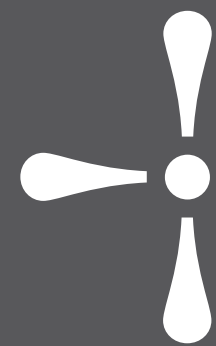


13th ANNUAL

# CSLS



CANADIAN SPONSORSHIP LANDSCAPE STUDY



SPONSORSHIP  
MARKETING  
COUNCIL CANADA

IMI

*Lead Author:* DR. NORM O'REILLY

## ***ACKNOWLEDGEMENTS / CSLS PARTNERS***



IMI



**TODAY**



**2018**  
Results

**2019**  
Data Collection

**2020**  
Reality



shutterstock.com • 1663374028





[www.sponsorshiplandscape.ca](http://www.sponsorshiplandscape.ca)

*Thank You!*



## ***TODAY'S PRESENTATION***

### **13th CSLS**

**Results**  
2018

**Analysis**  
2006-2018

**Industry**  
Trends, Size & Future

**Extension**  
C-19 Reality

### **Not-For-Profit Sponsorship**

**Qualitative Deep Dive**  
Sponsor, Property & Agency





# Results

*13th Annual*



# 2018: A Story to Tell...



***SIMILAR TO...***

**2007**



**Big News**

---

**Toronto International Film Festival,**





**SIMILAR TO...**

**2010**



**Big News**

Recession Proof

Paralympic Games,



***SIMILAR TO...***

**2013**



Mastercard Memorial Cup,

**Big News**

Festivalization





**SIMILAR TO...**

**2014**



RBC Royal Bank Bluesfest,

**Big News**

---

Pro Sport  
Renaissance



# 2018: A Story to Tell

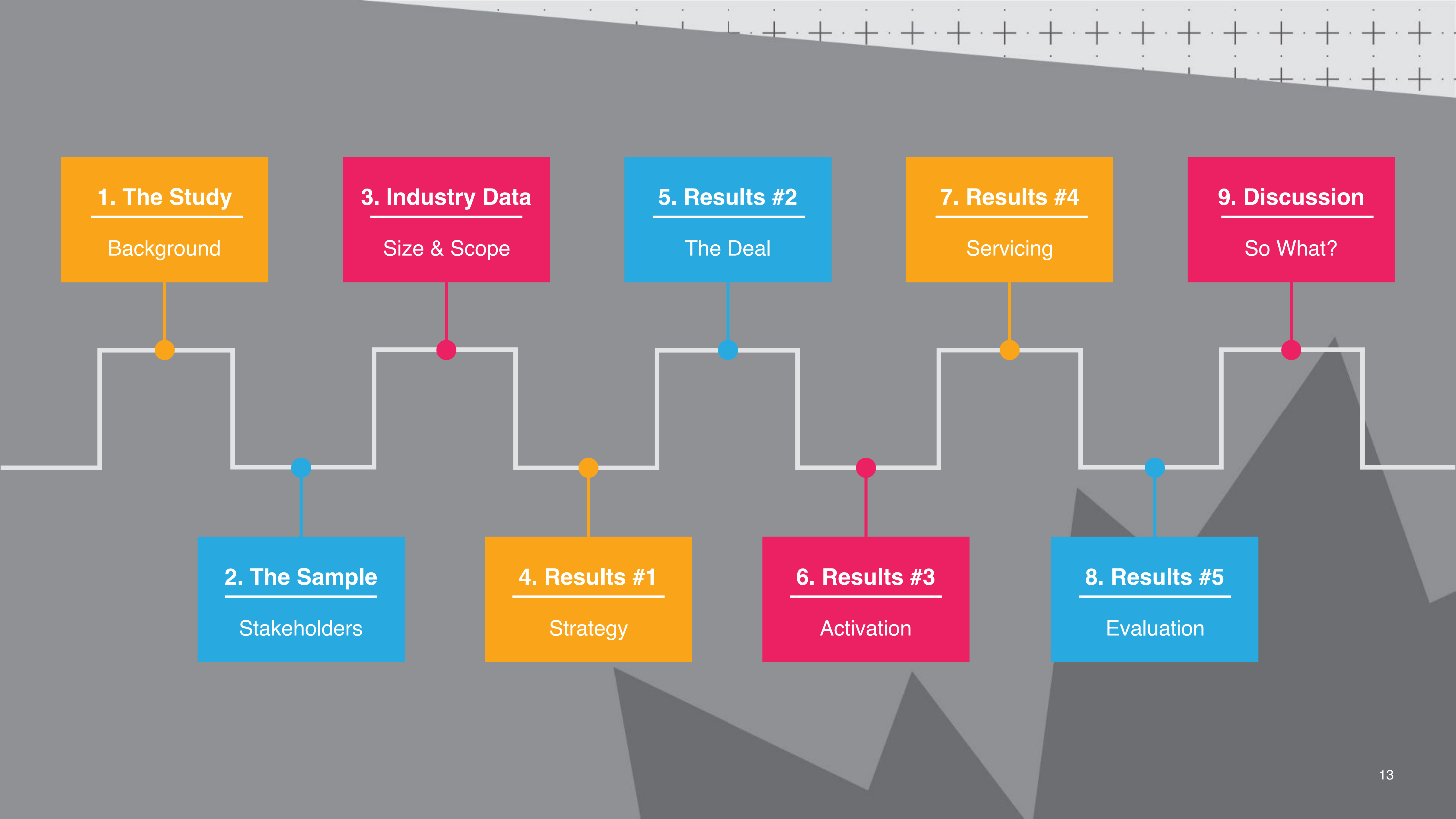
*Smarter? | Activation, Measurement and Servicing*

