

## **Status Report to the 2018 ISU Congress on the Four Year Plan 2014/15-2017/18**

<b>Committee/Commission:</b>	<b>ISU Council ISU Secretariat ISU Event Coordinators</b>
<b>Project/Function/Area of Activity:</b>	<b>Marketing &amp; Event Management</b>

### **MARKETING**

The marketing activities (mainly the licensing of advertising rights and TV/media rights) of ISU Events were directed by the ISU President Jan Dijkema, actively supported by the ISU Director General Fredi Schmid and the Marketing/Sports Coordinator Pierre Eymann.

#### **Market Environment**

After a long period of stagnation, global economic growth is slowly strengthening. This improvement is relative to a very low starting point, following years of exceptionally weak investment growth. Economic prospects however remain vulnerable to changes in trade policy, a sudden deterioration in global financial conditions and rising geopolitical tensions (source: UN, World Economic Situation report 2018). Most commercial companies have therefore been extremely cautious, which reflected on their marketing budgets and has so far limited brands' willingness to commit additional money to sponsorship. Projections however show higher corporate confidence from 2018, which should hopefully see brands gradually increase their marketing budgets.

The scepticism about the legitimacy and integrity of sports leadership has unfortunately not diminished since our 2016 reports, due to new cases of organized doping and corruption. The confidence in sports organization has reached new lows and will be extremely difficult to restore since barely a month passes without a new case or rumour of wrong-doing. In addition, the EU Commission decision against the ISU (Ice Derby Case), directly related to the sanctioning power of International Sports Federations (IFs), was widely reported in the press and commented by opportunist sports promoters as the end of the sanctioning power of the ISU and the other IFs. The ISU spent significant time and effort communicating about the true background of the Ice Derby case and explaining the threats of the EU's decisions for the organization of international sports and for the integrity of athletes. At the same time, the ISU kept on communicating about its good governance reforms and strong record in this field with the objective of restoring confidence in our organization.

While ISU sports Events were among the most popular at the Olympic Winter Games 2018, some controversy related to Referees' decisions in Short Track reached an unexpected magnitude, which negatively affects the image and development of ISU activity in at least one of its key markets (China). Furthermore, due to the lack of the OWG's legacy plan, in particular for the Gangneung ice rinks, the growth of ISU sports and commercial opportunities in Korea have not met ISU's expectations. Another issue is the ongoing WADA and IOC embargo on Russia which prevents the ISU from planning Events in one of the major ice skating countries. Finally, ISU Events are allotted based on ISU Member's applications and in some cases marketing/commercial considerations have to be left aside due to a lack of applicants, which results in some ISU Events being allotted very late or to venues difficult to market.

In general, the marketing activity of small to medium size International sports organizations has become extremely complex due to the economic situation and the multiplication of direct communications channels available to the brands to convey their message and engage directly with their target groups without investing in costly sponsorship deals. The sponsorship product therefore has to be adapted and must offer a wider range of benefits to sponsors which may include amongst others, media rights, social media campaigns and access to fan databases, in addition to the traditional advertising in the venue. While the sponsorship fees are not increasing, sports organizations have to invest many more resources in order to adapt to these new trends and fulfill sponsors' expectations.

The above cases and complex macro-economic situation affect the current ISU marketing activity rather negatively. On the positive side, the main ISU Events still benefit from high popularity in several key markets, and the Olympic Winter Games 2022 will be held in China, which should offer interesting development and marketing perspectives. In the long term there are too many unknown factors in the economic and sports governance areas, and therefore no reasonable forecasts can be made.

### **Television/media rights**

The negotiations and licensing of the TV/media rights are directed and supervised by the ISU President in cooperation with the ISU Director General and the Marketing/Sports Coordinator.

The TV agreements in Japan could be extended with slightly increased financial conditions compared to the previous budgeting period. A long-term agreement was reached in the U.S. with NBC and Ice Network with increased TV exposure guarantees, improved financial conditions and limited exclusivity for Synchronized Skating, Short Track and Speed Skating Events. The incomes emanating from the territories of Korea and China remained stable, however, the segmented approached in China (cooperation with both CCTV for TV broadcast and Tencent for Internet/digital streaming) resulted, as expected, in an important increase of broadcast hours and viewers. The agreement with the European Broadcasting Union (EBU) (covering Europe, South East Asia, Oceania, Central and South America) and with CBC in Canada will end after season 2018/19, and negotiations for media rights in these territories are ongoing.

The ISU continues its strategy to carve out digital rights as much as possible from its exclusive TV agreements and to reduce exclusivities granted to media rights holders with the objective of permitting wider access and distribution of ISU Events. The bulk of ISU media rights revenues are however still generated by agreements with traditional TV broadcasters, and the ISU has to find the right balance between financial income and free access to Event streaming on the ISU Skating Channel, YouTube or social media. The continuation of the ISU Skating Channel will be one of the topic of discussion in the negotiations with the EBU.

There has been a lot of exchange and cooperation with the Olympic Channel, including the live streaming of the Shanghai Trophy and several Junior Events. While the Olympic Channel does not pay any rights fee, they participate in creating sports-related content and help our sports reach wider demographics.

