

Changing the game

Outlook for the global sports market
to 2015

December 2011



Our definition of the ‘Sports Market’

For the purposes of this report, the sports market consists of:

- Sponsorships, which include payments to have a product associated with a team, league or event and naming rights.
- Gate revenues for live sporting events.
- Media rights fees paid to show sports on broadcast and cable television networks, television stations, terrestrial radio, satellite radio, the internet and on mobile devices.
- Merchandising, which includes the selling of licensed products with team or league logos, player likenesses, or other intellectual property. Food concession revenues are not included.

Definitions of key terms

Association Football (soccer) is referred to in this report as ‘football’, while American Football – as played in the NFL – is referred to by its full name.

‘Ongoing events’ refers to regular sports events and leagues that occur annually or more often. These are distinct from ‘major events’, which are large international events occurring every few years, such as the winter and summer Olympics, and the FIFA World Cup.

A glossary is included in the appendix at the back of this publication to explain acronyms and abbreviations used in the paper.

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Welcome

Across the world, we're seeing ever closer convergence between the sport and entertainment industries, as both sectors continue to rise to the challenges of new digital technologies which shape the way we spend our leisure time. At the same time sponsorships and media rights emerge as the main engines of growth, putting the traditional dominance of gate revenues under pressure. There will need to be much more focus on developing sophisticated measurement techniques to demonstrate the returns on this investment.

Welcome to the second edition of PwC's¹ outlook for the global sports market. In this edition we provide revenue forecasts at a global and regional basis over the five years to 2015, and also drill down into key segments with projections for gate revenues, sponsorship, media rights and merchandising.

The industry outlook

In this latest edition – *Changing the game* – we continue to identify and investigate the issues that key players in the wider world of sport are facing, providing the context for the revenue forecasts. We go on to consider what the future might hold for the sports market in a world of increasing economic and political uncertainty and investigate where new opportunities might lie and what challenges to future growth might emerge.



¹ "PwC" refers to the network of member firms of PricewaterhouseCoopers International Limited (PwCIL)

Where now?

Despite the recent troubled economic times, sport has continued to thrive, with major events appearing to become more popular than ever. However lower tier events are having to work harder to attract support. We are also seeing more focus on providing value for money, for example by providing added entertainment through offers such as post-event concerts.

The popularity of major events is supported by ongoing improvements in broadcasting and technology, which allow higher-quality coverage than ever before. At the same time, TV companies are embracing social media to engage with fans and deliver a greater intensity of experience. Meanwhile, sponsors remain eager to contribute to – and be associated with – sports events and teams as part of their marketing mix and are using sophisticated data mining to gain increasing levels of intelligence and insight into their target markets.

Hurdles to overcome...

Within this generally positive outlook, challenges remain. While stadia, circuits and arenas are full for the big events, spectators face rising ticket prices – and corporate clients and sponsors face wider economic and regulatory concerns of their own. Meanwhile, broadcasters continue to wrestle with finding the best ways to extract value from new media. As sports search for new ways to keep on growing their revenues, player costs – the single largest expense in most sports – continue to increase rapidly, putting pressure on the bottom line.

Sports organisations are finding it increasingly difficult to balance the needs of all their stakeholders – it used to be all about the fan who would simply vote with their feet, but now the fan has a louder voice via social media. At the same time a corporate world of sponsors and broadcasters, can shape the fans' experience more than ever before. For the sponsor, all the benefits which an association with sport can have, can be destroyed by poor behaviour of a player or sports administrator, or by corruption, as in the recent spot fixing scandal by Pakistani cricket players.

...and pointers to the future

So where do sports go from here? Here are a few pointers to the future that our industry specialists around the world are seeing:

- Emerging sports markets in Brazil, Russia, India, China and the Middle East continue to grow apace, offering scope for the development of new commercial opportunities in these territories for both domestic and international sports and events.
- As sponsors allocate increasing amounts of money to sport, there will be intensifying pressure for far more sophisticated measurement techniques to demonstrate the returns on that investment.
- Sporting bodies and associations are increasingly seeking to introduce new regulations in an attempt to control the cost base and levels of debt in their sports and leave a sustainable business model for future generations.
- All sporting bodies are walking a tightrope, as they attempt to balance increased commercial demands on their sports, with the often conflicting need to maintain the integrity and unpredictability that make sporting competitions so exciting and appealing to their supporters.

Overall, as our projections show, sports revenues globally are on an upward path through to 2015, despite a slight reduction in 2011 which reflects the usual post FIFA World Cup dip. So the cake is growing. The real competition is around who can deliver the most entertaining and compelling offerings that will claim the biggest slices.



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Emerging trends in the global sports market

Sport and entertainment converge

While the commercial dynamics of sport and entertainment have always overlapped, the two are now closer than ever before.

At root, people buy tickets to sports events and pay-TV services carrying exclusive sports content expecting to be entertained. If they are not, they will vote with their feet and their wallets – and will soon be followed by media partners and sponsors seeking other opportunities.

In many cases, sporting entertainment and commercial success are now seen as two sides of the same coin. Sport and entertainment events are increasingly being staged together, as a way to enhance the overall experience and extend the length of events – and therefore the time that supporters and viewers stay. With an average US audience of 111 million viewers, the 2011 Super Bowl became the most-watched programme of any kind

in the history of American television. The entertainment line-up includes Keith Urban and Maroon 5 during the pre-game, Christina Aguilera singing the national anthem and The Black Eyed Peas at half-time. Glee was the lead-out programme, attracting nearly 27 million viewers, almost double its usual audience. Grand Prix events also now involve concerts, including Lady Gaga performing at the after-party for the first ever Indian Grand Prix.

The trend towards blending more entertainment content isn't always welcomed by 'purist' sports fans, who often feel their sport is being hijacked. The shift towards entertainment can also cause dilemmas for governing bodies, which want to encourage excellence in sporting achievement and do not want their core offer of serious sporting competition to be trivialised by too much 'froth'. When the Indian Premier League was launched in 2008, almost as much media attention was focused on the cheerleaders as the sporting contest, to the chagrin of diehard cricket fans.



Sports media goes social

A further area of convergence between sport and entertainment is the rising use of social media. Social networking continues to create opportunities and challenges for traditional broadcasters – and also for sportspeople who appear increasingly prone to overstepping the boundaries of what they should say on sites such as Twitter. Partly as a result of this open personal interaction, social media allows fans to get closer to athletes and sports personalities, and provides sponsors with an opportunity for two-way communication, thus enabling them both to embed their brand, and also to understand and manage how fans perceive the brand.

This again mirrors trends in entertainment, where social networking is an increasingly closely related and integrated element of the content offering. As people have become used to voting for their favourite acts on television programmes such as the X-Factor, sports fans increasingly want to be involved in their chosen sports via social media sites. The English lower-league football club Stockport County recently gave its fans the opportunity to vote on its summer signings, and many owners of sports media rights look to enhance the value of their rights through presences on Twitter and Facebook.

Commercial challenges

As such trends gain momentum, the sports industry continues to face challenges on the financial and commercial front. Many of these relate to the impact of economic uncertainty and consumer caution, which are affecting all consumer-facing sectors.

However, sport also faces a delicate balancing-act, because of the need to maintain value for money in light of increased ticket prices and rising expectations among the paying public. If sports charge more for tickets, then spectators expect them to provide more in return. The same ultimately applies to the cost of media rights, which can knock on to the pay TV subscriptions funded by subscribers.

The balance between price and value is further complicated by the deep sense of ownership that many sports fans feel for their club or sport. Again reflecting trends in entertainment such as brand and product placement, sports sponsors want to be embedded within the product, rather than just being a name on a shirt. Naming rights remain a popular investment for sponsors, both for new and established sport and entertainment venues. Examples include Barcelona Football Club's five-

and-a-half year, €171 million shirt sponsorship deal with the not for profit Qatar Foundation. However, this type of open commercialism does not always go down well with paying customers, and thousands of Barcelona fans signed a petition demanding the agreement be dropped. Sport's status as a 'healthy' pursuit also tends to generate significant criticism of sponsorship from companies such as alcohol or fast food providers, limiting the benefits on both sides.