*Balanced? | Rights Fee Spend vs. Activation*

*Bigger? | The Big Players Assert Themselves, Return of Bias*

*More Advanced? | Gender, Agencies, Objectives*





## 1. The Study

Background

*THE STUDY: CSLS*



**Origin**

---

Need  
Share  
Bilingual



**Perspective**

---

Spend  
Revenue  
Billing



**Process**

---

Online  
Attribution



**Analysis**

---

Themes  
Comparative  
Modelling



**Design**

---

Longitudinal  
Deep Dives  
Trends





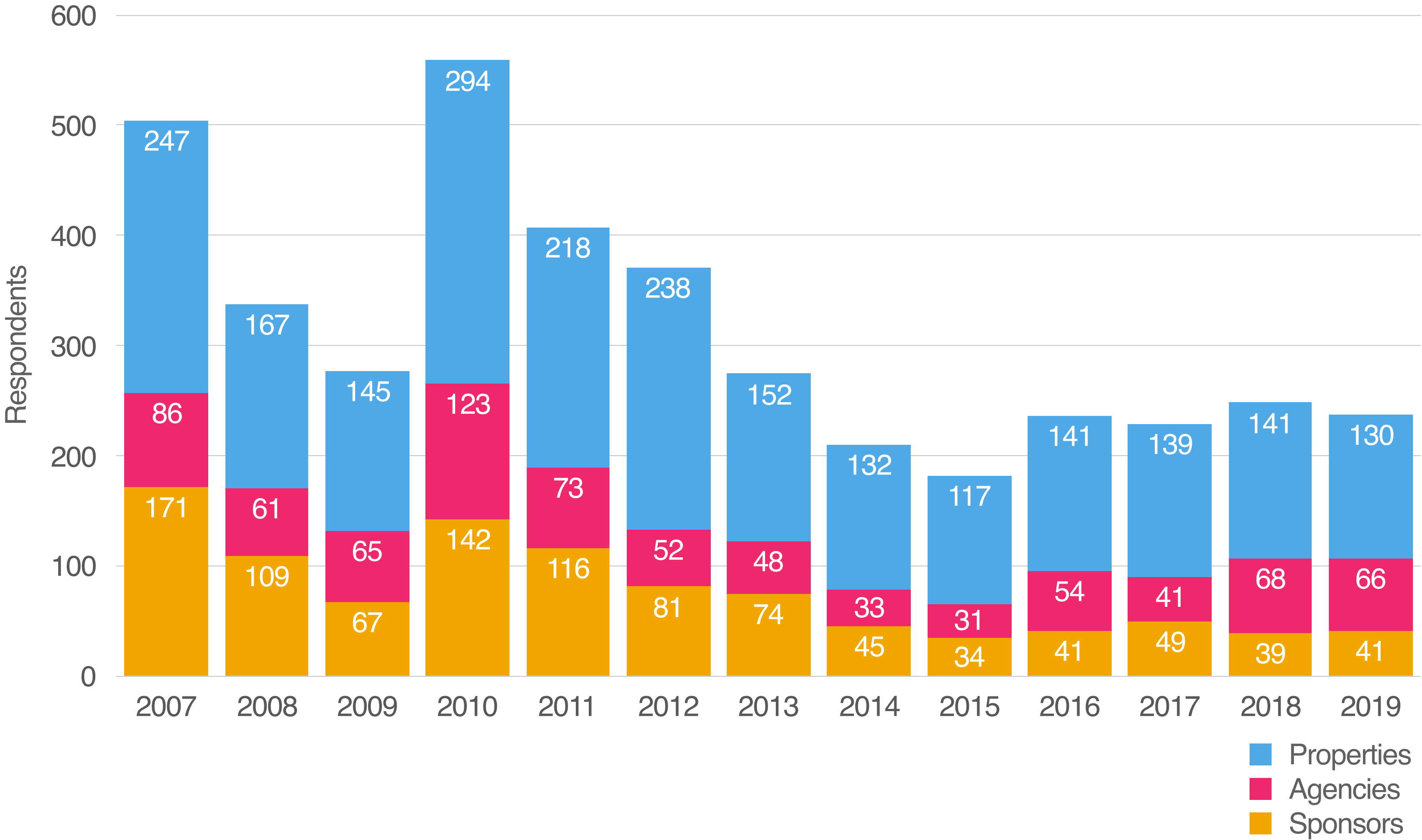
## 2. The Sample

Stakeholders

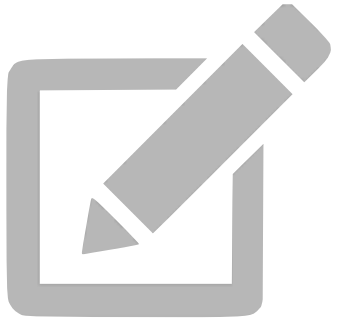


# RESPONDENTS

Historical CSLS Respondents by Type



DATA



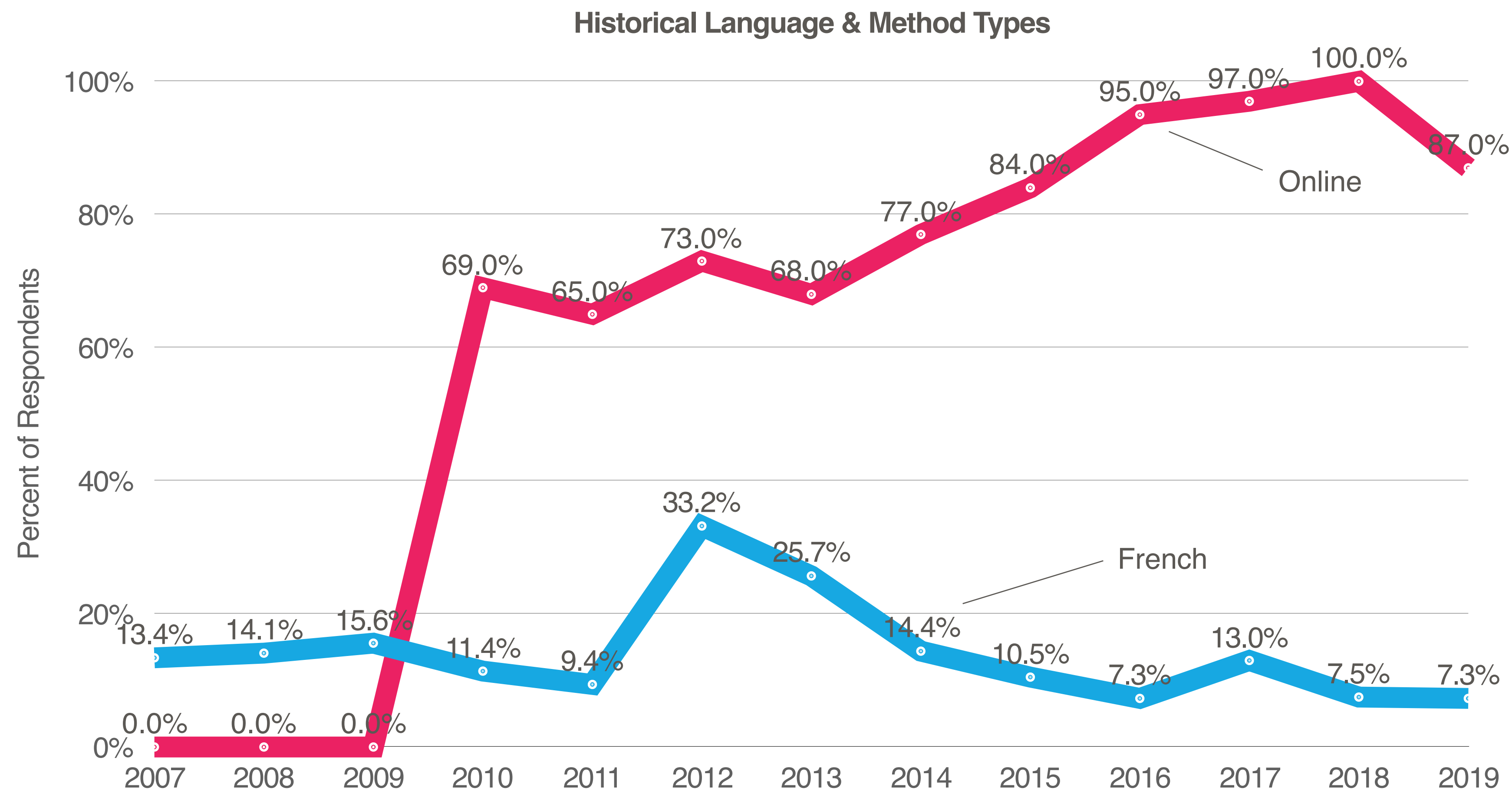
**4,075**  
Total  
Respondents

NOTE

After going online in 2010, number of respondents continually declined until a survey redesign in 2016.



# SURVEY PARTICULARS



DATA



## 13 Years

Language &  
Method of Response

NOTE

French rates rose around  
conference in Montreal;  
decline since.

Online at 100% for first  
time in 2018, a few old  
fashioned again in 2019.



## TYPICAL SPONSOR IN 2018

### Industry



- Avg. sales of \$480M
- Range: \$200k to \$1.5B
- 77.5% HQ in Ontario

### Internal Details



- 34% of decisions in October
- Balanced otherwise
- 78% of sponsorship in marketing/comms
- Others: PR, Community Relations, etc.

## A SPONSOR (2018)

n=41

### Money Mix



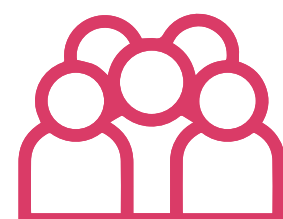
- 57.5% For Profit
- 78.7% Cash vs VIK
- Targeting (by \$'s):
  - Female: 17.3%
  - Male: 37.0%
  - Not Gender Specific: 45.7%
- Targeting (by # of deals)
  - Female 10.6%
  - Male 72.7%
  - Not Specific 16.7%

### Sponsorship Spend



- \$3.3M average rights fee
  - Range: \$20k-\$25M
- Largest Sponsorship
  - Avg: \$1.11M
  - Range: \$20k to \$5.5M
- Portfolio 2 to 60 sponsorship deals
  - Average: 14.6 deals

### Decision-Maker



- 56% Male / 44% Female
- 89.5% Director level or above
  - 33% CEO/President/CMO
  - 56% VP



## TYPICAL PROPERTY IN 2018



### Decision-Making

- Decision-maker
  - 62% M, 33% F, 5% Other
  - 31% CEO; 22% VP



### Property Reach

- 26.2% International
- 40.5% Canada
- 14.3% Multi-Provincial/Provincial
- 14.3% Regional
- 4.8% Local



### Revenue

- \$3.4 received (average)
  - Range: \$5k to \$57.5M
- Largest sponsor
  - Average: \$176,325
  - Source:
    - Retail 37.8%
    - Manufacturing 17.8%
    - Finance: 15.65
- Mix: 73.9% cash/26.1% VIK
  - 17.9% - no VIK
- Revenue Source
  - 89.8% For-Profit Sponsor
  - 10.2% NFP Sponsor

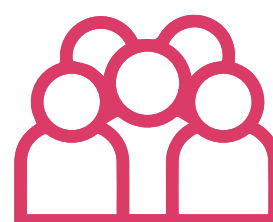
## A PROPERTY (2018)

n=130



### Sponsor Mix

- 27.6 sponsors
  - Range 1 to 150
- Source of Revenue:
  - Retail: 30.3%
  - Finance: 14.2%
  - Manufacturing: 12.3%
  - Services: 12.1%
  - Communications: 8.5%
  - Insurance: 5.1%
  - Others: 13.9%



### Demographic

- Budget: \$265M average
- HQ: 61% Ontario
- 5.8 staff working primarily on sponsorship





## TYPICAL AGENCY IN 2018

### HQ & Reach



- HQ: 58.8% Ontario
- HQ: 11.8% Quebec
- Reach:
  - 29.4% International
  - 52.9% National
  - 17.7% Provincial

### Decision-Maker



- CEO: 47.1%; VP 29.4%
- Gender: 52.9% M; 35.3% F; 11.8% Other

## AN AGENCY (2018)

n=66

### Client Mix



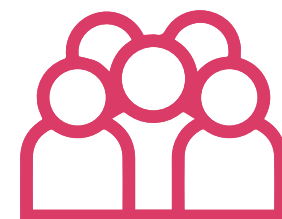
- Stakeholder
  - Sponsor: 50.3%
  - Property: 25.3%
  - Agency: 24.4%
- Largest
  - Sponsor: 52.9%
  - Property: 47.1%
- Mission
  - For-profit - 72.2%
  - NFP - 27.8%

### Sponsorship Billings



- \$5.3M average billings (\$5k to \$29M)
  - Up from \$3.1M last year
- Sponsorship: 59.4% of total Billings
- Sponsorships worked on: 81.4 (avg)
- Areas of Work
  - Sales - 24% of Billings
  - Research - 14.5% of Billings
  - Evaluation - 14.3% of Billings
  - Activation - 11.1% of Billings
  - Staffing - 10.5% of Billings

### Focus of Billings



- Gender:
  - M 24%; F 24%; 52% O
- Industry
  - Pro Sport 25.9%
  - Festivals 21.8%

