

# THE POWER OF INTELLECTUAL PROPERTY



# FOREWORD

Intellectual Property.

- What is it?
- What does it give sponsors?
- How much is it worth?

These three questions are commonly asked by both brands and rights holders. And, as growth in broadcast revenues slow, sponsorship will come under increased scrutiny. Consequently, these questions will become even more important.

Whether it be an artist, event, sports league or team, selling the power of passion is central to unlocking the power of sponsorship.

We believe that if we are to unlock the full value of the passion of sport & entertainment, a robust and transparent pricing mechanism, and a better understanding and articulation of the value of Intellectual Property, is critical. It was one of the central reasons why Gemba built Turnstile.

In this report we share data and trends relating to Intellectual Property, case studies from major B2B & B2C sponsorships and outline our approach to the pricing of Intellectual Property.





A large, dense crowd of people, many wearing red clothing and Ferrari-branded items like hats and shirts, are gathered at what appears to be a race track. In the foreground, a man in a red Ferrari t-shirt and cap is taking a selfie, while another man next to him looks at his phone. The background is filled with more fans, some waving flags, creating a vibrant and energetic atmosphere.

**“Intellectual Property value is the price paid by a brand to leverage the consumer equity of a rights holder’s engaged fan base in order to promote their products and services.”**

**ROB MILLS**

Global CEO, Gemba

# Today, leading rights owners are already commercialising Intellectual Property

## SPONSORSHIP DEAL COMPOSITION

The market shows us that Intellectual Property is important.

Some of the leading global events in sports and entertainment are already successfully commercializing their Intellectual Property to drive significant sponsorship revenue returns.

Events such as the Olympics, Wimbledon and The Masters provide little-to-no brand exposure to their partners and yet stand as some of the highest sponsorship revenue-generating events globally.

For major sporting events like these, and in the absence of partner branding opportunities, Intellectual Property and the value of association with the event are the key drivers of sponsorship value, making up ~80% of total deal value.

This shows us very clearly that Intellectual Property has a value in its own right, regardless of brand exposure.