Rising player costs

In many sports, the focus on providing the most entertaining and successful product is driving rapid inflation in player costs. This escalating investment in talent is causing growing tensions on two fronts. One is financial, with – for example – many of Europe's leading football clubs burdened with massive debts, but only 20 per cent of them reckoned to be turning a profit. At the start of the 2011-12 season, footballers in Spain's top division went on strike over unpaid wages, claimed to run into tens of millions of euros.

The other area of tension is with sporting bodies and regulators, who are struggling to maintain a reasonably level playing field in financial terms, arguably in order to maintain an exciting and competitive sporting landscape. Again in European football, the governing body UEFA has drawn up financial fair play rules that are scheduled to come fully into effect in the 2013-14 season, and are designed to ensure that football clubs stop their debt-fuelled overspending and live within their means over a rolling three-year period. In the US, the start of the 2011–12 National Basketball Association (NBA) season was delayed by a lockout caused by a standoff between players and NBA owners over revenue sharing and the structure of the salary cap. There are some sign of success however: in Formula 1, the teams agreed to instil some financial prudence in response to declining sponsorship revenues during the downturn in 2009 and agreed to the Resource Restriction Agreement, which is believed to have reduced spend over the past two seasons.

Many football fans in Europe look with envy at the NFL's system in American Football, which involves sharing revenue from the national TV deal, enabling smaller teams to compete more effectively with those with bigger, wealthier fan bases. Yet even the NFL experiences problems over collective bargaining and player remuneration, including a four-and-a-half- month lock-out in 2011, following the filing of an antitrust lawsuit against the NFL by a group of players. A new ten-year collective bargaining agreement was signed in August 2011.

Internationalisation

A further challenge for governing bodies is the increasing pressure to grow their sports in new international markets, while at the same time maintaining the local support base and the integrity of their competitions. The English Premier League has been widely criticised by fans and media worldwide for proposing a '39th game' in an overseas location. Yet some fans in other sports and countries are more welcoming of international expansion.

When the NFL announced in 2007 that it was going to set up its now well-established competitive game in the UK, its website received more than a million applications for tickets.

Since the publication of our last edition of this Outlook, internationalisation to new markets has continued. Most notably, decisions have been taken to hold the FIFA World Cup in two emerging sports markets – Russia in 2018 and Qatar in 2022.

A related issue is the perennial conflict between club and country in sports such as football, where players are remunerated so highly for success in the club game that they are often perceived – rightly or wrongly – to be uninterested in their national team. Cricket authorities in countries such as Australia and England have resolved this issue by awarding top players central contracts to play for their country. However, this results in club, state or county sides effectively losing these players' services for large parts of the season.



Broadcast rights: scheduling and engagement issues

While media rights revenues are continuing on a generally upward path, the size of the market remains volatile year on year, depending on the presence or absence of major events such as World Cups and Olympics. What is more, the value of broadcast rights for international tournaments varies depending on local screening times in regions around the world.

This issue can in turn affect the sporting contest itself. The 2011 Rugby World Cup in New Zealand resulted in early morning kick-offs in the lucrative Northern Hemisphere market. Partly as a result, the major countries' games were scheduled at weekends to allow them to attract larger European audiences. This led to disquiet about the minor nations having their games squeezed closer together, putting them at an even greater disadvantage to the bigger teams.



Also, while the traditional broadcast model is still responsible for generating the most income from media rights, engagement with fans is increasingly shifting towards new technology. In an era of 24-hour news and player tweets, fans want to know everything and be as close to the action as possible, or even

inside it. Alongside the growing use of 3D and HD TV for sport, examples include the virtual and computer-generated first-down line used in NFL coverage, and technology that enables broadcasters to freeze the positions of players in a football match, and then rotate the image digitally in 3D.

Going forward: more regulation – more globalisation?

In an era of economic uncertainty, what's clear is that the balance of global economic power is shifting to the east and south. This will help to maintain the momentum of internationalisation, as sports seek new revenues from the growing middle classes in emerging nations. In turn there may be more regulation of media coverage to protect national interests and domestic sports. In Asia, there is already concern that the obsession with overseas football leagues such as the English Premier League may actually be stunting the development of local clubs and the game as a whole.

That said, as we will highlight in this Outlook, sports revenues in North America – still the world's largest market – will significantly outpace the growth in Asia over the next five years.

While the balance of power is shifting, the growth opportunities in the traditional developed markets are far from over.

Global revenue outlook by region



Over the five years to 2015, a combination of improved economic conditions, stronger TV advertising, further growth in pay TV penetration, and the ongoing migration of sports to pay TV will be the leading drivers of global sports revenues in all regions.

The return of financial services and automobile companies to the sponsorship market is contributing to significant growth in sponsorship spending. Major international events – including the London Olympic and Paralympic Games in 2012 and the FIFA World Cup football tournament in Brazil in 2014 – will boost media rights fees and sponsorship revenues in those years, and gate revenues and merchandising in the regions in which they are held.

Global revenues 2006-2015

We project that global sports market revenues will rise at a compound annual growth rate of 3.7% from US\$121.4 billion in 2010 to US\$145.3 billion in 2015.

Global sports market by region* (US\$ Millions)

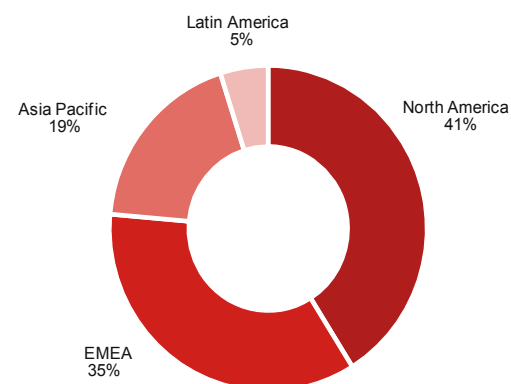
Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Global revenues	107,516	111,934	120,760	112,489	121,391	118,690	129,929	130,164	146,469	145,341	
% Change	12.1	4.1	7.9	(6.8)	7.9	(2.2)	9.5	0.2	12.5	(0.8)	3.7

* At 2010 average exchange rates

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

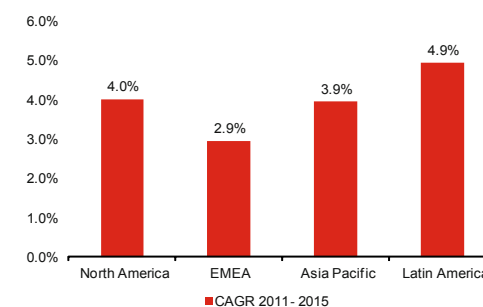
Global revenues split by region 2010



Global sports revenues were valued at US\$121.4 billion in 2010, a strong year due to the FIFA World Cup in South Africa. Over the next five years to 2015, there will be a compound annual growth rate of 3.7% to achieve global revenues of US\$145.3 billion. North America starts the period as the largest region with 41% of total revenue, and whilst Latin America will see the highest growth rates, since it starts a relatively small market, it only gains comparatively limited market share. EMEA is the second largest market, but will experience the lowest growth rate over the period. This is partly a reflection of the timing of major sports events, with 2010 being such a strong year in EMEA

given the FIFA World Cup and 2015 being a relatively quiet year. EMEA shows the most fluctuation over the period, given the 2012 London Olympic and Paralympic Games and the Football European Championships in Poland and Ukraine and then in 2014, the Winter Olympics in Sochi and the Commonwealth Games in Glasgow. If mega events are excluded from the analysis, the global growth rate is 4.7% CAGR and although EMEA remains the slowest growing region, the underlying rate is 4.6%, which is much closer to the global rate of 4.7% and to North America which is also 4.7%. Latin America remains highest at 5.6%.

Global revenue growth by region 2011-2015



North America

- Largest region with US\$49.9 billion or 41% of global revenues in 2010.
- Projected to grow at 4.0% CAGR to 2015.
- Gate revenues are the largest sector at 31.4% in 2010.
- Sponsorship is the fastest growing sector to 2015 at 6.1%.

EMEA

- Second largest region with US\$42.8 billion or 35.3% of the total.
- Projected to be the slowest growing region at 2.9% CAGR to 2015, although if the impact of one-off events is excluded, the underlying growth rate is 4.6%.
- Gate revenues are the largest segment, accounting for 38.6%.
- Sponsorship is the fastest growing segment at 5.3%.
- Within EMEA, the Middle East North Africa is experiencing the fastest growth of all regions at 6.8% CAGR.