**NOTE** 59% described themselves as a “sponsorship agency”

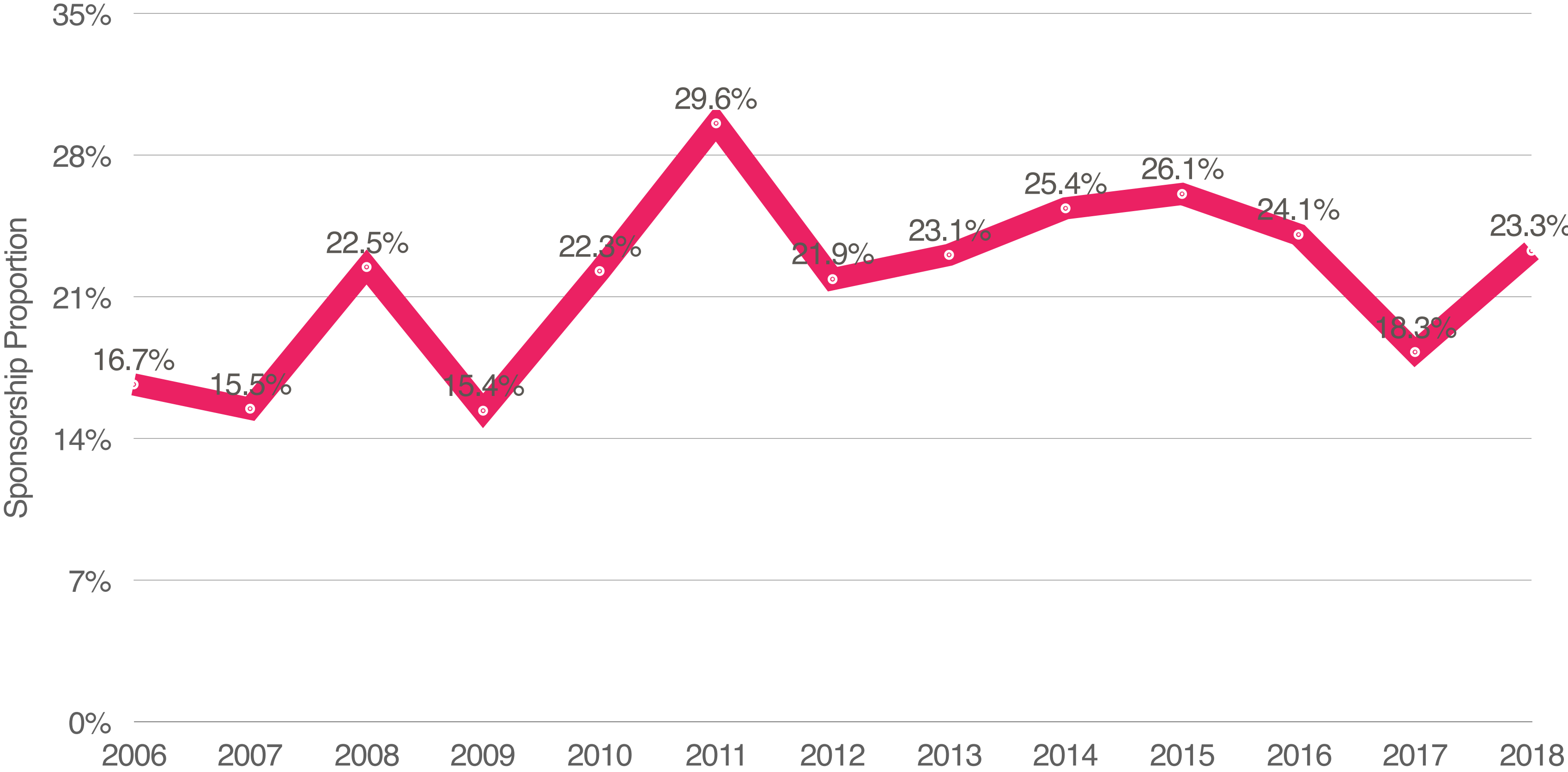


### **3. Industry Data**

Size & Scope

# PROPORTION OF MARCOM BUDGET

Sponsorship as a Percentage of Marketing Communications Budget



DATA



**23.3%**  
In 2018

NOTE

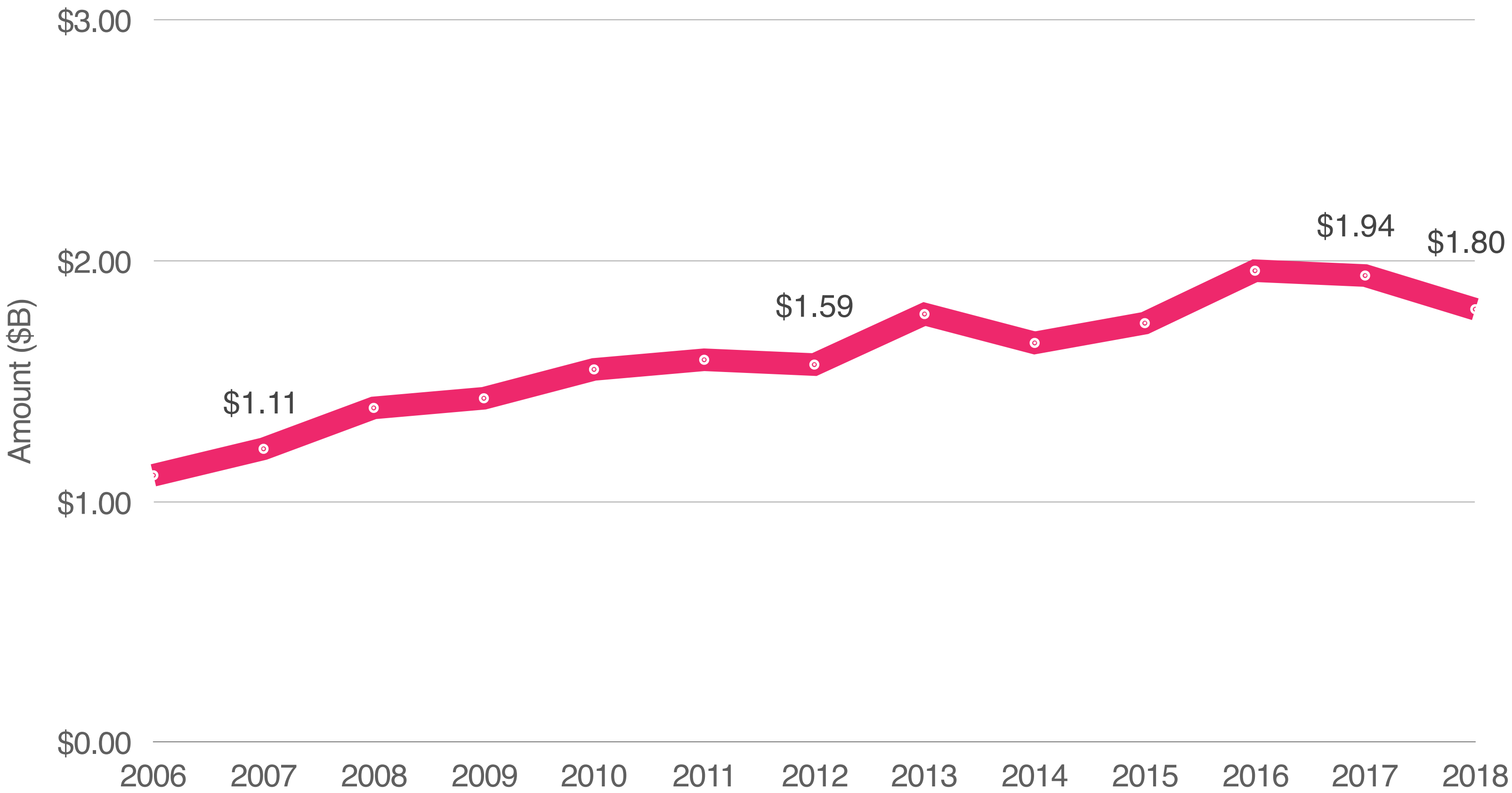
Among those organizations that use sponsorship, about 1 in 4 marcom \$'s are spent on sponsorship.





CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Rights Fees



DATA



**\$1.80B**  
2018 Rights  
Fee Spend

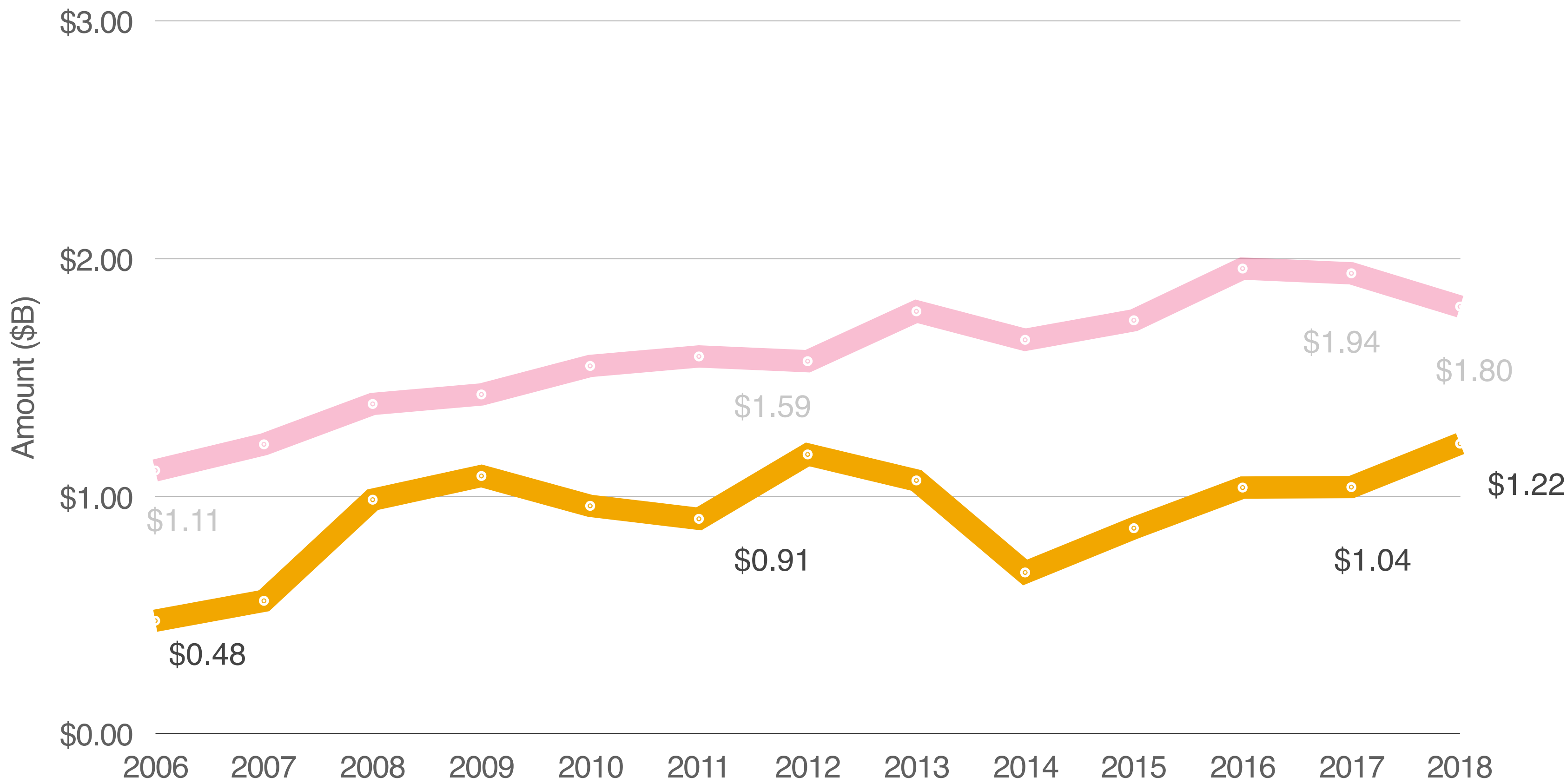
NOTE

CAGR of **3.78%**.



CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Activation



DATA



0.68

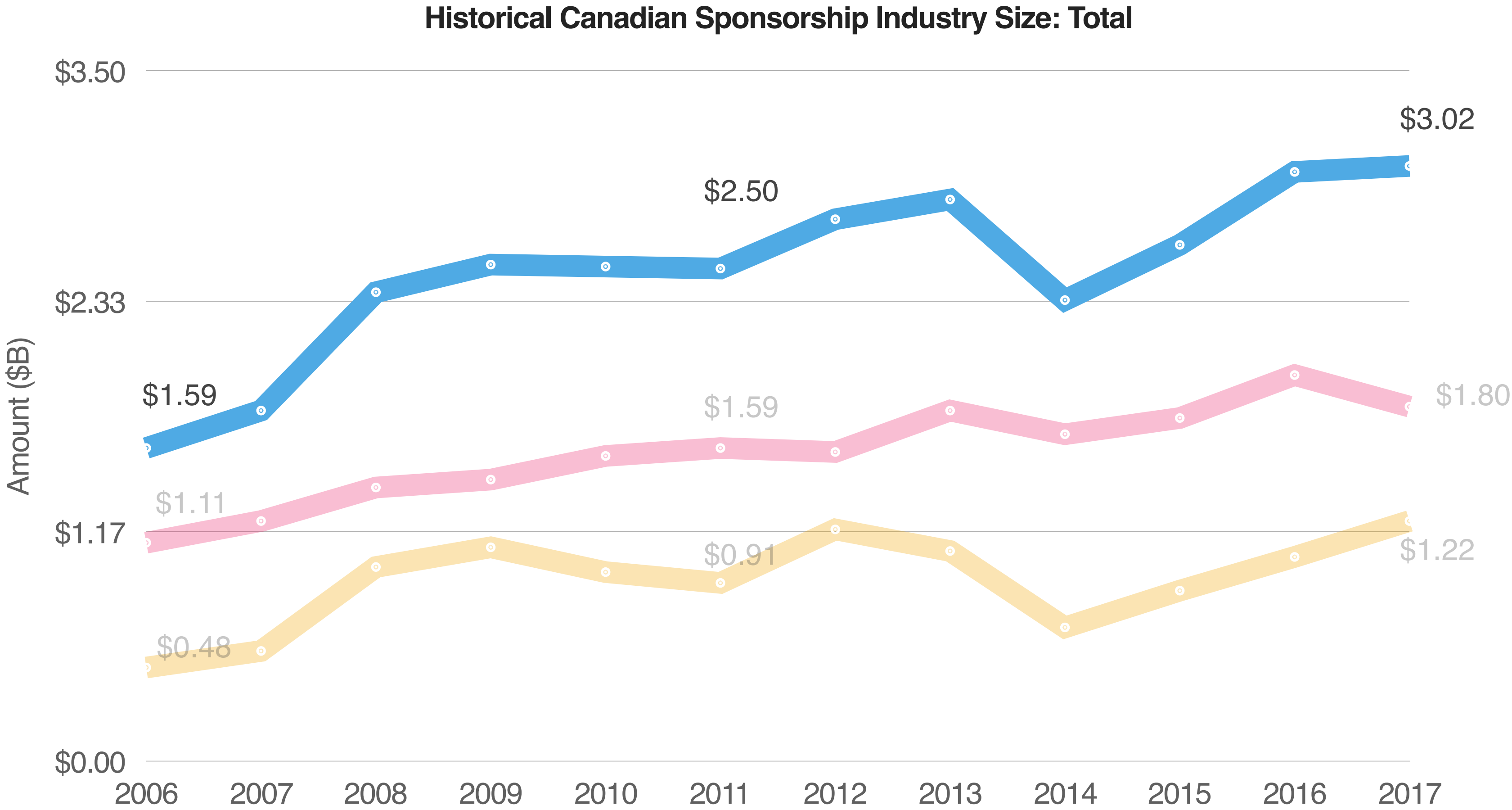
Activation to  
Rights Fee in 2018

CAGR of  
total activation  
spend is 7.49%.

Historically, activation spend  
has fluctuated considerably  
more than rights fee spend,  
but it has increased more  
relatively than rights fees.



**BIG PICTURE: CANADIAN INDUSTRY SIZE**



**DATA**



**\$3.02B**  
in Total  
Industry Spend

**NOTE**

CAGR of rights fees  
plus  
activation spend  
is **5.06%**.





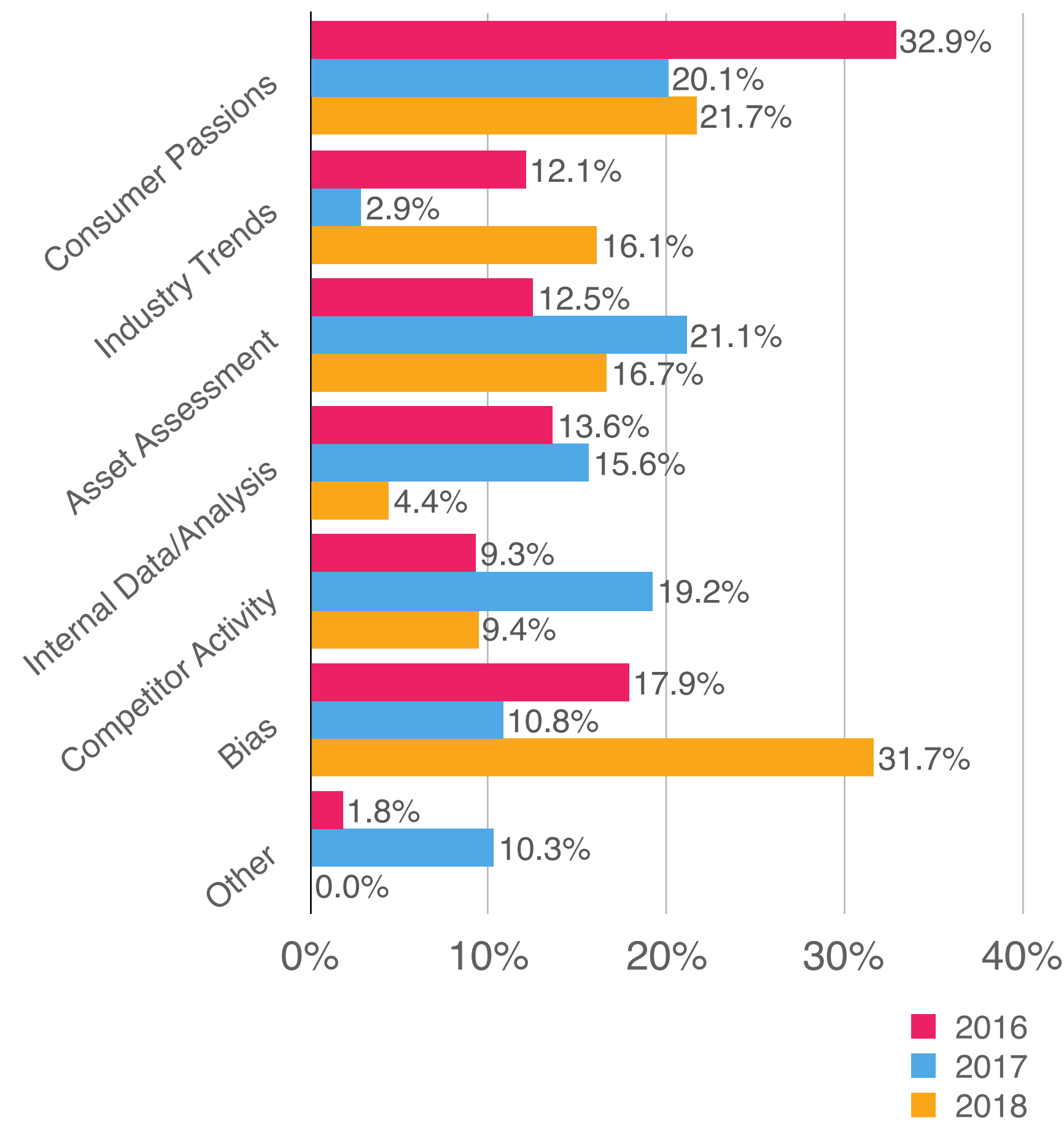


#### 4. Results #1

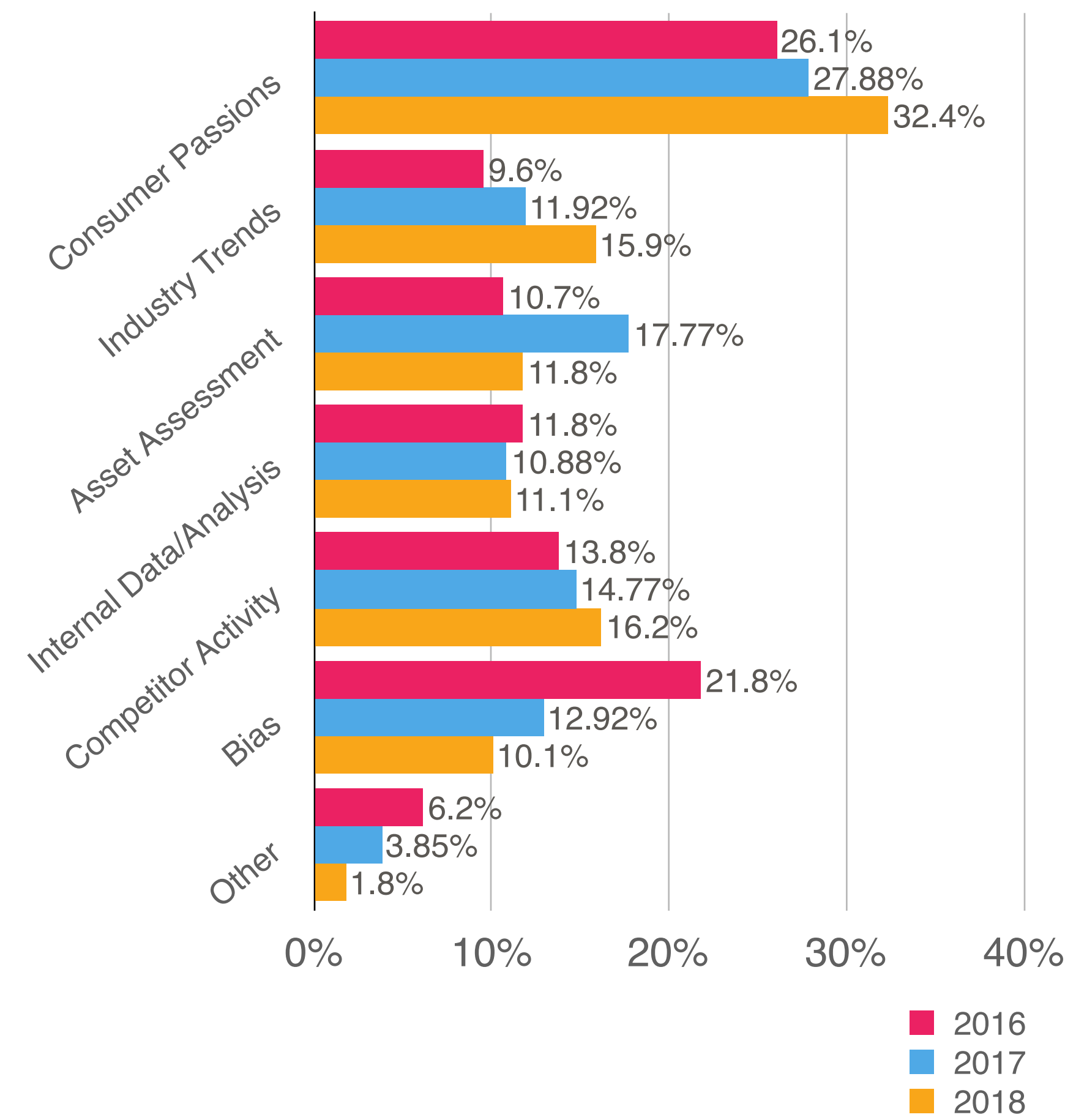
Strategy

DECISION MAKING

Criteria in Decision-Making:  
Sponsors



Criteria in Decision-Making:  
Agencies on Sponsors Behalf



DATA

**Majority**  
Of Decisions are About  
The Right Factors

**NOTE ON 2018**  
Sponsors report ‘bias’  
bounce back  
**but**  
agencies disagree and  
report very high  
“consumer passions”



## LARGEST SPONSORSHIP CATEGORY



**56%**  
Pro Sport



**23%**  
Amateur Sport



**22%**  
Arts

**DATA**



**Triple**

The size of largest investments in pro sport versus those in amateur sport or the arts