### TYPICAL SPONSORSHIP DEAL COMPOSITION MAJOR GLOBAL SPORTING EVENTS



\$1.3B



\$95M

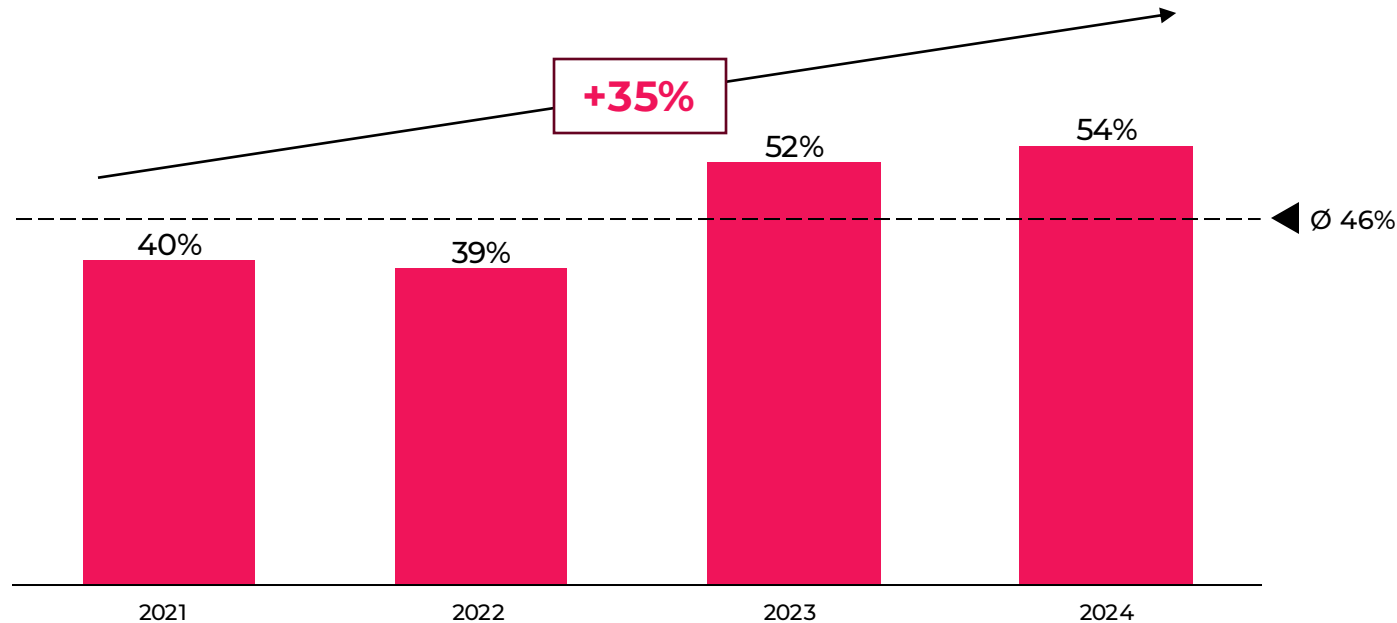


\$50M



# The proportion of sponsorship deals recognizing IP value has grown by 35% post COVID-19

% OF SPONSORSHIP DEALS ANALYSED BY TURNSTILE CONTAINING INTELLECTUAL PROPERTY VALUE



Source: Gemba Sponsorship Valuation Repository

For many years, signage was the sponsorship industry's most sought-after asset and Intellectual Property (IP) was often bundled into deals, if it was recognized at all.

The Turnstile pricing model has shown time and again that Intellectual Property is often the most valuable component in a modern sponsorship contract.

Of the deals valued by Turnstile in the last four years, 46% of deals, on average, have contained value attributed to Intellectual Property.

Clearly there is significant headroom for growth, but the signs are encouraging. The rate is on the rise, having grown 35% since 2021 at a compound annual growth rate (CAGR) of 10%.





# WHAT MAKES INTELLECTUAL PROPERTY VALUABLE?



# From B2B to B2C, leveraging Intellectual Property can drive business outcomes

## CASE STUDIES



### CASE STUDY 1

#### BUSINESS TO CONSUMER

INSURANCE | REAL MADRID CASE STUDY



### CASE STUDY 2

#### BUSINESS TO BUSINESS

RESOURCES | FORMULA 1 CASE STUDY

# CASE STUDY 1: Business to Consumer IP can make creative executions more effective

## A/B TEST | BRAND METRICS SCORES AMONG DOMESTIC REAL MADRID FANS

One perceived limitation of sponsorship as a marketing channel is that the medium is only capable of impacting top of the funnel metrics.

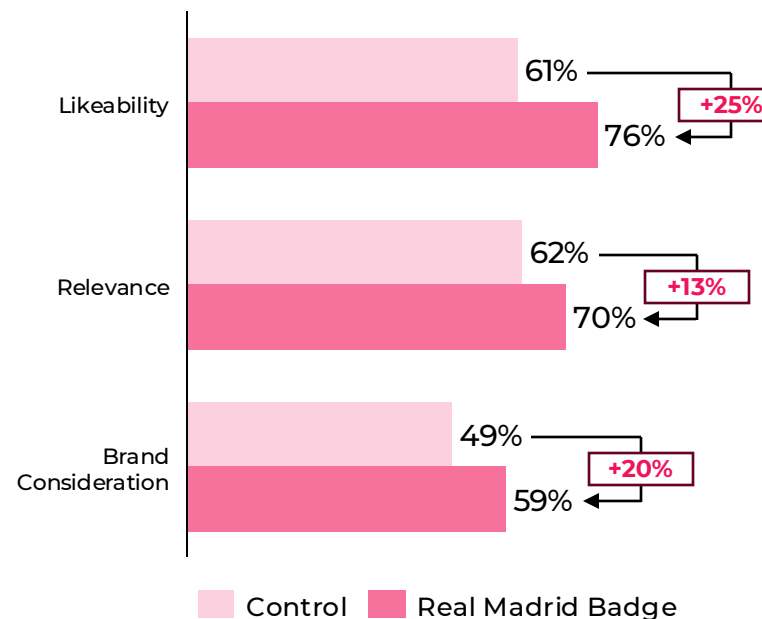
Our research shows that to be a myth.

Traditional Benefit and Exposure assets, paired with Intellectual Property, create a sponsorship toolkit capable of impacting top and bottom of the funnel metrics from awareness and saliency to conversion and loyalty.

Audiences are more receptive to brand messages in the context of the things they are passionate about. An inherent emotional connection already exists which explains why messaging performs better coming from our favourite passion points.

Effective execution requires seamless integration of Intellectual Property into existing brand and creative narrative, or, ideally, is integrated at the point of ideation.