Latin America

- Smallest region with US\$5.9 billion or 4.9% of total.
- Fastest growing region at 4.9% CAGR to 2015.
- Media rights represent the largest sector at 38.3% of the total.
- Media rights are also the fastest growing sector at 5.6%.

Asia Pacific

- Currently the 3rd largest region at US\$22.7 billion.
- It is also expected to have the 3rd fastest growth rate at 3.9%.
- Sponsorship is the largest sector at 43.2% of the total.
- Sponsorship and media rights are jointly the fastest growing sectors at 4.4% CAGR.



BRIC revenues 2010-2015

We project that BRIC market revenues will rise at a compound annual growth rate of 4.5% from US\$8.3 billion in 2010 to US\$10.4 billion in 2015.

BRIC sports market by country* (US\$ Millions)

Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
BRIC revenue	6,167	6,468	7,539	6,976	8,326	7,929	8,337	8,822	12,121	10,388	
% Change	9.9	4.4	16.6	(7.5)	19.4	(4.8)	5.1	5.8	37.4	(14.3)	4.5

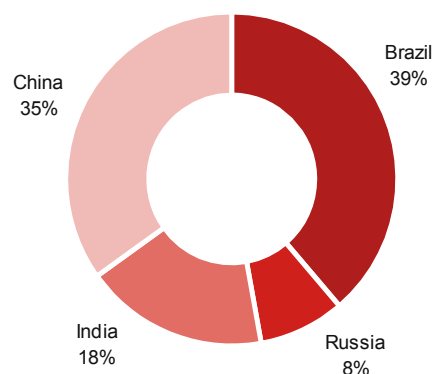
* At 2010 average exchange rates

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Spotlight on the BRICS

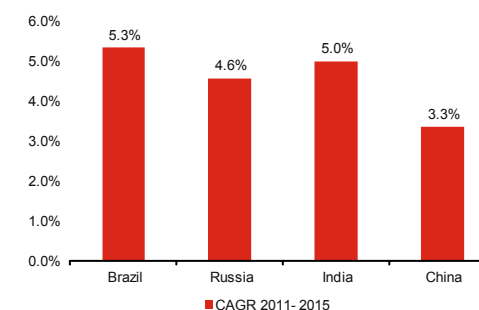
BRIC revenues split by country 2010



Growth in the sports market in the BRIC countries – Brazil, Russia, India and China – strongly outpaced the overall global market between 2006 and 2010, growing at a compound annual rate of 7.7 percent compared with a CAGR only 3.4 percent for the global market during that period. But during the next five years this gap will narrow sharply, with sports revenue growth in the BRIC countries averaging 4.5 percent compounded annually compared with 3.7 percent for the global market.

Following China's staging of the Olympics in Beijing in 2008 and India's hosting of the Commonwealth Games in 2010, the next few years will see the other BRICs increase their profile as hosts of major events. Brazil will host the 2014 FIFA World Cup, the Copa America in 2015 and the 2016 Summer Olympics. Russia has the World Summer Universiade 2013 in Kazan, the Olympic and Paralympic Winter Games in Sochi in 2014 and the FIFA World Cup in 2018. Russia will also host its first Formula 1 Grand Prix in 2014.

BRIC revenue growth 2011-2015 by country





Gate revenues

Gate revenues 2010-2015

We project that global gate revenues will rise at a compound annual growth rate of 2.5 per cent, from US\$39.6 billion in 2010 to US\$44.7 billion in 2015. Stripping out the effect of major events, growth in ongoing events will be slightly faster, at 2.7 percent compounded annually.

Global sports market by component* (US\$ Millions)

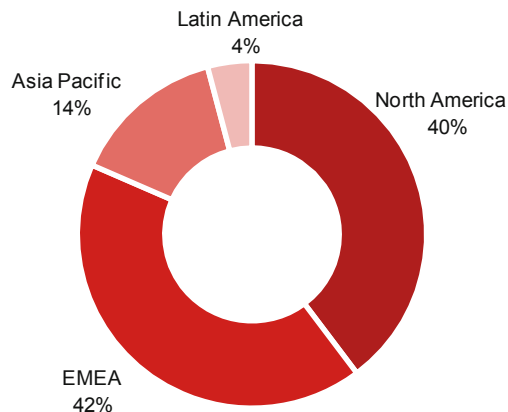
Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Gate revenues	37,056	38,387	39,998	38,873	39,570	39,043	40,613	41,317	43,544	44,746	
% Change	8.5	3.6	4.2	(2.8)	1.8	(1.3)	4.0	1.7	5.4	2.8	2.5

* At 2010 average exchange rates

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

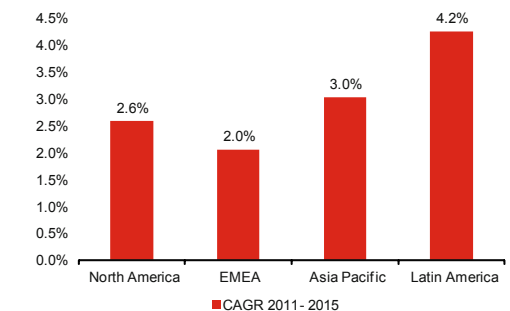
Gate revenue split by region 2010



Gate revenues account for 32.6% of the total sports market. They are a key source of income in the sports regions where live events are part of the culture. 82% of total gate revenues are generated from North America and EMEA. However, gate revenues represent a mature market which will see the lowest growth across all segments of the sports market, achieving

just 2.5% CAGR on average. Growth rates in EMEA are even lower, if considered as a compound growth rate, which partly reflects the fluctuations with major events, since there are considerable peaks in 2012 and 2014 which reflect the major sporting events. However, gate revenues remain the largest single source of revenue at 38.6% in EMEA.

Global gate revenue growth by region 2011-2015



As we've already highlighted, attendances at top live events remain strong worldwide. Fans retain a strong desire to be part of the live experience, whether the attraction be sport, entertainment such as music, or increasingly both together. The growing appeal of the live experience appears to apply to all high-profile sporting events, including the 2010 FIFA World Cup in Africa, and the 2011 Cricket World Cup in India, Sri Lanka and Bangladesh.

As well as being sporting competitions, these events are social occasions that people like to be at, experience and talk about. The social element can be especially attractive at one-off events with a particularly high-society brand and appeal, such as the UK's Henley rowing regatta. These types of occasions, together with smaller events associated with major ones such as Olympic athletics trials, are generating rising attendances.

The fact that tickets for major events are often completely sold out – examples include the Super Bowl, the ballot for the London 2012 Olympic and Paralympic Games, 'Ashes' cricket test matches between England and Australia, and the show courts at Wimbledon – underline that gate revenues at the top end are constrained by capacity. The fact that tickets are hard to get may actually increase their attractiveness. However there is a risk of saturation lower down the hierarchy of events, with spectators sometimes feeling that the product is being oversold, and that competitive quality may have been sacrificed to mass-appeal.



...so long as the price—and culture—are right

This concern over the balance between competitive sport and mass-entertainment can reduce consumers' willingness to pay for the live experience, and raise the question of whether prices can continue to rise inexorably at capacity constrained events. Declining attendances for matches at Indian Premier League (IPL) cricket matches in 2011 was widely ascribed to consumers' fatigue over the number of games and the novelty of the IPL's glitz wearing off.

Such experiences also give rise to wider concerns about sports losing contact with their roots at a local level, and their ability to grow the fan base of the future. When Argentina's national football team played Venezuela in Kolkata in India in 2011, the cheapest tickets were priced at 700 Rupees (US\$16), effectively excluding all but the affluent middle-classes. Despite widespread public mania over Lionel Messi's presence in India, the 120,000-seater stadium was only about two-thirds full for the match, although this remains an impressive attendance in a country dominated by cricket.

Pricing and the risk of overselling are key considerations when trying to expand all sports internationally, especially to countries where attending live sporting events is less of a part of the local culture. Dragon boat racing is hugely popular in Singapore, and it is notable how Formula 1's Singapore Grand Prix has emulated the atmosphere of the annual Dragon Boat Festival by running entertainment offerings over an entire weekend, with the 2011 event including Linkin Park and Shakira.