---

**Average Size of Largest Annual Deal: \$1.1M**

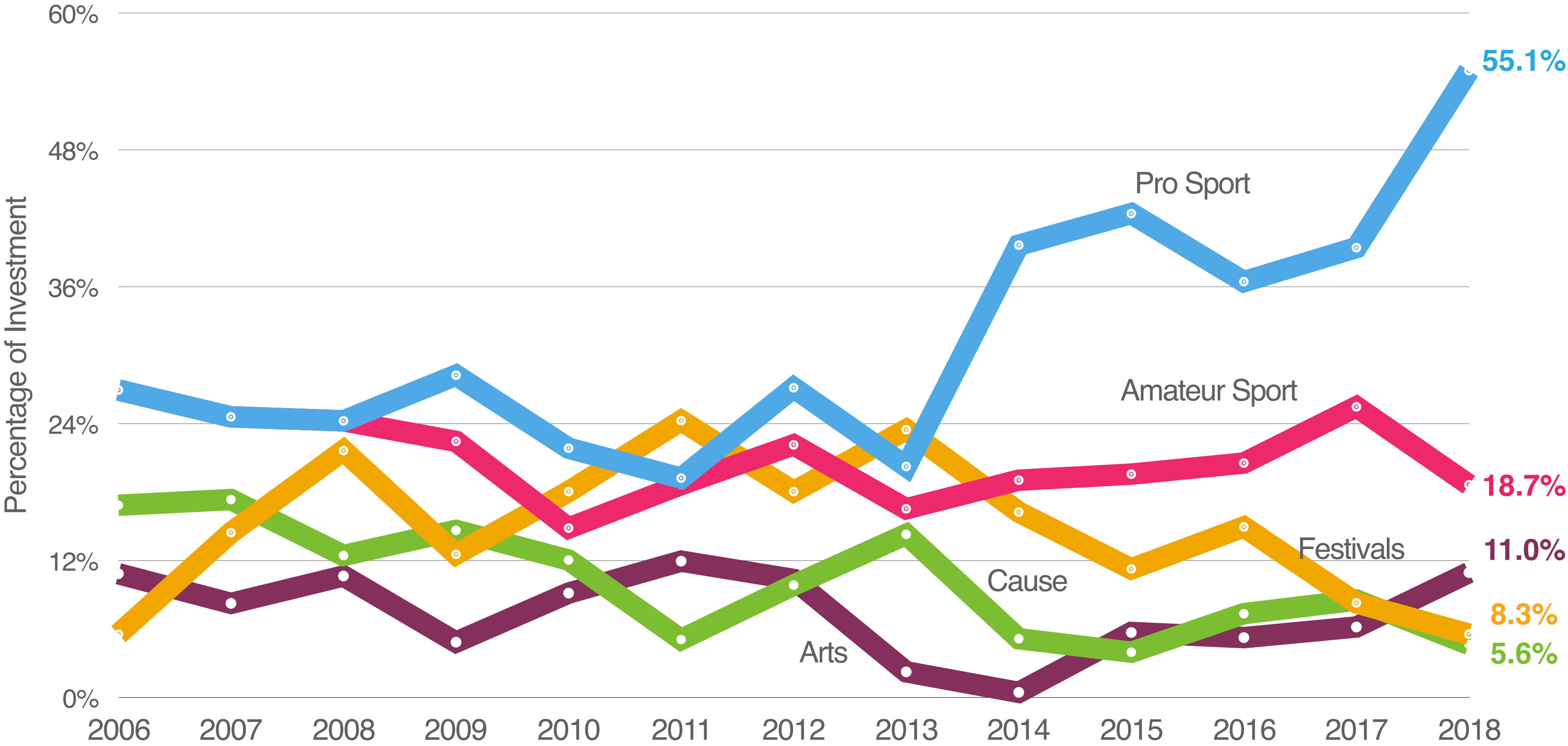
**NOTE** Pro Sport: \$1.9M





PROPERTY MIX

Historical Sponsorship Investment by Property Type



DATA



**55.1%**  
of Investment is  
in Pro Sport

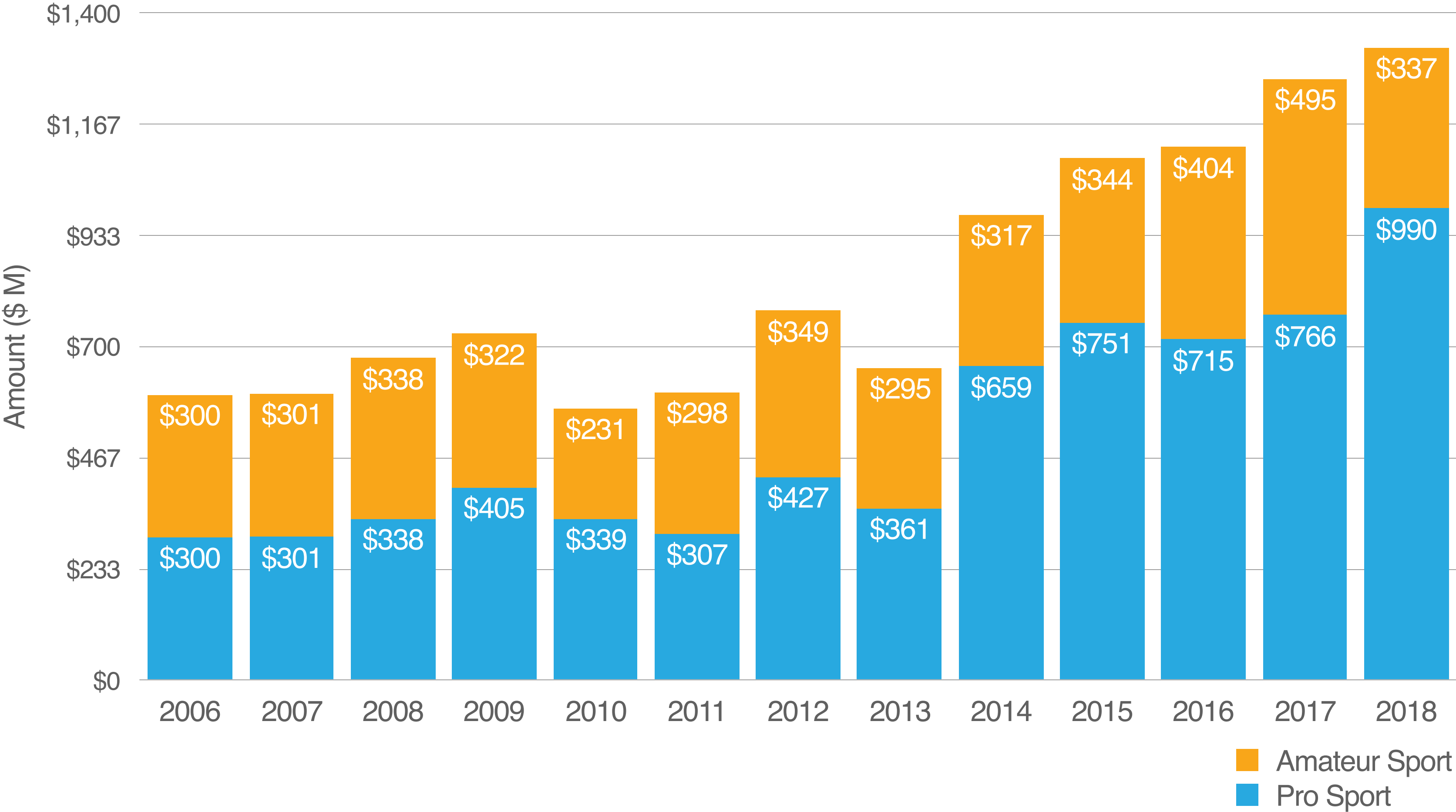
NOTE

Significant shift in  
2018 over  
previous years



PROPERTY MIX

Historical Sponsorship Investment in Sport



DATA



\$1.33B

in Sports

\*5% increase over 2017

NOTE

Pro sport is taking ‘share’  
from amateur sport  
(and other areas)



## SPONSOR INVESTMENT: PROPERTY REACH

### 13-YR AVG | 2018 DATA

“Go Big or Stay Local”