A/B TEST - CREATIVE FEATURING REAL MADRID IP VS CONTROL  
B2C INSURANCE CATEGORY | SAMPLE: REAL MADRID FANS FROM SPAIN



CONTROL



REAL MADRID BADGE

Source: Gemba Proprietary Research



# CASE STUDY 1: In non-domestic markets, integrating players improves effectiveness

PERCENTAGE POINT UPLIFT VS CONTROL | CONSIDERATION AMONG REAL MADRID FANS FROM THE US

We've reported previously on the modern athlete's ability to move fan bases.

The combination of athlete owned social channels, and a more sophisticated commercial environment is resulting in athletes directly shaping the sports landscape.

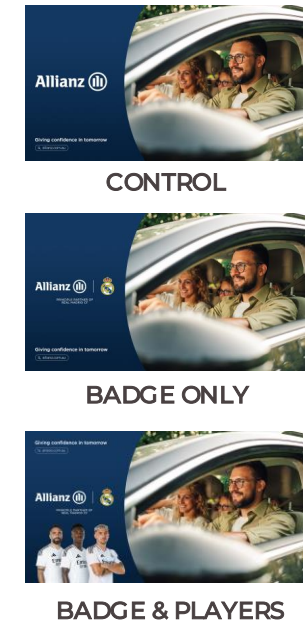
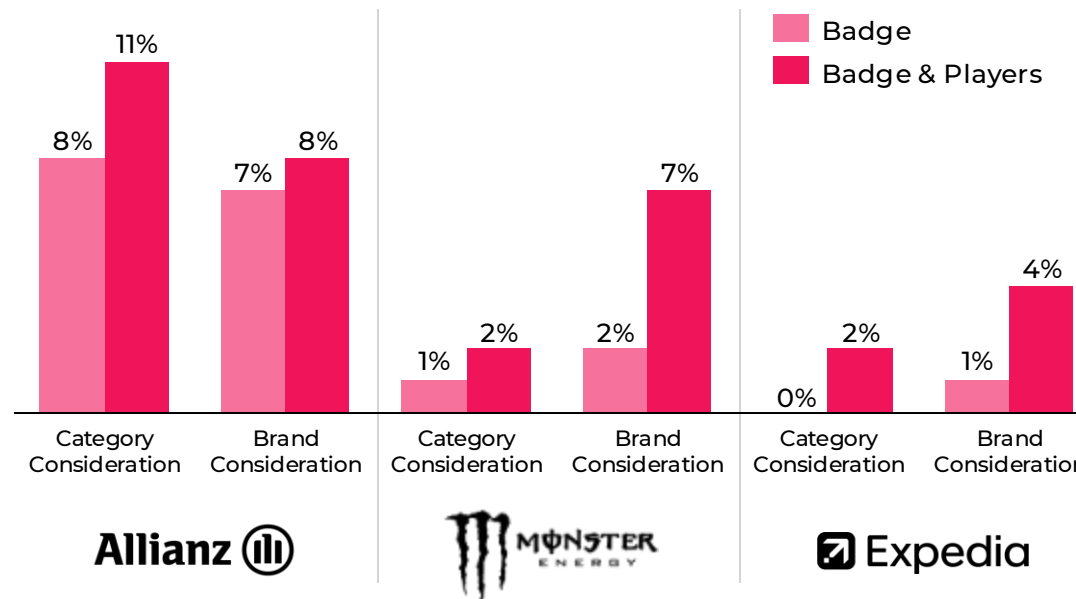
In our research, Real Madrid fans from the US showed a clear preference for the creative featuring Real Madrid players, delivering incremental brand uplift across all brand categories.

Our finding here is consistent with evidence we are seeing elsewhere in our data of a 'player first, club second' mindset among significant cohorts within overseas fan bases.

If it wasn't already, negotiating effective access to premium players during the contracting process has become a key consideration for sponsoring brands.

A/B TEST - PERCENTAGE POINT UPLIFT VS CONTROL  
REAL MADRID BADGE VS REAL MADRID BADGE & PLAYERS

MULTIPLE BRAND CATEGORIES | SAMPLE: REAL MADRID FANS FROM THE US



Source: Gemba Proprietary Research

# CASE STUDY 2: Business to Business A view from the industry

LEIGH CURYER | CEO, NEXGEN



## 01 Few people would expect a Uranium exploration and development company to be sponsoring sports assets. Can you share NexGen's objectives and some examples of your sponsorship program?

At NexGen we focus on creating as much positivity as possible for as many people as possible – socially, environmentally, and economically. Our ongoing commitment to health, wellness, and mentorship programming for youth is about building strong communities and has resulted in unprecedented programs that leverage the power of sport to inspire, engage, and shape the future of the next generation of young leaders in the communities where we operate.

