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Projection 2008: **Arts Sponsorship Expected to Grow by 3.4%**

Spending on sponsorship by North American companies will grow at the brisk pace of 12.6 percent in 2008, the sixth consecutive year that the growth rate will be higher than the year before and the biggest jump since 2000, according to IEG Sponsorship Report's 23rd annual industry forecast. However, the many properties that are struggling to find new and/or increased dollars and the corporate sponsorship managers who are fighting to have their budgets increased know that the good times are not being felt universally. Rather, the upcoming year appears to be a dramatic illustration of the rich getting richer, as corporations spend unprecedented amounts on big-time sports properties, while other property types will see much smaller increases in the dollars they command.

The Numbers Up Close

Total spending by U.S. and Canadian companies should hit \$16.78 billion in 2008, up from the \$14.91 billion they spent this year. Spending in 2007 was up 11.5 percent over 2006, just slightly below IEG Sponsorship Report's projection a year ago of 11.7 percent growth.

A greater proportion of the 2008 dollars will go to sports properties, with that category garnering 69 percent or \$11.6 billion of the total. Sports spending in 2007 was \$9.94 billion, making the projected increase 16.7 percent. No other property type will see double-digit growth in 2008. Projected dollar amounts for the non-sports categories are:

- ◆ Entertainment tours and attractions: \$1.61 billion, up 2.9 percent from \$1.56 billion in 2007, Social causes: \$1.5 billion, up 4.4 percent from \$1.44 billion;
- ◆ Arts: \$832 million, up 3.4 percent from \$805 million;
- ◆ Festivals, fairs and annual events: \$754 million, up 7.7 percent from \$700 million;
- ◆ Associations and membership organizations: \$482 million, up 4.6 percent from \$461 million.

Three categories will see their share of total sponsorship spending drop by a point, as the sports category's market share increases from 66 percent to 69 percent. Entertainment tours and attractions; social causes; and festivals, fairs and annual events now claim only 10 percent, nine percent and four percent of spending, respectively.

Advertising and Promotion to See Only Modest Gains

The U.S. presidential election and the Beijing Olympic Games will help boost ad spending in 2008, although sponsorship's growth rate will continue to far outpace increases for traditional media buys. North American media spending should rise 3.9 percent in the coming year, according to the worldwide media and marketing forecast produced by GroupM, the global media investment management operation of WPP Group plc.

Ad spending in North America grew just three percent from 2006 to 2007, according to GroupM. A similar increase is forecast for U.S. spending on business and consumer promotions. According to the annual communications industry forecast from private equity firm Veronis Suhler Stevenson, promotion expenditures will increase four percent in 2008 following a 3.7 percent gain in 2007.

Asia Pacific Region Drives Sharp Increase in Global Spending

With the less mature Asian sponsorship markets, especially China, witnessing a flurry of activity from new players similar to that experienced by Western markets 15 to 20 years ago, IEG SR is offering a second straight bullish outlook for worldwide spending. Overall, including North American spending, 2008 global outlays on sponsorship should reach \$43.5 billion, a 14.8 percent increase over this year's \$37.9 billion. A year ago, IEG SR projected that 2007 spending would reach \$37.7 billion. Taking out U.S. and Canadian companies, spending by the rest of the world should total \$26.7 billion, 16.1 percent more than the \$23 billion spent in 2007.

The region whose businesses spend the most on sponsorship after North America remains Europe, where spending should rise 10.4 percent in 2008 from \$10.6 billion last year to \$11.7 billion. Rapidly closing the spending gap with Europe, Asia Pacific companies will spend 25 percent more on sponsorship in the coming year, going from \$7.6 billion to \$9.5 billion. Spending by companies based in Central and South America should rise 16.7 percent from \$3 billion to \$3.5 billion, while companies from all other regions are expected to grow expenditures 11.1 percent from \$1.8 billion to \$2 billion.

Editor's Note:

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