**9.6% | 11.8%**  
International



**33.8% | 36.2%**  
National



**10.3% | 20.4%**  
Multi-Provincial



**17.2% | 7.5%**  
Provincial



**16.2% | 10.4%**  
Regional



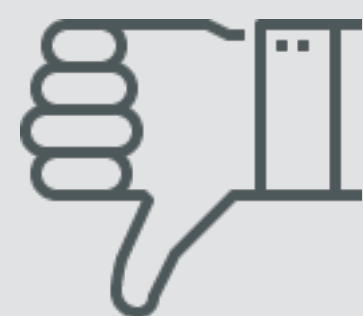
**11.9% | 13.7%**  
Local





MISALIGNED VIEWS ON THE FUTURE

DECREASE



30.1%  
Sponsor

14.5%  
Property

0%  
Agency

STAY THE SAME



45.5%  
Sponsor

41.8%  
Property

61.9%  
Agency

INCREASE



24.5%  
Sponsor

43.6%  
Property

38.1%  
Agency

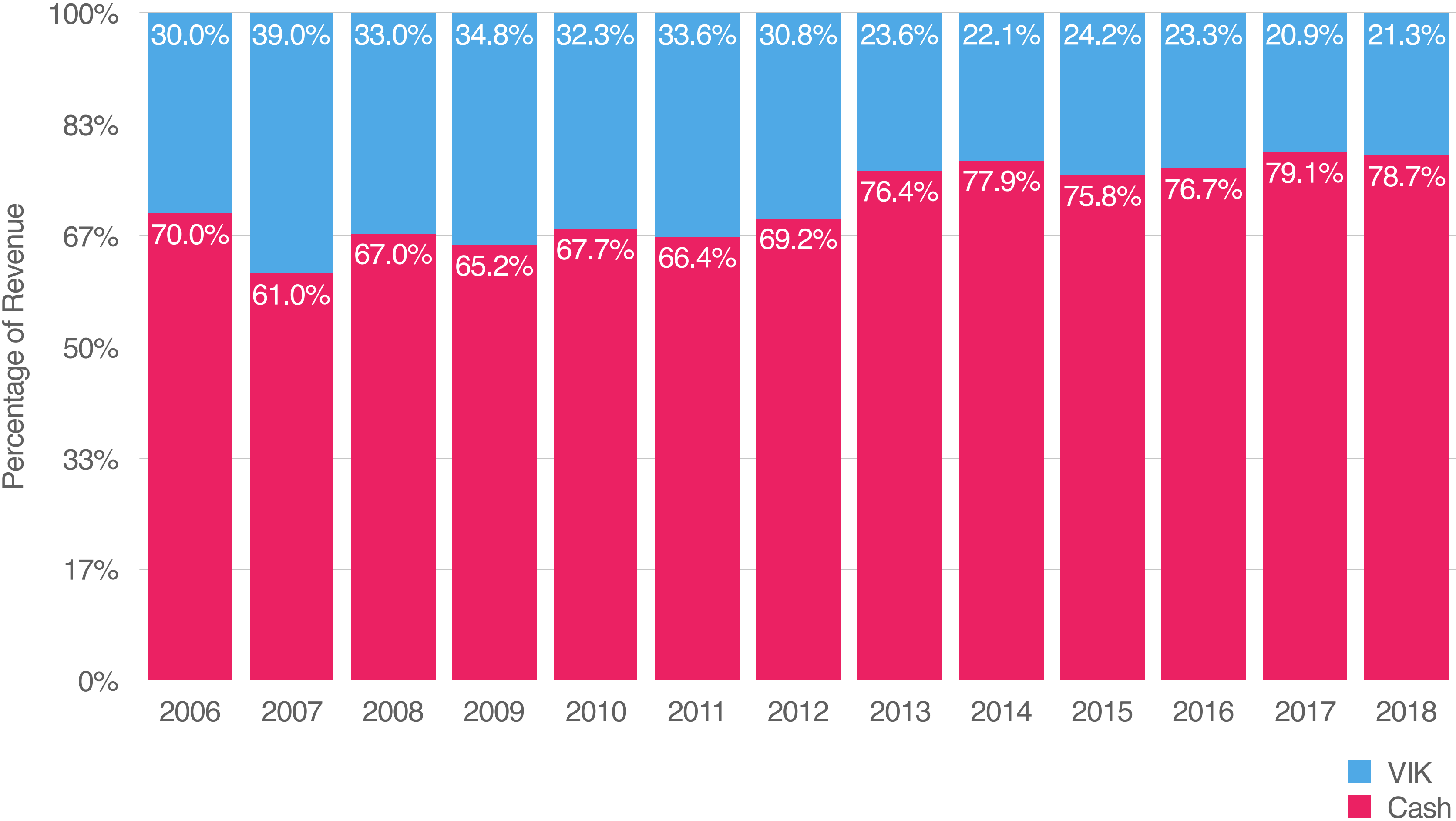


## 5. Results #2

The Deal

# DEALS: CASH OR VIK

Historical Cash vs. VIK Mix for Properties



DATA



78.7%

Continued trend towards cash over VIK

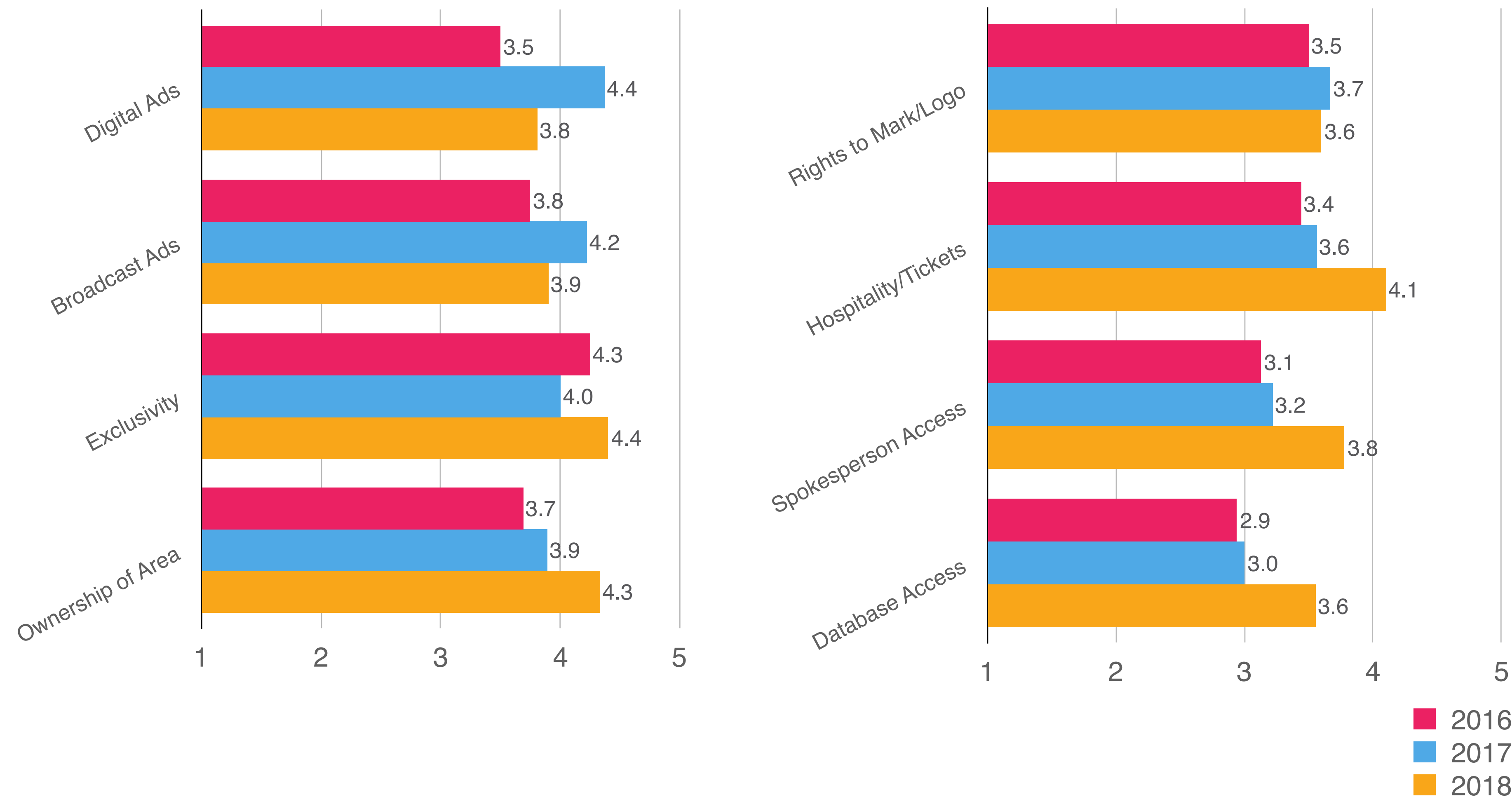
NOTE

Over time, there has been a clear trend towards more cash, from about **1 in 3** dollars as cash to about **1 in 5** dollars as VIK.



# DEALS: VALUABLE BENEFITS

Most Valuable Benefits Identified by Sponsors



## DATA & NOTE

2018 saw a shift in sought benefits by sponsors

Although exclusivity and owned content remained top, access related items (database, tickets, spokesperson) all increased over 2017