Seeking new sources of growth

The fact that the gate revenue market for some of the bigger sports appears to be mature and saturated raises the question of where growth will come from in the future. One unlikely stimulus for growth is regulation: in European football, UEFA's financial fair play rules are forcing clubs to try and boost their football revenues, and thereby are providing an extra impetus for new stadia development, not least among Italian clubs.

Another source of growth in gate revenues is shorter format events. The usual aim is to produce a version of the sport that is faster, less time-consuming and more exciting, so helping it to attract a new audience – such as the 18-25 and female demographics, and/or gain popularity in new territories. Examples include the growth of rugby sevens in African countries such as Namibia and Kenya, where there is little in terms of local tradition for the full format game, but the shorter version is commercially sustainable. Other sports that have tried this include cricket with its highly successful venture into T20, 'power snooker', and powerplay golf, which is still in its early days.

The global attractiveness of major sporting events is underlined by their ongoing and generally successful expansion around the world over the last 20 years. This growth reflects not just the desire of sporting bodies and owners to push their sports into new markets, but also demand-pull from governments.

The motivations for hosting events include the fact that they put countries on the map – as with the staging of international cricket in the Middle East – and demonstrate that their governments can deliver and manage prestigious major events, as with the Beijing Olympics. Hosting Formula 1 Grand Prix has proved especially attractive to countries around the world, resulting in an ever-expanding Formula 1 map, with South Korea opening in 2010, India in 2011, and Sochi Russia in 2014.

That said, there are risks in hosting major events. If it is perceived that the preparations have been poor, then they can attract adverse publicity and damage the country's reputation, as occurred with the 2010 Commonwealth Games in Delhi. There are also risks for the sports. It is important to work out who will pay to come and watch both from the local and overseas markets. And questions often arise about the sustainability of efforts at internationalisation, such as with the new Indian Grand Prix circuit, which failed to achieve full capacity. Elsewhere the evidence is patchy, with Formula 1 appearing to be continuing to grow in countries such as Turkey while in others such as South Korea, it appear to have plateaued.

Other risks around hosting major events include the recurrent problems around a lack of legacy use for the stadia where they have been hosted. Stadia that were used for the FIFA World Cup in South Africa remain under used. Russia and Qatar are looking to apply innovation to solve this, by dismantling the new stadia after the FIFA 2018 and 2022 World Cup events to reassemble in other areas.

Regional spotlight: Gate revenues in EMEA

The economic downturn had an adverse effect on gate revenues in EMEA, with gate revenues for ongoing events falling by 1.8 percent in 2009 and an additional 1.0 percent in 2010.

With economic conditions remaining uncertain, we do not expect significant growth in the near term. Nevertheless, interest in sports remains high and there are signs that the gate revenue market is turning around. We expect modest growth averaging less than 2 percent compounded annually during the next two years, with only slightly faster increases of just over 3 percent annually for ongoing events during 2013–15. The gate revenue market is effectively saturated. Interest in association football is high and attendance does not show dramatic year-to-year variation. Price increases will be the principal driver of growth.

Actual gate revenues will be affected by several international events that will be hosted in EMEA. The London Olympic and Paralympic Games in 2012 and the Sochi Winter Olympics in 2014 will boost gate revenues in those years as will the Commonwealth Games in Glasgow in 2014 and Rugby World Cup in England in 2015. Euro 2012 in Poland and Ukraine will provide an additional lift that year as well.

Where next

Sporting bodies continue to innovate in pursuit of growth in gate revenues. Clear examples – as we highlighted in the introduction to the Outlook – include combining concerts and sporting events into one event, as frequently now happens with motor sport and horse racing. In the case of the IPL, the addition of entertainment-inspired glamour extends to creating theatre and spectacle at matches, and having teams owned by – and closely associated with – top Bollywood movie stars.

All such marketing efforts raise the need to strike the right balance between entertainment and sport, and between drawing in crowds and maintaining the credibility and quality of the sport on offer. Cricket bodies, for example, need to consider the potentially negative impact of the growth in the IPL's T20 format on revenues from the more established Test and 50-over formats.

For most sports, there is an important link between the live experience and the experience of the TV viewer, since the viewing experience is far better and more atmospheric if the stadium is full. Organisers can further improve the viewing experience by managing and incentivising the paying attendees.

Gate receipts: key messages

Gate revenues, while important in certain markets, are growing less quickly than in the past.

Value for money is key for all but the very top events – both in terms of pricing and provided added-value entertainment

Spectators can become part of the entertainment as they are encouraged to display ever more complex messages in the stands through the distribution of coloured cards. More controversially, the vuvuzelas used at the FIFA World Cup in South Africa created a distinctive atmosphere; and the crowd can become a platform for the sponsor, as evidenced by the sea of orange caps distributed by Vodafone and seen at various Grand Prix events.



Sponsorship



Sponsorships 2010-2015

We project that global revenues from sports sponsorships will increase from US\$35 billion in 2010 to US\$45.3 billion in 2015, a 5.3 percent compound annual increase. Stripping out major events, growth in sponsorships for ongoing events will average 6.4 percent compounded annually.

Global sports market by component* (US\$ Millions)

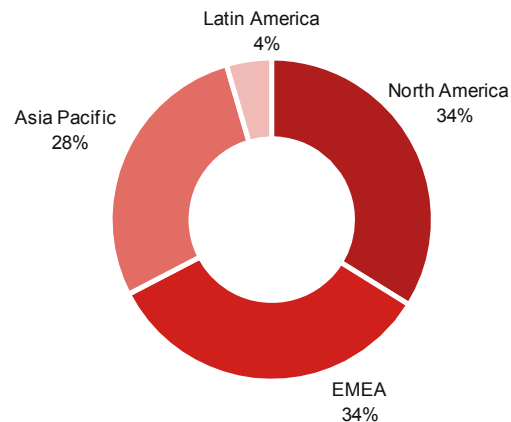
Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Sponsorships	26,749	29,273	32,494	31,467	34,972	35,132	39,173	40,236	45,559	45,281	
% Change	14.2	9.4	11.0	(3.2)	11.1	0.5	11.5	2.7	13.2	(0.6)	5.3

* At 2010 average exchange rates

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

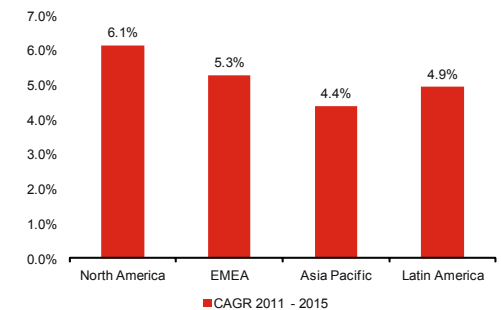
Sponsorship revenue split by region 2010



Accounting for 28.8% of the total sports market sponsorship will be a key engine for growth in total revenues over the period, with an average growth rate globally of 5.3%. This is relatively equally shared across the regions, with Asia Pacific having the lowest growth rate of 4.4% and North America, the highest at 6.1%. If major events are excluded

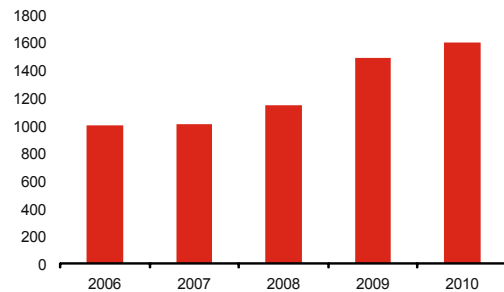
from the analysis, however, and the underlying growth rate in the market only is considered, sponsorship falls to the second fastest growing revenue source, having been overtaken by media rights. Sponsorship is a key component of the total revenue mix in certain regions, with 43.2% of all revenue in Asia coming from sponsorship.

Sponsorship revenue growth by region 2011-2015



Global match day gate revenues remain flat or even declining – edging downwards by 1.3 per cent in 2011 making sponsorship an increasingly important revenue stream for many sports. The industry's fastest growing source of money, sponsors have continued to be attracted to sport throughout the downturn, with a modest decline in 2009 followed by a double-digit rebound in 2010.