Our youth mentorship initiatives, in partnership with the Vancouver Canucks, the Saskatchewan Roughriders and the Saskatchewan Rush, all provide youth with unique multi-program experiences where they connect with and learn from professional athletes, coaches and staff about the power of a strong work ethic and resilient mindset as a driving force for achieving both personal and professional success.

With regard to technical innovation in mine design and operations, our partnership with Aston Martin Aramco Formula One Team creates a unique and unprecedented opportunity – through a series of Knowledge Transfer sessions - to derive AMAFI's world-class technical and safety management programs that we're embedding into mine development to ensure our Rook I project is one of the most technologically advanced and safest mines globally when it's in production.

It has also had the impact of attracting very high calibre mining professionals to join the NexGen team from outside of Saskatchewan and Canada. Anyone who works at

NexGen or is contemplating joining the team, know the focus is to set the very highest standard achievable on safety, technical, economic and social excellence and continual improvement. This culture is unique and only those willing to pursue such standards need apply. The partnership with AMAFI is synonymous with that approach at NexGen.

## 02 How are you using sponsorships to differentiate NexGen from other resource companies?

Our approach with everything we do is to optimize opportunity, while setting and maintaining standards of excellence, and our approach to sponsorship / partnership is no different.

These partnerships create new and impactful programs and initiatives that have a positive impact on our valued stakeholders and can see tangible outcomes that are contributing to building stronger communities.

We're proud to see our mentorship programs setting new standards for how corporations' approach sponsorship and will continue to innovate to positively impact as many people as possible. The fact this approach is new and innovative to pursuing better outcomes is another example of NexGen leading the industry.

By setting the standard, other companies may adopt a similar approach or review what they are currently doing and elevate what is possible, which would then have an even greater positive impact beyond our own stakeholders.

Now that would be really impactful!



# CASE STUDY 2: Business to Business A view from the industry

LEIGH CURYER | CEO, NEXGEN



**03 Sponsorships are often associated with reaching mass audiences. NexGen has a very specific, focused target audience. How do you internally justify the investment in sponsorships to reach such a targeted audience?**

Everything we do has to return more benefit than cost – this is no different and our partnerships deliver that objective. Our story is one of delivering generational positive change and incorporates positive economic, environmental and social outcomes.

The exposure component is last on the list of key objectives for NexGen, but we are aware as a result of these sponsorship programs it has positively influenced other companies to replicate these programs which has resulted in positive benefits broaden beyond our own stakeholders – that is a great outcome.

Interestingly, it has also connected NexGen with a whole new non-mining investor base whereby exposure of our elite sustainability profile while highlighting the material and global importance of our Rook I project from an environmental, social, and economic perspective has resulted in new commercial outcomes.

**04 Can you share some insights into how you use your sponsorships to build a high-performance culture within NexGen and in turn build your employment brand?**

All our partnerships are undertaken with elite organizations that share our values and unrelenting commitment to excellence. There is no question these partnerships contribute to fostering a high-performance workforce culture within NexGen and evoke pride and ownership amongst our employees who are provided with opportunities throughout the year to learn from and connect with these organizations.

As our profile grows through these meaningful sponsorship programs, so does the interest from a like-minded talented potential workforce across Canada and the world who recognize the importance of what we're doing and seek out opportunities with NexGen.

**05 As you look forward are you looking to potentially invest in other sponsorships? If yes, can you share what the focus of that investment would be?**

We'll continue to expand our existing sponsorship programs where it makes sense, always through the lens of maximizing positive impact. We are always pushing ourselves to innovate and welcome the opportunity to partner with like-minded organizations that share our commitment to building strong prosperous communities through mentorship, health and wellness, and education for youth, while playing a pivotal role in the much-needed clean energy transition.



02

# HOW DO YOU PUT A PRICE ON PASSION?



# Pricing Intellectual Property

There has been a longstanding belief in some parts of the industry that “intangible” value delivered through sponsorship cannot be quantified. We disagree.

By taking an actual sponsorship contract and stripping out the value of Benefits and Exposure assets, we can isolate the fee paid for Intellectual Property (IP) by looking at the residual amount in the contract.

Our research has proven the high degree of correlation between the number of fans of a property and the amount paid for access to Intellectual Property. Meaning that the fan base size of a property and the residual fee paid for Intellectual Property can be used to calculate an ‘IP rate’ - the per-fan rate paid for IP.