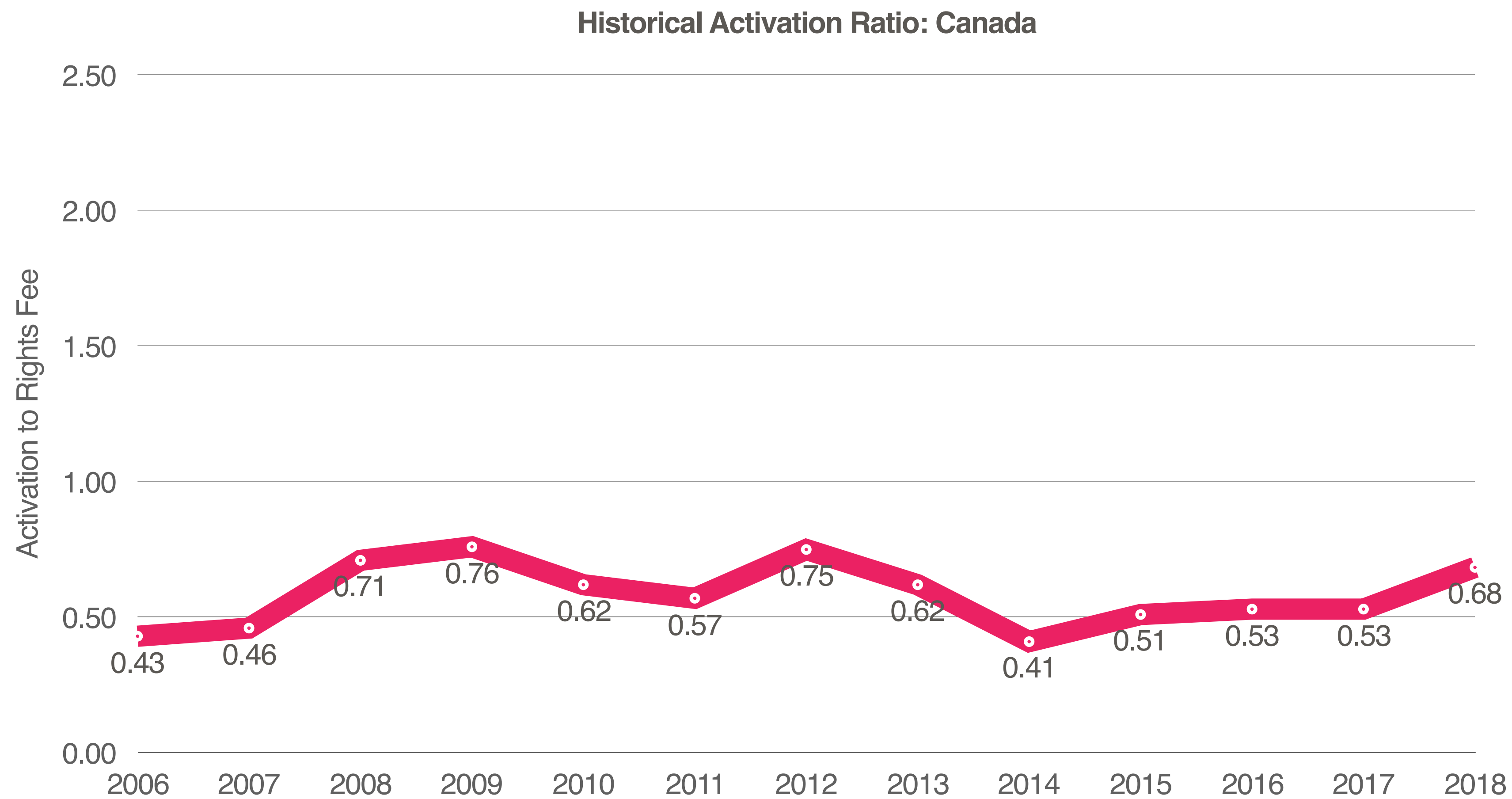




## 6. Results #3

Activation

# ACTIVATION: RATIO



DATA

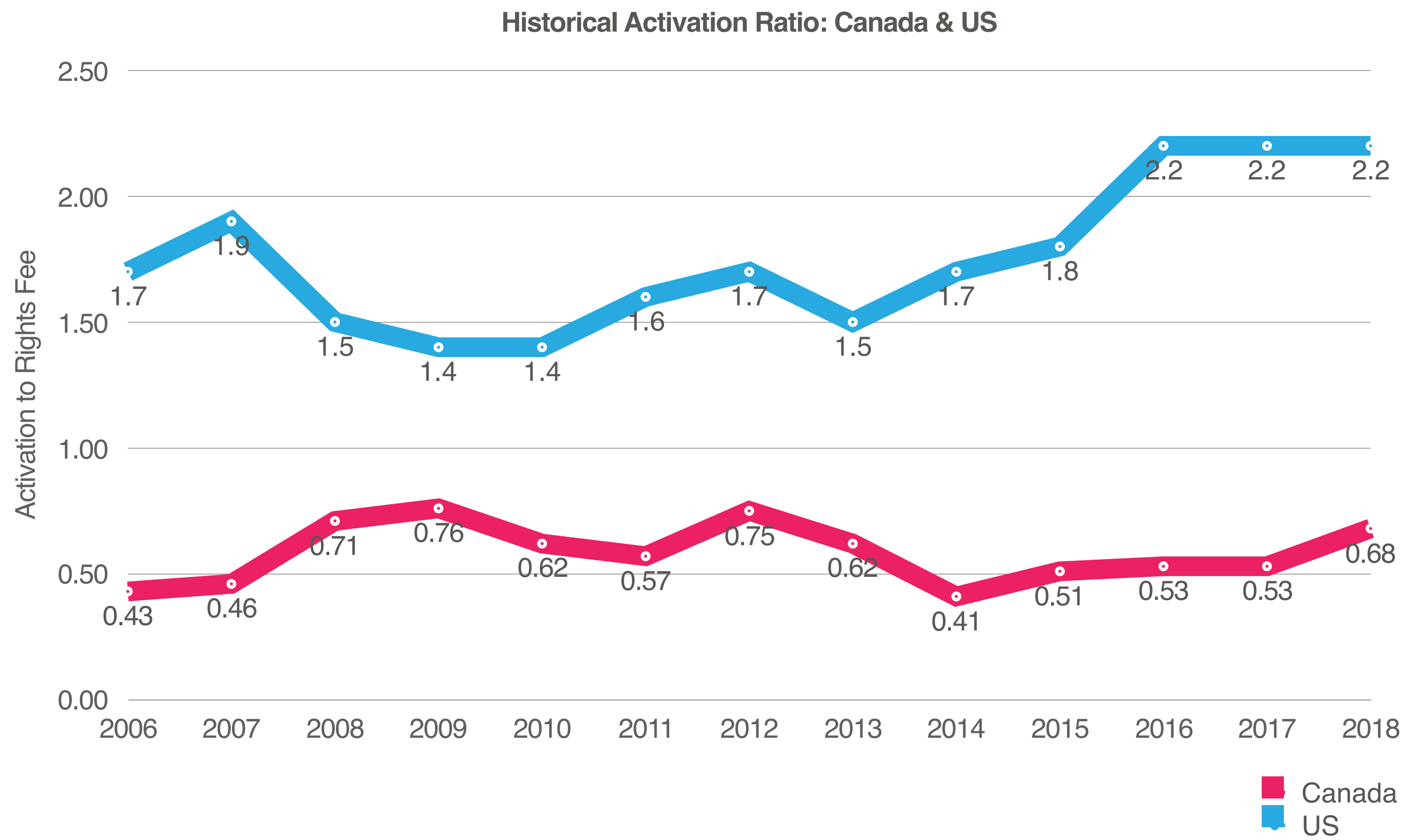


0.68

Activation to  
Rights Fee in Canada.  
The highest recorded  
number since 2012.



# ACTIVATION: RATIO



DATA



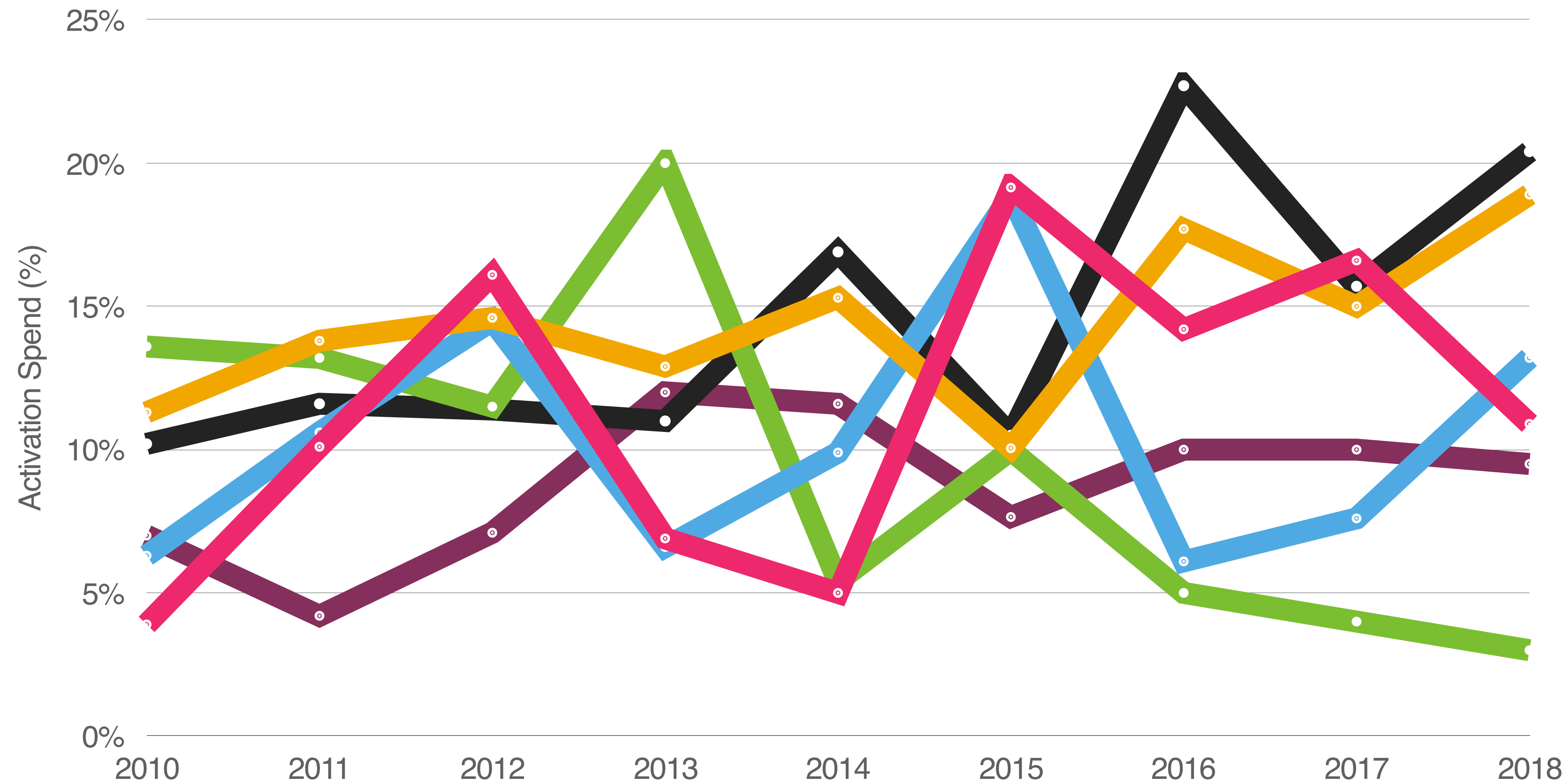
2.2

Activation to  
Rights Fee in US

Although improved in 2018, the activation ratio in the US is more than **3X higher** than in Canada.



## ACTIVATION: MIX OF INVESTMENT



Shift back to Advertising, Hosting and Sampling.

Others of note:  
Ancillary Events (4.1%),  
Co-Promotions (6.8%),  
Sales Promotions (5.9%)