Number of deals



Source: World Sponsorship Monitor



Recent examples of innovative sports sponsorships include English football club Tottenham Hotspurs' decision to sign up with different shirt sponsors for different competitions, with Investec sponsoring its shirts for all domestic and European cup competitions, and Autonomy for Premier League matches. And Manchester

United has signed up with a sponsor for its training shirt. Football has a dominant share of sports sponsorship deals by number, with the Olympics, motorsport and American football also putting in a strong showing.

Sponsorship is a particularly important revenue source in certain geographies. In the BRIC countries, for example, it represents the biggest component of the sports market. The same applies in Asia Pacific as a whole. In China, sponsorship accounts for some 48 per cent of total sports revenues.

Regional spotlight: Sponsorship in Asia Pacific

Sponsorships represent the largest component of the sports market in Asia Pacific. In 2010, sponsorships associated with the FIFA World Cup, the Asian Games and the Commonwealth Games generated an incremental US\$916 million, which contributed to the 16.8 per cent increase from 2009. Even without those sponsorships related to major events, the underlying market rose 5.9 per cent.

In Australia, the new deal between Toyota and the Australian Football League for A\$8 million annually is the largest single sponsorship deal. The People's Republic of China's first naming rights deal was signed in 2010, as Mercedes-Benz acquired the naming rights to a new arena in Shanghai. And in India, Nokia replaced Bharti Airtel as the title sponsor of the Champions League Twenty20 tournament, while Nike raised its sponsorship support for the national cricket team to US\$65 million for five years, more than 30 per cent higher than the previous deal with Bharti Airtel.

Motivations for sponsorship

Whilst the rationale for why companies decide to invest in sports sponsorships varies widely, what can be said is that the key motivation is no longer just about maximising brand visibility and awareness, but is also about gaining deeper and more emotional engagement with fans and staff, and even managing the perception of the sponsoring company. Fast food chain McDonalds – a sponsor of the Olympics since 1976 and FIFA World Cups since 1994 – has signed up Olympic US multiple-medallist Darra Torres to front its campaign in the run-up to the 2012 Olympics, promoting exercise and balanced eating.

Banks and insurance firms tend to use it to generate global recognition. For example Standard Chartered sponsors Liverpool Football Club's shirts, and the UBS Chinese Grand Prix was held in Shanghai in April 2011. Sherbank of Russia's decision to become a General Partner of the Sochi 2014 Winter Olympics was motivated in large part by a desire to innovate and raise its international profile.

Lifestyle products and services on the other hand, use sport – along with music, cinema, theatre, art and so on – to access consumers, and to enhance and be part of the experience. Orange, for example, has signed up with UEFA to sponsor the Euro 2012 football tournament. More generally, telecommunications companies are now heavier sponsors of sport than a decade ago, including Vodafone's sponsorship of the Australian cricket team and the Russian telecommunications company Megafon's active sponsorship of domestic Russian sports leagues, the World Universiade in 2013 in Kazan and the Sochi 2014 Winter Olympics and Paralympics.

An increasingly key element of the rationale both for advertisers and sponsors is integration of social media in their sports involvement. The domestic appliance maker Indesit has launched Football.Indesit.com as the community hub for sponsorship of four European football teams, including AC Milan and Arsenal. Building on a social networking base, companies can use data mining to help them develop content that is relevant to each platform and each consumer segment.

Regulatory changes

Changes in restrictions on which industries are allowed to undertake sponsorships can have a dramatic effect on the profile of the sports sponsorship community. For example, the lifting of regulations banning beer sponsorship in US, has led to substantial sponsorship deals for the NFL, NHL and MLS, and triggered a sharp jump in sponsorship spending by alcohol companies. Aside from regulatory effects, the revival in the US automotive industry has had a similar effect on that sector's spending. Meanwhile in Europe, the proposed legalisation of online betting in Germany may open up further opportunities for sports sponsorship.

Going forward, football sponsorship in Europe will be further affected by the financial fair play rules, which will require a focus on defining value. To comply with the rules, related parties will only be allowed to sponsor a club if they can demonstrate the fair value of the deal. Manchester City's estimated £400 million 10-year sponsorship deal with Etihad Airways for both the club's shirt and stadium is likely to come under scrutiny from UEFA, because of the Abu Dhabi links of both parties. More generally, the rising importance of establishing value and demonstrating returns from sponsorship for both sides will intensify the demand for accurate and auditable measurement of results.



Challenges

The market for sports sponsorship deals is increasingly competitive and globalised, as more sports vie for companies' cash. Some sports are growing in-house sponsorship resources or investing in overseas offices to pursue deals, while for others it makes more sense to simply use agents. Whatever approach they take, all sports will need to be more sophisticated to offer the level of measurement required. It is no longer enough simply to monitor media hits. Instead, reporting must show whether the sponsorship is achieving far more ambitious business objectives.

Sponsorships: key messages

Sponsorship is likely to be of increasing importance to most sports organisations and major events over the coming years.

As sponsorship becomes more important both for the sponsor and the sports body, the need for accurate measurement will increase.

We project that global revenues from media rights fees will rise at a 3.8 per cent compound annual rate from US\$29.2 billion in 2010 to US\$35.2 billion in 2015. Stripping out major events, growth for ongoing events only will be much faster, at 6.6 percent on a compound annual basis.

Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Media rights	24,281	23,861	27,005	24,563	29,225	26,945	32,141	30,062	37,801	35,247	
% Change	19.9	(1.7)	13.2	(9.0)	19.0	(7.8)	19.3	(6.5)	25.7	(6.8)	3.8

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

A donut chart illustrating the geographical distribution of the company's revenue. The chart is divided into four segments: North America (33%, dark red), EMEA (42%, red), Asia Pacific (17%, light red), and Latin America (8%, very light red). The segments are arranged in a circle, with North America at the top right, EMEA at the bottom, Asia Pacific on the left, and Latin America at the top left.

Region	Percentage
North America	33%
EMEA	42%
Asia Pacific	17%
Latin America	8%

end of the period, being relatively quiet. EMEA accounts for the largest proportion of the total global media market, followed by North America. However, the fastest growth rates are projected to be in Latin (5.6%) and North America (5.3%). Media rights are the largest single source of revenue in Latin America at 38.3% of the total.

A bar chart titled 'CAGR 2011-2015' comparing the Compound Annual Growth Rate for four regions. The y-axis represents the percentage, ranging from 0.0% to 6.0% in 1.0% increments. The x-axis lists the regions: North America, EMEA, Asia Pacific, and Latin America. The bars are red, and the exact percentage values are displayed above each bar.

Region	CAGR 2011-2015
North America	5.3%
EMEA	1.9%
Asia Pacific	4.4%
Latin America	5.6%

Over the five years to 2015, we project relatively healthy overall growth in global media rights revenues of 3.8 per cent compounded annually. However, this top-line growth figure masks large year-on-year swings, reflecting the traditionally dramatic impact of major global events held in 'even' years, such as the Olympics and FIFA World Cups.

As this cyclical pattern continues, one of the most powerful and consistent forces driving the media rights market is technology, which continues to advance at a dramatic pace. The men's and ladies' finals of the 2011 Wimbledon Championships was the first time that the BBC broadcast live 3D sports coverage, and – also in the UK – Sky Sports routinely broadcasts sports such as football and rugby in 3D. Meanwhile, Japan's ultimately unsuccessful bid to host 2022 FIFA World Cup involved a plan to project 3D holograms of the games live onto football fields worldwide.

The quality of the experience and sense of immersion with 3D raise questions over the longer-term impact of these services on live attendance at games. As we've already highlighted, full stadia look better on TV and give a more compelling experience

for the viewer. But more immediately, the commercial potential of new technology for media rights owners was demonstrated by the broadcasting of the IPL on YouTube. It attracted 20 million cumulative unique views, equivalent to 69 per cent of the reach of the overall YouTube audience in India.



Going multi-platform

As such statistics underline, broadcasting still generates the lion's share of income from media rights, but social media is increasingly the engine driving interaction, hype and interest. Engagement through Internet and mobile phones can help to bring people to live matches and encourage them to purchase merchandise. Rights owners can enhance and expand the fans' experience using different media platforms and social networking in an integrated way, adding further value for themselves and the user.

Historically, entertainment companies have led the way in social media, using different platforms according to the content offer. So video content might be seen on YouTube, while Twitter has been more used by celebrities. Interestingly, multi-platform approaches for sports content have not replaced TV, but are complementary to it rather than substitutional.