Analysis of a single sponsorship contract yields just a single data point, i.e., one IP rate.

However, analysis of hundreds of real-world sponsorship contracts, and aggregation of all the IP rates identified within them - across asset classes, sponsorship tiers, brand categories and geographic regions - quickly builds a strong picture of how the market is currently trading Intellectual Property value.



# Fan base size is highly correlated with, and the key to defining, Intellectual Property value

## CALCULATING INTELLECTUAL PROPERTY VALUE



### FAN BASE SIZE

Conduct a global proprietary research programme to understand the fan base size of hundreds of leagues, events and teams.

### TURNSTILE IP RATE

Calculate market IP rates by analysing hundreds of sponsorship contracts and removing the Benefits and Exposure value to identify the Intellectual Property value.

### IP VALUE DRIVERS

We have identified a series of key value drivers which affect the IP rate that is paid. Each sponsorship is assessed against these factors to determine the relevant IP rate to be applied.

### IP VALUATION

The fair market price for use of a rights holder's Intellectual Property at different tiers of sponsorship.



# Category dynamics

We've put over \$5 billion USD through the Turnstile sponsorship pricing model since 2018.

As a result, our data begins to show a clear picture of how the market is trading. We can see that certain categories will pay more, on a per fan basis, for Intellectual Property rights than other categories.

These types of deals will typically include characteristics like a high level of category competitive tension, the ability for a brand to drive a high level of direct sales from the sponsorship, and / or an endemic fit between the sponsor and rights holder's products and propositions.

A sponsorship agreement where these characteristics are present has been seen to demonstrate significant uplifts in the price paid to access Intellectual Property.

As we might expect, at the top of the market are endemic brand categories. Categories like sports apparel, alcohol and betting that have a very direct need for proximity to the fan.

IP RATE QUARTILE ANALYSIS BY SPONSORSHIP CATEGORY

CATEGORY	BOTTOM	AVERAGE	TOP
Airline			
Alcohol			
Automotive			
Crypto			
Delivery / Logistics			
Energy			
Financial Services			
Gambling / Betting			
Pharma / Healthcare			
Professional Services			
Soft Drinks			
Sportswear			
Technology			
Telecommunications			
Travel / Tourism			
Watch / Timekeeping			

Source: Gemba Sponsorship Valuation Repository

# Identifying high value, 'untapped' brand categories

## SUMMER OLYMPICS EXAMPLE

The overlap between brand categories that pay above average for access to Intellectual Property rights and categories that exhibit high category consumption within a property's fanbase represent a 'sweet spot' for sponsorship prospecting.

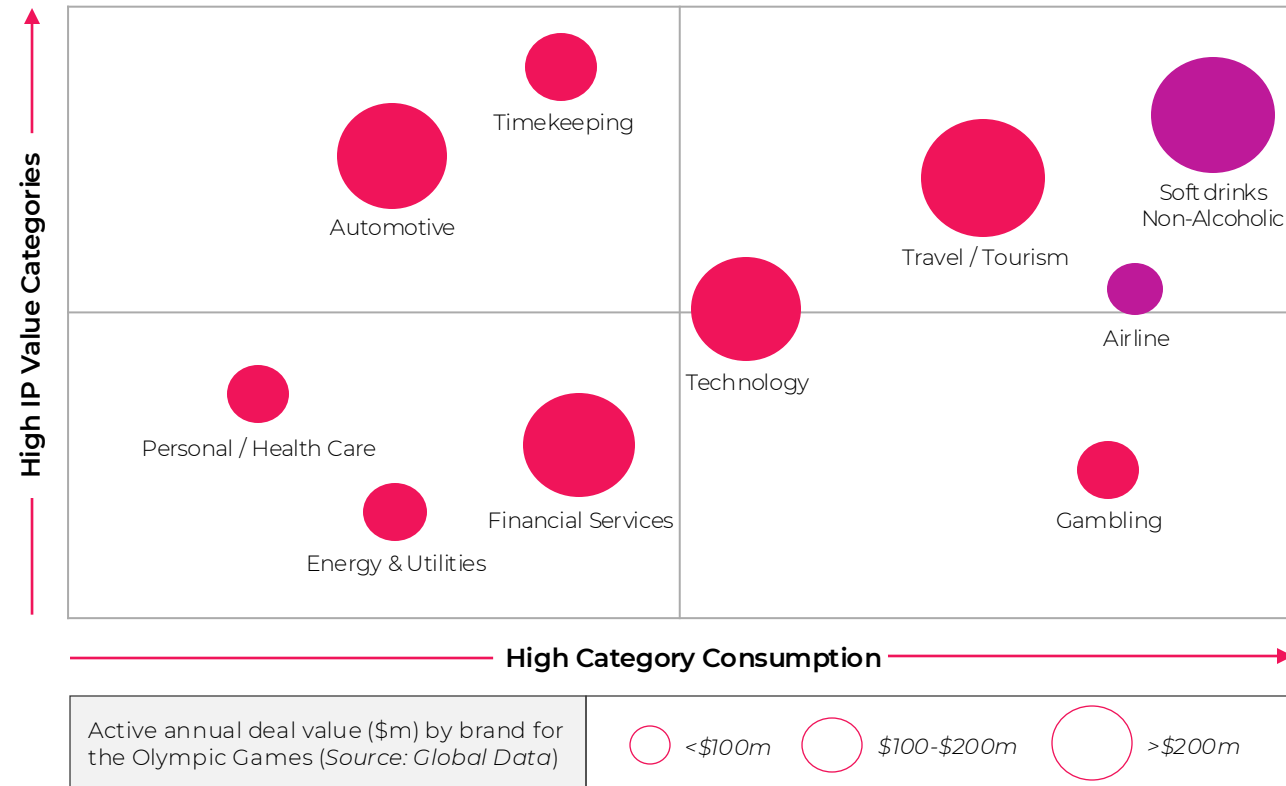
Here we have conducted an assessment of high IP yielding brand categories plotted against global consumer category consumption behaviours.

