/SOUTH AMERICA</td>
<td>$3.6 billion</td>
<td>$3.7 billion</td>
<td>5.6%</td>
<td>$3.9 billion</td>
<td>5.4%</td>
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<tr>
<td>ALL OTHER COUNTRIES</td>
<td>$2 billion</td>
<td>$2.1 billion</td>
<td>5.1%</td>
<td>$2.2 billion</td>
<td>1.3%</td>
</tr>
</tbody>
</table>

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