Many TV companies have invested in interactive portals, enabling them to combine online TV screening with social media, and to provide an online social and information environment surrounding their media rights and strengthening its value.

ITV Live

The new interactive TV portal combines the strengths of online TV streaming with the popularity of social networks. Users can engage in live chat and discuss their favourite shows in real time, using their Facebook credentials. According to ITV, the application is the perfect dual-screen companion to ITV Shows. Launched during the 2010 FIFA World Cup, ITV Live achieved two million users within four weeks by providing additional incentives such as direct chat with celebrities, factoids, etc.

This approach matches emerging consumer behaviour. Recent research by Digital Clarity indicates that 80 per cent of under-25s use a mobile device to communicate with friends while they watch TV, and Twitter reports big spikes in traffic during major sports programmes.

This blend of TV and online effectively gives the viewer a virtual living room in which they can watch sport with friends even when sitting physically alone, creating a higher intensity of experience.

Challenges: reshaping the competitive and technological landscapes

As sports rights holders go increasingly online and multi-platform to engage fans, they are increasingly competing with other forms of content taking similar approaches, as well as with other immersive experiences such as cinema and live music. Yet the audiences will often vary. Comparing the viewership of the X-Factor with – for example – Champions League football confirms that live events are a bigger draw through TV, but that there are different audiences for each, with the X Factor having more social media interaction and a higher proportion of women and children. That said, the post-Super Bowl 2011 edition of Glee benefited hugely from the carry-over audience.

Demographics can also impact the value and speed of going multi-channel. For sports like golf and cricket, the balance between older and younger generations is likely to be tipped towards older audiences. This means it takes longer for innovations and changes to come through. However, they still do come through in time. The BBC has built a thriving global online community around its online text commentary service for international cricket, reflecting the fact that many users are at work and do not want to be seen listening or watching, but can click through to the site unobserved in a quiet moment.

Regional spotlight: media rights in the US

We expect much faster growth in the underlying media rights market in the US beginning in 2011 compared with the past three years. The TV advertising market is holding up well despite the slowdown in economic growth, and mobile rights are becoming significant as tablets penetrate the market.

The key factors are that sports ratings have been strong, and sports viewing is proving virtually immune to time-shifting. In the key 18-49 demographic, live programmes dominate the ratings, and sports are well represented in the top-rated live programmes. A second factor driving rights fees is growing competition as ESPN competes vigorously with the major broadcast networks. Local rights also are lucrative. Time Warner Cable tripled the fees it pays to the Los Angeles Lakers for local rights. The YES network also doubled the rights fees it will pay for the New Jersey Nets.

However, sport is still nowhere near the entertainment sector in terms of Twitter profile. Lady Gaga has 15 million followers on Twitter, while the Brazil and Real Madrid footballer, Kaka, is the top sportsman at 6.5 million, in 17th place. There are only five other sports entities or personalities in the Twitter top 100, all from the US. This is perhaps just as well for clubs, since the challenges of managing what sports people say on Twitter have been demonstrated time and again. They are the public face of sports and clubs, but it is extremely difficult to monitor or control them. In early 2011, Liverpool footballer Ryan Babel was charged with improper conduct by the FA after posting a mocked-up picture of a referee in an opposing team's shirt on Twitter.



‘Free’ content and fragmentation

Given the ongoing convergence with entertainment and rising impact of technology, sport may increasingly face challenges that echo those of other forms of digital content. For example, many people now assume that consumption of music is and should be for free. So will they expect to access sport for free in the future on the TV or Internet? On this issue, sports right holders seem to be in a fairly strong position at the moment. Research and indeed the experience of pay-TV broadcasters with exclusive sports content confirm that people are prepared to pay for additional value. A rising number of newspapers have also now started to put up paywalls around their on-line content, and are finding that people will pay for the premium end and specialist content.

Aside from that issue, the proliferation of digitised content, web access and social media will have further impacts on sports rights and related advertising revenues. These developments means companies now have the ability to mine and analyse detailed information to which they have never previously had access. Data also plays an increasingly pivotal role in the interface between consumers, content

and brands. Across all these areas, digital technology will drive a demand for more accurate, transparent and accountable measurement as a basis for commercial decisions. The world football governing body FIFA has admitted to greatly exaggerating TV audiences in the past for events such as the World Cup Final. In the world of digital rights and delivery, sports bodies or broadcasters simply will not get away with this type of overstatement.

Also, for international sports tournaments, the value of broadcast rights can vary depending on screening times in regions around the world, owing to its impact on viewership and therefore advertising revenues. The 2002 FIFA World Cup in Japan and Korea and the 2011 Rugby World Cup in New Zealand both resulted in games being shown in the early morning in the big European markets.

A further challenge for sports bodies and regulators alike is the difficulty of regulating and controlling the same content across different platforms and geographies, as the device market fragments and as online and digital technologies render national borders increasingly irrelevant. In 2011, deciding in favour of a pub landlady from the UK, the European Court of Justice said that broadcasters cannot prevent customers from buying cheaper foreign satellite TV services to watch Premier League football. While legal experts said that pubs may still be prevented from doing this because of Intellectual Property rules, the case underlined the growing complexity of policing and selling sports rights in a digital world.

Media Rights: Key Messages

Ongoing technology innovation and expansion across multiple platforms will continue to be used to maximise engagement and put the viewer ‘inside’ the sport.

In an increasingly digital world, a major challenge for rights holders is trying to retain control over how, where and by whom sports content is consumed, so that this content can be monetised.

Merchandising



Merchandising 2010-2015

We project that global revenues from merchandising will total US\$20.1 billion in 2015 from US\$17.6 billion in 2010, a 2.6 per cent compound annual increase. Growth for ongoing events will average 2.9 percent compounded annually.

Global sports market by component* (US\$ Millions)

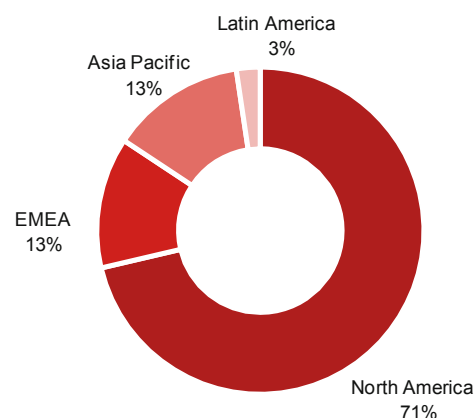
Component	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Merchandising	19,430	20,413	21,263	17,586	16,624	17,570	18,002	18,549	19,565	20,067	
% Change	7.7	5.1	4.2	(17.3)	0.2	(0.3)	2.5	3.0	5.5	2.6	2.6

* At 2010 average exchange rates

p = provisional

Sources: PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

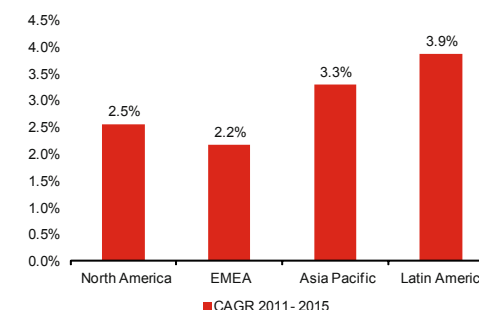
Merchandising revenue by region 2010



Merchandising is the smallest category of revenue in our forecasts, accounting for 14.5%, although it accounts for 25.2% of all revenue in North America. Not surprisingly then, North America accounts for 71% of the total global sports merchandising market. Growth

in merchandising revenue is closely linked with consumer spend patterns and the overall growth is similar to gate revenues at 2.6% CAGR. Growth rates going forward to 2015 are highest in Latin America at 3.9% CAGR and Asia Pacific at 3.3% CAGR.

Merchandising revenue growth by region 2011-2015



The economy plays a major role in determining trends in discretionary spend and there was a dramatic reduction in sports merchandising spend during the global economic downturn.

Spending on sports merchandising reflects the wider polarisation of buying habits, with transactional online shopping at one end, and retail as entertainment at the other, with consumers spending leisurely days at a department store or high-end mall. That said, sports clubs are seeing a rising proportion of their merchandise transactions migrating towards the Internet. A specific benefit of merchandising is the ability to engage with fans who cannot attend matches, including those who live in other countries – an opportunity that has been expanded by the Internet. This engagement helps both to monetise sports brands in those regions and markets, and also to build demand for media coverage of the clubs involved.