In this example, the Soft-Drink and Non-Alcoholic Beverage category is identified as one that:

1. pays above average for access to IP rights, and,
2. over indexes when it comes to category consumption behaviours among fans of the Summer Olympics

### FACT

Fans of the Olympics are 25%+ more likely to have travelled in business or first class and to have a drunk low or non-alcohol beer in the last 7 days



Source: Gemba Global Consumer Research



05

# ABOUT TURNSTILE



# We help some of the biggest brands in sport and entertainment understand fair market price

UTILISING THE TURNSTILE PRODUCT





# Our valuation methodology

**Interpretation of this report requires an understanding of the fundamentals of the Turnstile valuation approach.**

Unlike traditional approaches, the Turnstile methodology looks beyond pure media exposure value capturing the value of all sponsorship benefits including the value of association, or Intellectual Property.

Our bespoke approach and data sets are designed to provide a holistic and realistic valuation of every single sponsorship right.

Unlike a media equivalency, a *Turnstile valuation* does not require arbitrary discounting to bring it in line with a realistic transaction price.

Our valuation is the recommended, fair market price.

STEPS	DESCRIPTION
<b>INTELLECTUAL PROPERTY</b> Valuation of the rights to associate with a Rights Holder's brand	<b>Rights include official designations, co-branding, use of brand assets such as logos, etc</b>  Gemba has an unrivalled understanding of the value of Intellectual Property underpinned by our insight into the rates being paid by the market for access to IP and our global fanbase sizing research.
<b>EXPOSURE</b> Valuation of brand exposure on broadcast and OTT channels	<b>Rights include LED, static signage, virtual signage, apparel branding, media backdrops, etc</b>  Gemba's intimate knowledge of global sponsorship industry signage rates and our proprietary research on sponsorship inventory effectiveness delivers exposure valuations that reflect market prices and reward premium inventory.
<b>BENEFITS</b> Valuation of contracted benefits	<b>Rights include ticketing, hospitality, social &amp; digital media, activations, appearances, etc</b>  Benchmark prices from Gemba's unrivalled repository of global sponsorship industry rates are applied to the inventory using our bespoke valuation approaches to capture the value of every single right.

# Gemba

FAN FOCUSED. RESULTS DRIVEN.

To find out more, email us at  
[info@thegembagroup.com](mailto:info@thegembagroup.com)



---

## MELBOURNE

Level 1,  
289 Flinders Lane  
Melbourne VIC 3000

---

## SYDNEY

Level 3,  
4-14 Foster Street  
Surry Hills NSW 2010

---

## BRISBANE

Level 34  
1 Eagle Street  
Brisbane QLD 4000

---

## LONDON

Level 4  
53 Parker Street  
Holborn, WC2B 5PT, UK

---

## NEW YORK

New York, NY  
United States

---

## MUNICH

Munich, Bavaria  
Germany