The ISU works in close cooperation with its TV partners as to Events' time schedules and Event presentation with the objective of increasing broadcast hours and viewership.

### **Advertising rights/Sponsoring**

The Figure Skating advertising rights for ISU Championships and the ISU Grand Prix of Figure Skating Final continue to be licensed to and handled by the company IMG. The advertising rights for the Synchronized Skating Championships are left to the organizing ISU Member. An advertising and television rights agreement for the Junior Grand Prix is still in place directly between the ISU and TV Asahi.

The advertising rights agreement with IMG for the ISU Figure Skating Championships and Grand Prix Final has been extended until season 2021/22 with an increased rights fee guaranty.

In Short Track, the ISU signed a Title Sponsorship agreement with Audi (Chinese Branch) for the World Cup season 2017/18, thanks to the cooperation of ISU Council member Ms. Yang Yang, and at the time of drafting of this report negotiations were ongoing to continue this partnership over several seasons. The ISU Marketing Coordinator and his assistant were directly in charge of servicing Audi's agreement, designing branding material, ensuring rights delivery at Events, providing pictures and videos, and elaborating detailed reports for Audi. An agreement was also reached with a Dutch agency for the title sponsorship of the World Short Track Speed Skating Championships 2017 in Rotterdam. Another Title sponsorship package was sold through a Korean agency for the World Cup in Gangneung used as an Olympic Winter Games test Event in season 2016/17. In addition, The ISU sold rinkboard packages to the agency Infront for all ISU Short Track Events in season 2016/17 and 2017/18. For the seasons 2018/19 onwards, the ISU intends to continue with Audi as title sponsor of the World Cup Short Track and will mandate selected agencies in Europe and Asia to find additional sponsors in their region. These agencies will purchase sponsorship rights from the ISU and participate in the promotion of ISU Short Track Events. Negotiations with agencies are ongoing for season 2018/19.

In Speed Skating, the ISU signed a Title Sponsorship deal through a Korean agency for the ISU World Single Distances Championships 2017 in Gangneung. The global sponsorship rights agreement with Infront terminated at the end of season 2017/18 and was not renewed. In replacement of Infront, the ISU President reached an agreement with the agency House of Sports for the marketing of ISU Speed Skating Events which included a guaranteed rights fee for the ISU for the next four seasons (2018/19 until 2021/22). The Title sponsorship rights for both World Cup and Championships remain unsold at the time of drafting this report, however, the ISU President is still in discussion with several prospects. In case the Title sponsorship package does not find any taker, part of its inventory will be sold by the ISU to individual sponsors and providers to generate revenues.

As indicated in the first section of this report, sponsors' expectations as to rights delivery and reporting are extremely high, and the ISU is therefore working with third party providers in the field of broadcast data monitoring, audience demographics, media value calculation, photography and design.

For more information, please refer to the biennial report of the ISU President and the Budget Proposal 2018-2020.

## **EVENT MANAGEMENT**

### **Speed Skating**

In Speed Skating, Event coordination is handled by the Speed Skating Event Coordinator Daria Kamelkova, in cooperation with the Speed Skating Technical Committee and the ISU Representatives appointed to the Speed Skating ISU Events. The ISU Event Coordinator is responsible on site for the proper conduct of all ISU Speed Skating World Cup and Championships and ensures that ISU organizational guidelines are applied with consistency throughout the season. There were several initiatives implemented at ISU Speed Skating Events, including new features in TV graphics, and a presentation break before the last distances for the introduction of contenders for overall title at World Allround and World Sprint Championships. In addition the 2018 World Allround Speed Skating Championships were organized on a temporary open air ice rink in Amsterdam with more than 60'000 spectators over three days.

### **Short Track Speed Skating**

In the area of Short Track Speed Skating Event coordination, the coordination was performed by the Event Coordinator, Hugo Herrnhof, in consultation with the appointed ISU Representatives and the Representatives of the Short Track Technical Committee. The commercial coordination role was performed by the ISU Marketing Coordinator (Pierre Eymann). The focus has been on ensuring a consistent branding, event presentation and quality throughout the World Cup Events with the development of detailed branding guidelines and material. Initiatives that proved to be successful in the past seasons have been fine-tuned and applied at all Events, such as the Final A area, TV camera in the heat box, lighting, personalized helmets and numbers for Skaters. Short highlights of all finals were produced after each Event and published on social media and on video boards at ISU Events. In addition, new initiatives emanating from the 2016 ISU Marketing Conferences were tested such as the interview of Skaters on ice and camera on track stewards.

### **Result and other Event support Systems**

The results service continues to be provided for all ISU Figure Skating Championships and senior/junior Grand Prix events through an agreement with the company ST Sportservice (formerly WIGE), except for Events in Japan which are serviced by Comnet.

For the Short Track ISU Events, the ISU currently contracts ST Sportservice for timing, results, and TV graphics, whereas Global Television Services is the provider for video Replay and Race Reports System. In Speed Skating, Sport Computer Graphics is the official TV graphics and results provider. All services providers contracts are up for renewal after season 2017/18.

Online entry systems are used for all ISU Events.

Prior to the season 2017/18, new features have been developed for the Speed Skating TV graphics in consultation to the Dutch TV broadcaster (NOS) to improve viewer's experience.

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