According to a new PwC report based on a study of multichannel shopping behaviour in three continents, online shopping in China exceeds all the other countries by about 30%. Otherwise consumer online shopping behaviour is pretty consistent by geography.

Merchandising: Key Messages

Retail is part of the whole sports experience for many fans, and helps generate engagement among people who live in different markets and/or who cannot attend matches.



Experience shows that increased engagement among consumers leads to higher spending on merchandise. For example, Nike lets consumers customise their trainers, meaning they then share the designs and opinions with their friends, both on person and online. This not only helps Nike understand what its customers want – providing it with information that it can feed into its customer intelligence – but also ensure that its own customers gets what they want and are more likely to come back.

Appendix

How we derive the data

Historical information

Historical information is obtained principally from confidential and proprietary sources. In instances where third-party sources are consulted and their information is used directly - from such sources as government agencies, trade associations, and related entities that seek to have their data disseminated in the public domain - the sources of such information are explicitly cited. In instances where the information is used indirectly, as part of the calculus for the historical data, the sources are proprietary.

Forecast information

Recent trends in industry performance are analysed, and the factors underlying those trends are identified. The factors considered are certain economic, demographic, technological, institutional, behavioral, competitive, and other drivers that may affect the sports market.

Models are then developed to quantify the impact of each factor on industry spending. A forecast scenario for each causative factor is then created, and the contribution of each factor on a prospective basis is identified.

These proprietary mathematical models and analytic algorithms are used in the process to provide an initial array of prospective values. Our professional expertise and institutional knowledge are then applied to review and adjust those values if required. The entire process is then examined for internal consistency and transparency vis-à-vis prevailing industry wisdom.

Forecasts for 2011–2015 are also based on an analysis of the dynamics of each segment in each region and on the factors that affect those dynamics. We provide compound annual growth rates (CAGRs) that cover the 2011–2015 forecast period. In the calculation of CAGRs, 2010 is the beginning year, with five growth years during the forecast period: 2011, 2012, 2013, 2014 and 2015. The end year is 2015. The formula is:

$$\text{CAGR} = 100 * ((\text{Value in 2015} \div \text{Value in 2010}) ^{(1 \div 5)} - 1)$$

The 2011 gate receipts for North America reflects the NBA lock-out. We have assumed the resumption of the NBA schedule in January 2012.

Inflation

Across all chapters, figures are reported in nominal terms reflecting actual spending transactions and therefore include the effects of inflation.

Exchange rates

All figures are presented in US dollars by using the average 2010 exchange rate held constant for each historical year and forecast year. This means the figures reflect industry trends and are not distorted by fluctuations in international exchange rates.

Nominal GDP growth

Because all figures are shown as actual spending, with the effects of inflation included, nominal GDP growth has an important influence on entertainment and media spending.

Global sports market by component (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
Gate revenues	37,056	38,387	39,998	38,873	39,570	39,043	40,613	41,317	43,544	44,746	2.5%
Media rights	24,281	23,861	27,005	24,563	29,225	26,945	32,141	30,062	37,801	35,247	3.8%
Sponsorships	26,749	29,273	32,494	31,467	34,972	35,132	39,173	40,236	45,559	45,281	5.3%
Merchandising	19,430	20,413	21,263	17,586	17,624	17,570	18,002	18,549	19,565	20,067	2.6%
Total	107,516	111,934	120,760	112,489	121,391	118,690	129,929	130,164	146,469	145,341	3.7%

Global sports market by component - Ongoing events only (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
Gate revenues	36,539	38,313	39,424	38,828	38,842	38,761	39,785	41,317	42,794	44,359	2.7%
Media rights	21,806	23,767	24,278	24,563	25,459	26,850	28,460	30,062	33,507	35,106	6.6%
Sponsorships	25,747	29,184	31,547	31,467	33,055	35,056	37,616	40,236	42,727	45,145	6.4%
Merchandising	19,264	20,350	20,966	17,574	17,296	17,483	17,755	18,545	19,226	19,969	2.9%
Total	103,356	111,614	116,215	112,432	114,652	118,150	123,616	130,160	138,254	144,579	4.7%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Global sports market by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	46,422	49,257	52,907	48,302	49,955	49,692	53,077	54,496	59,823	60,776	4.0%
EMEA	37,744	38,487	40,815	38,208	42,806	40,698	47,298	44,807	51,398	49,491	2.9%
Asia Pacific	17,952	18,595	21,381	20,403	22,735	22,361	23,299	24,277	27,332	27,580	3.9%
Latin America	5,398	5,595	5,657	5,576	5,895	5,939	6,255	6,584	7,916	7,494	4.9%
Total	107,516	111,934	120,760	112,489	121,391	118,690	129,929	130,164	146,469	145,341	3.7%

Global sports market by region - Ongoing events only (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	45,542	49,257	51,888	48,302	48,412	49,692	51,733	54,492	58,564	60,770	4.7%
EMEA	35,161	38,447	38,851	38,208	39,407	40,698	42,628	44,807	47,066	49,371	4.6%
Asia Pacific	17,389	18,357	19,833	20,346	21,152	21,868	23,016	24,277	25,630	26,994	5.0%
Latin America	5,264	5,553	5,643	5,576	5,681	5,892	6,239	6,584	6,994	7,444	5.6%
Total	103,356	111,614	116,215	112,432	114,652	118,150	123,616	130,160	138,254	144,579	4.7%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

BRIC sports market by country* (US\$ Millions)

Country	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-15
Brazil	2,890	2,919	2,931	2,910	3,231	3,180	3,303	3,483	4,605	4,188	
% Change	10.7	1.0	0.4	(0.7)	11.0	(1.6)	3.9	5.4	32.2	(9.1)	5.3
Russia	666	762	749	702	697	715	741	778	2,246	871	
% Change	11.4	14.4	(1.7)	(6.3)	(0.7)	2.6	3.6	5.0	188.7	(61.2)	4.6
India	856	916	1,095	1,185	1,489	1,534	1,530	1,648	1,831	1,899	
% Change	8.5	7.0	19.5	8.2	25.7	3.0	(0.3)	7.7	11.1	3.7	5.0
China	1,785	1,871	2,764	2,179	2,909	2,500	2,763	2,913	3,439	3,430	
% Change	8.6	4.8	47.7	(21.2)	33.5	(14.1)	10.5	5.4	18.1	(0.3)	3.3
Total	6,167	6,468	7,539	6,976	8,326	7,929	8,337	8,822	12,121	10,388	
% Change	9.9	4.4	16.6	(7.5)	19.4	(4.8)	5.1	5.8	37.4	(14.3)	4.5

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Gate revenues by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	14,512	15,598	15,982	15,552	15,710	15,330	15,860	16,634	17,210	17,835	2.6%
EMEA	15,954	16,033	16,537	16,132	16,543	16,099	17,259	16,961	17,782	18,306	2.0%
Asia Pacific	4,967	5,058	5,810	5,558	5,681	5,893	5,740	5,910	6,189	6,592	3.0%
Latin America	1,623	1,698	1,669	1,631	1,636	1,721	1,754	1,812	2,363	2,013	4.2%
Total	37,056	38,387	39,998	38,873	39,570	39,043	40,613	41,317	43,544	44,746	2.5%

Gate revenues by region - Ongoing events only (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	14,512	15,598	15,982	15,552	15,613	15,330	15,860	16,634	17,210	17,835	2.7%
EMEA	15,437	15,993	16,431	16,132	15,967	16,099	16,431	16,961	17,557	18,186	2.6%
Asia Pacific	4,967	5,058	5,342	5,513	5,626	5,649	5,740	5,910	6,138	6,365	2.5%
Latin America	1,623	1,664	1,669	1,631	1,636	1,683	1,754	1,812	1,889	1,973	3.8%
Total	36,539	38,313	39,424	38,828	38,842	38,761	39,785	41,317	42,794	44,359	2.7%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Media rights by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	8,489	8,388	9,449	8,708	9,841	9,344	10,999	10,180	13,466	12,757	5.3%
EMEA	10,044	9,693	11,270	9,620	12,250	10,706	13,549	12,078	15,165	13,482	1.9%
Asia Pacific	3,828	3,785	4,205	4,149	4,877	4,637	5,170	5,228	6,240	6,047	4.4%
Latin America	1,920	1,995	2,081	2,086	2,257	2,258	2,423	2,576	2,930	2,961	5.6%
Total	24,281	23,861	27,005	24,563	29,225	26,945	32,141	30,062	37,801	35,247	3.8%

Media rights by region - Ongoing Events Only (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	7,728	8,388	8,540	8,708	8,743	9,344	9,790	10,180	12,392	12,757	7.8%
EMEA	8,706	9,693	9,693	9,620	10,289	10,706	11,376	12,078	12,780	13,482	5.6%
Asia Pacific	3,523	3,694	3,978	4,149	4,285	4,546	4,887	5,228	5,569	5,910	6.6%
Latin America	1,849	1,992	2,067	2,086	2,142	2,254	2,407	2,576	2,766	2,957	6.7%
Total	21,806	23,767	24,278	24,563	25,459	26,850	28,460	30,062	33,507	35,106	6.6%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Sponsorship by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	9,026	10,016	11,616	11,411	11,833	12,536	13,447	14,407	15,256	15,927	6.1%
EMEA	9,189	10,243	10,514	10,203	11,727	11,660	14,092	13,409	15,874	15,159	5.3%
Asia Pacific	7,134	7,587	8,922	8,411	9,827	9,404	10,002	10,684	12,332	12,179	4.4%
Latin America	1,400	1,427	1,442	1,442	1,585	1,532	1,632	1,736	2,097	2,016	4.9%
Total	26,749	29,273	32,494	31,467	34,972	35,132	39,173	40,236	45,559	45,281	5.3%

Sponsorship by region - Ongoing events only (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	9,007	10,016	11,616	11,411	11,726	12,536	13,447	14,407	15,217	15,927	6.3%
EMEA	8,527	10,243	10,249	10,203	10,932	11,660	12,535	13,409	14,284	15,159	6.8%
Asia Pacific	6,876	7,502	8,240	8,411	8,911	9,332	10,002	10,684	11,366	12,048	6.2%
Latin America	1,337	1,423	1,442	1,442	1,486	1,528	1,632	1,736	1,860	2,011	6.2%
Total	25,747	29,184	31,547	31,467	33,055	35,056	37,616	40,236	42,727	45,145	6.4%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Merchandising by region (US\$ Millions)

	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	14,395	15,255	15,860	12,631	12,571	12,482	12,771	13,275	13,891	14,257	2.5%
EMEA	2,557	2,518	2,494	2,253	2,286	2,233	2,398	2,359	2,577	2,544	2.2%
Asia Pacific	2,023	2,165	2,444	2,285	2,350	2,427	2,387	2,455	2,571	2,762	3.3%
Latin America	455	475	465	417	417	428	446	460	526	504	3.9%
Total	19,430	20,413	21,263	17,586	17,624	17,570	18,002	18,549	19,565	20,067	2.6%

Merchandising by region - Ongoing events only (US\$ Millions)

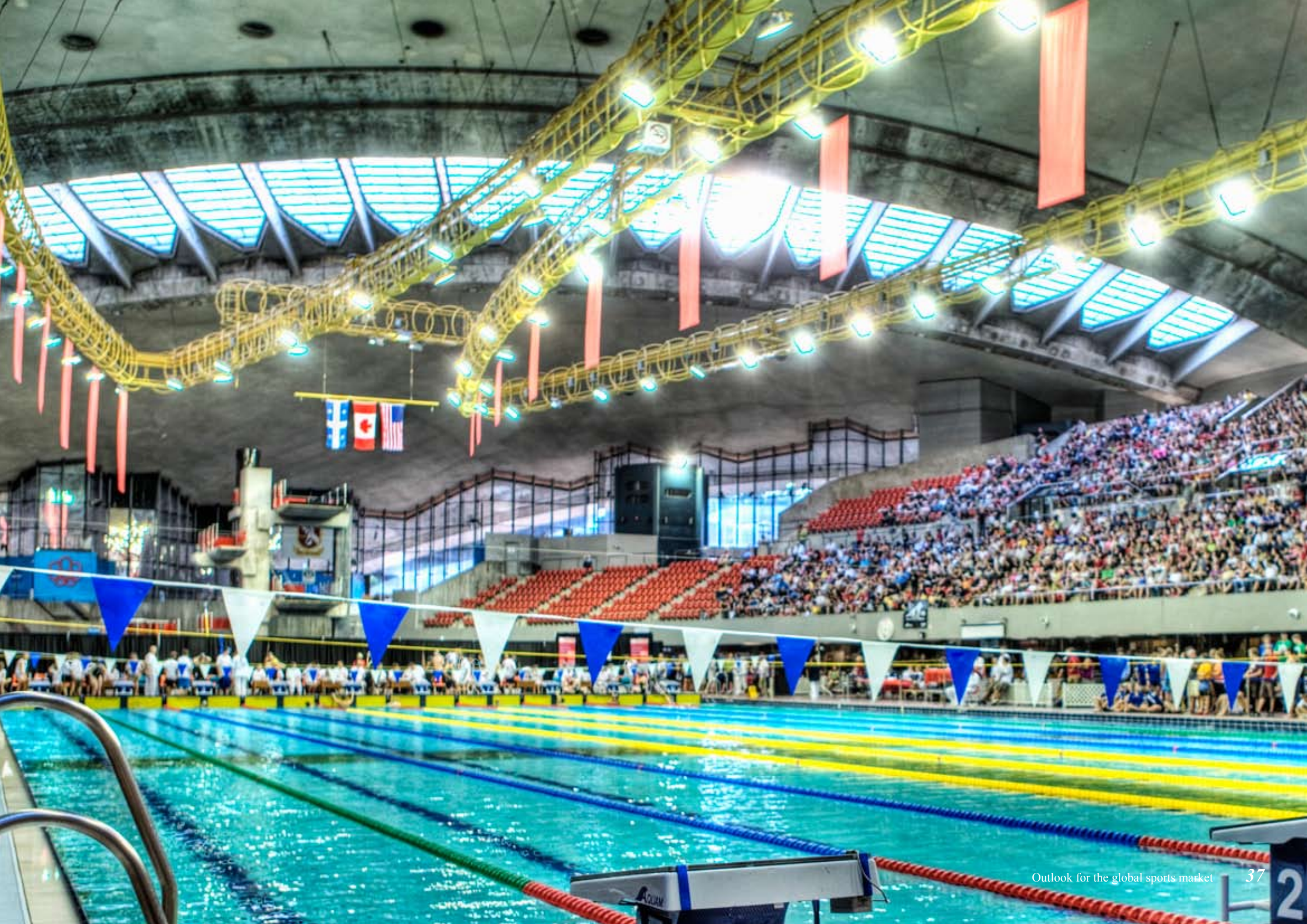
	2006	2007	2008	2009	2010p	2011	2012	2013	2014	2015	CAGR 2011-2015
North America	14,295	15,255	15,750	12,631	12,330	12,482	12,636	13,271	13,745	14,251	2.9%
EMEA	2,491	2,518	2,478	2,253	2,219	2,233	2,286	2,359	2,445	2,544	2.8%
Asia Pacific	2,023	2,103	2,273	2,273	2,330	2,341	2,387	2,455	2,557	2,671	2.8%
Latin America	455	474	465	417	417	427	446	460	479	503	3.8%
Total	19,264	20,350	20,966	17,574	17,296	17,483	17,755	18,545	19,226	19,969	2.9%

p = provisional

Source : PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates

Glossary

CAGR	Compound Annual Growth Rate - the percentage rate of growth year-on-year, averaged out over the forecast period
EMEA	Europe, the Middle East and Africa
FA	Football Association
FC	Football Club (Soccer), other European equivalents are BV, SV and CF
FIFA	Federation Internationale de Football Association (International Federation of Association Football), the world governing body for association football (Soccer)
ICC	International Cricket Council
IPL	Indian Premier League Cricket tournament
MLB	US Major League Baseball
MLS	US Major League Soccer
NBA	US National Basketball Association
NCAA	US National Collegiate Athletic Association
NFL	US National Football League (American Football)
NHL	US National Hockey League (Ice Hockey)



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