**ACTIVATION: DRIVERS OF ROI - SPONSOR VIEW**



**#1**  
Hosting/Hospitality



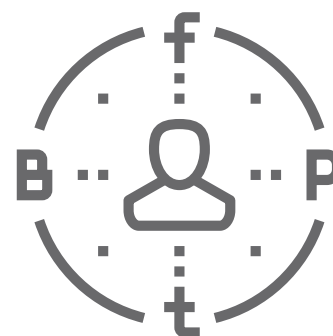
**#1**  
Product Sampling



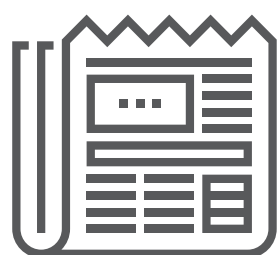
**#3**  
Advertising



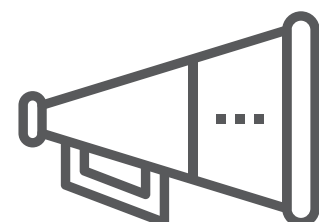
**#5**  
Athletes



**#5**  
Social Media



**#7**  
Branded Content



**#7**  
Public Relations



**#7**  
Sales/Consumer Promotions

**DATA**

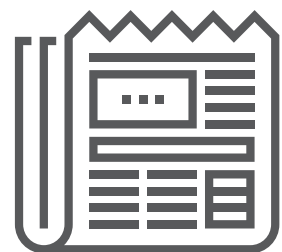


**Shift**

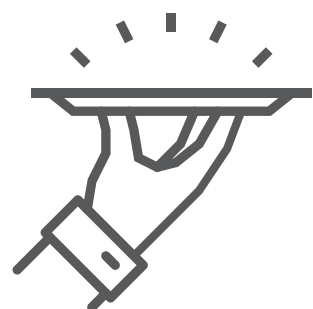
Changing of views  
in 2018 over 2017



**ACTIVATION: DRIVERS OF ROI - PROPERTY VIEW**



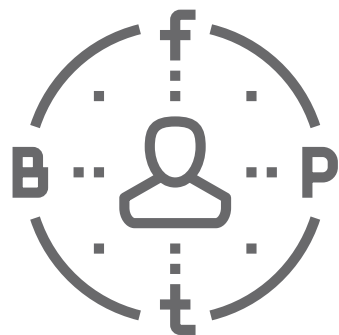
**#1**  
Branded Content



**#2**  
Hosting/Hospitality



**#2**  
Product Sampling



**#4**  
Social Media



**#4**  
Sales/Consumer Promotions



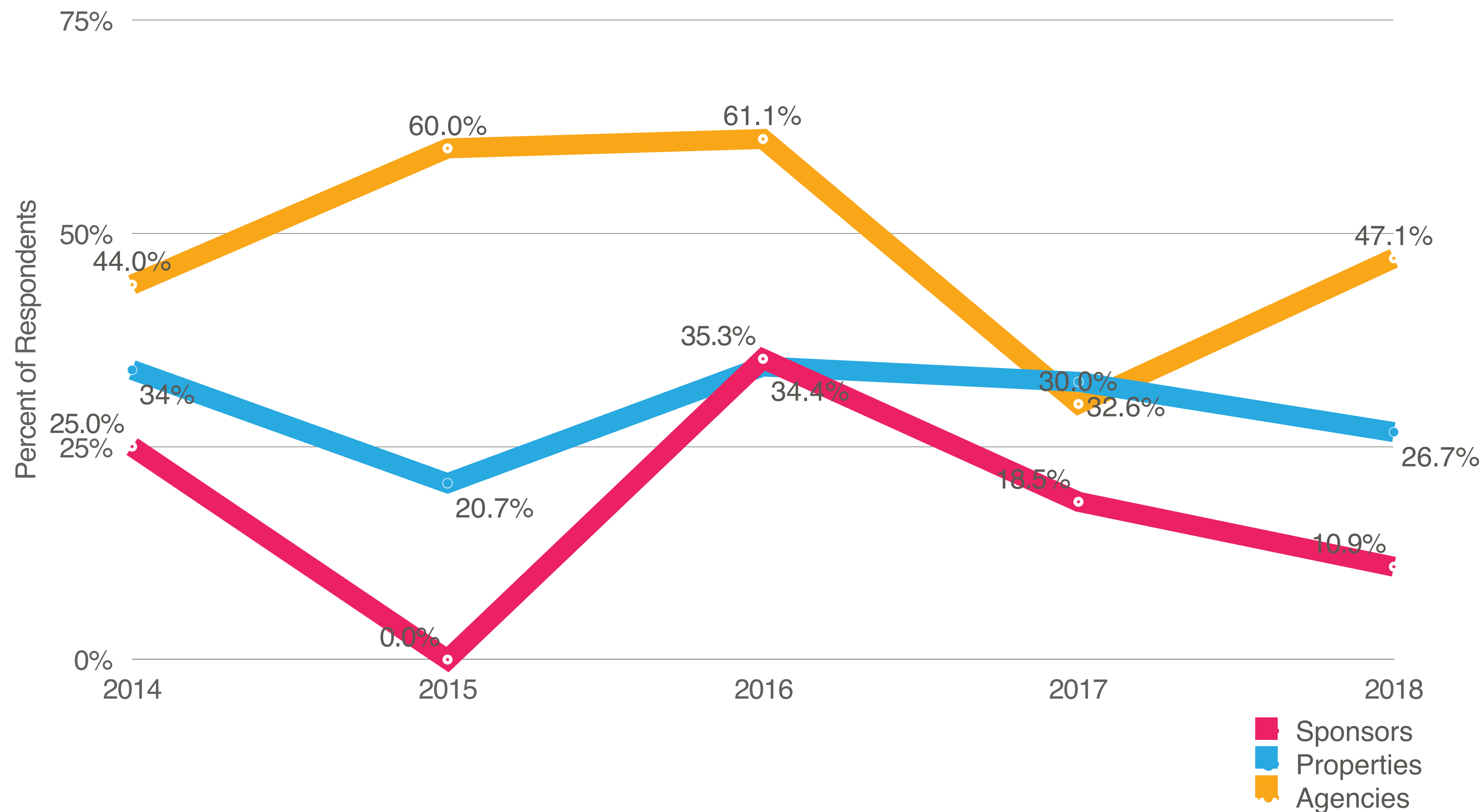
**No Shift**  
Views in 2018  
same as 2017

Should properties and agencies take note?



# ACTIVATION: BRANDED CONTENT

Historical Activation Tactic that Best Drives Business Results



DATA



1<sup>ST</sup>

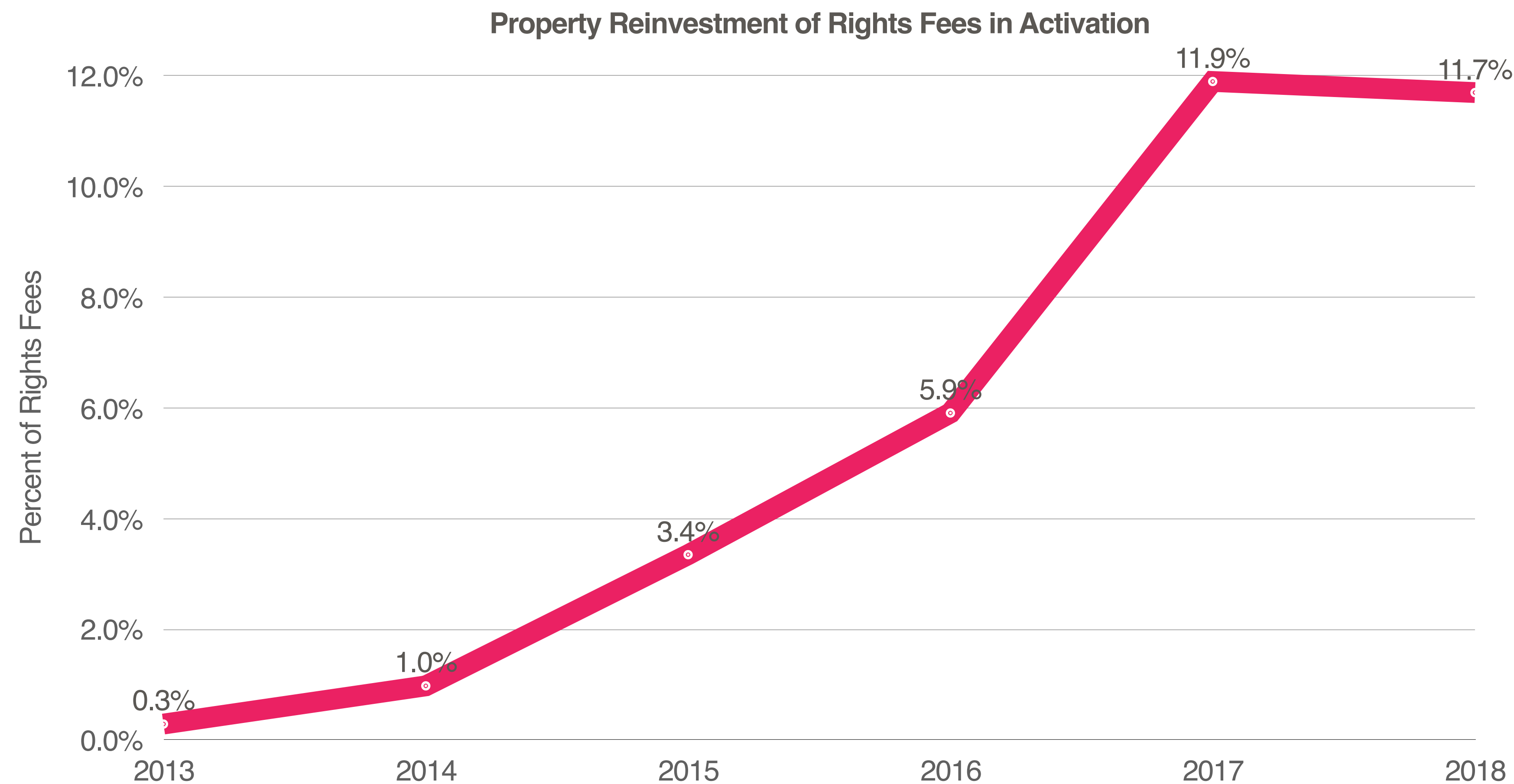
Best Tactic for Properties and Agencies

NOTE

Sponsors have trailed properties and agencies in identifying branded content as the tactic that best drives business results.



# ACTIVATION: PROPERTY REINVESTMENT



## DATA



**11.7%**

Reinvested by Properties  
in Activation

## NOTES

**20.8%** of respondents  
reported no re-investment in  
activation

### ***Most Common Tactics***

- #1 - Hosting/Hospitality
- #2 - Advertising
- #3 - Branded Content





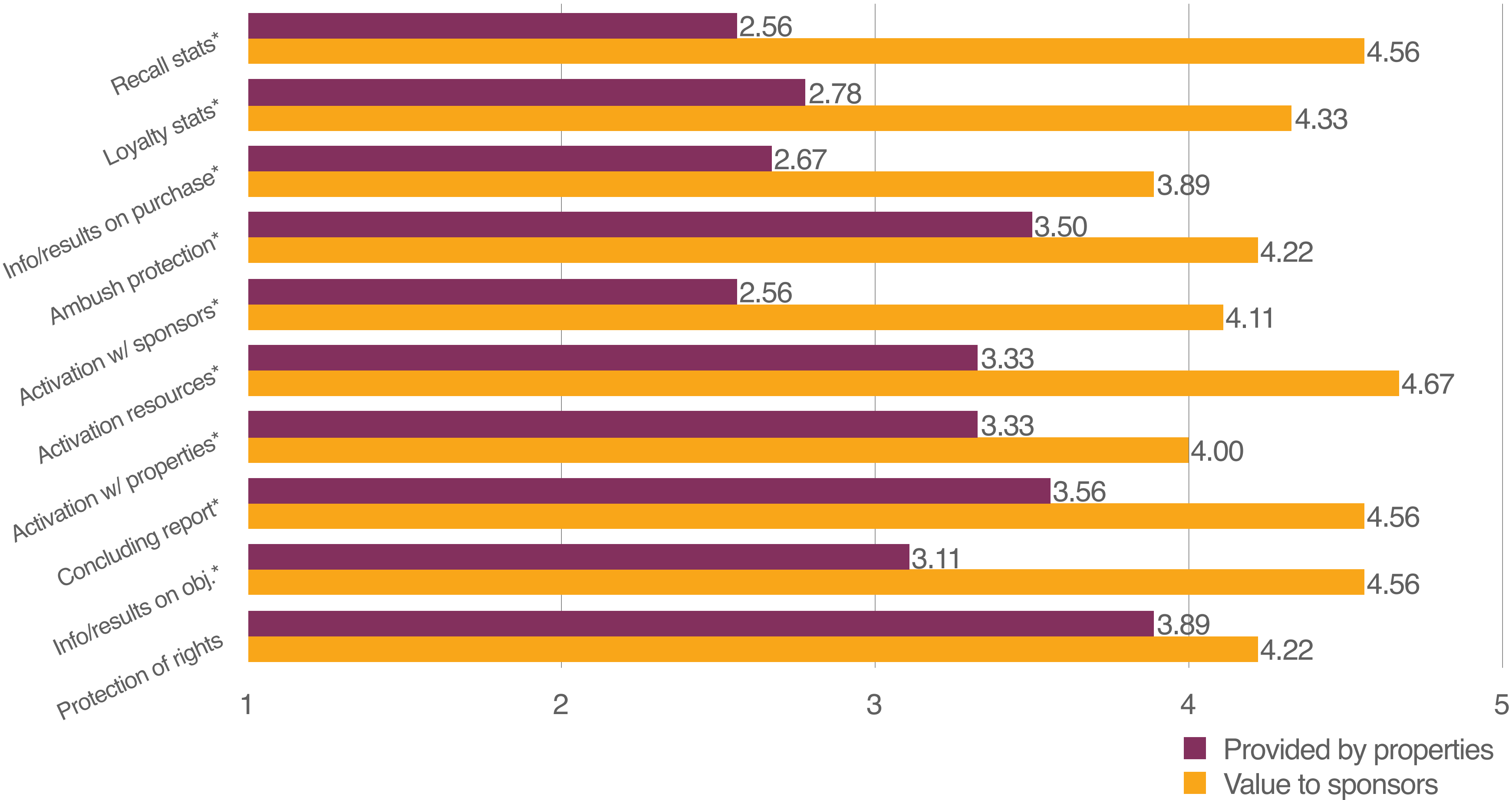


## 7. Results #4

Servicing

# SERVICING: SPONSOR PERSPECTIVE

Services to Sponsors: Viewed by Sponsors



DATA



**9 of 10**  
are Statistically Significant  
Differences (\*)

NOTE

In most cases, sponsors  
do not feel that they are  
being serviced to the level  
they'd hope



**PROPERTIES INVESTMENT IN SERVICING ON THE RISE**



**Servicing - 2017**

**10.7%**

of sponsorship  
revenue is allocated  
to servicing

**Servicing - 2018**

**16.6%**

of sponsorship  
revenue is allocated  
to servicing

**DATA**



**55.1%**

Increase from  
2017 to 2018

**NOTE**

**Only 7.5%** of property  
respondents reported no  
investment in servicing.



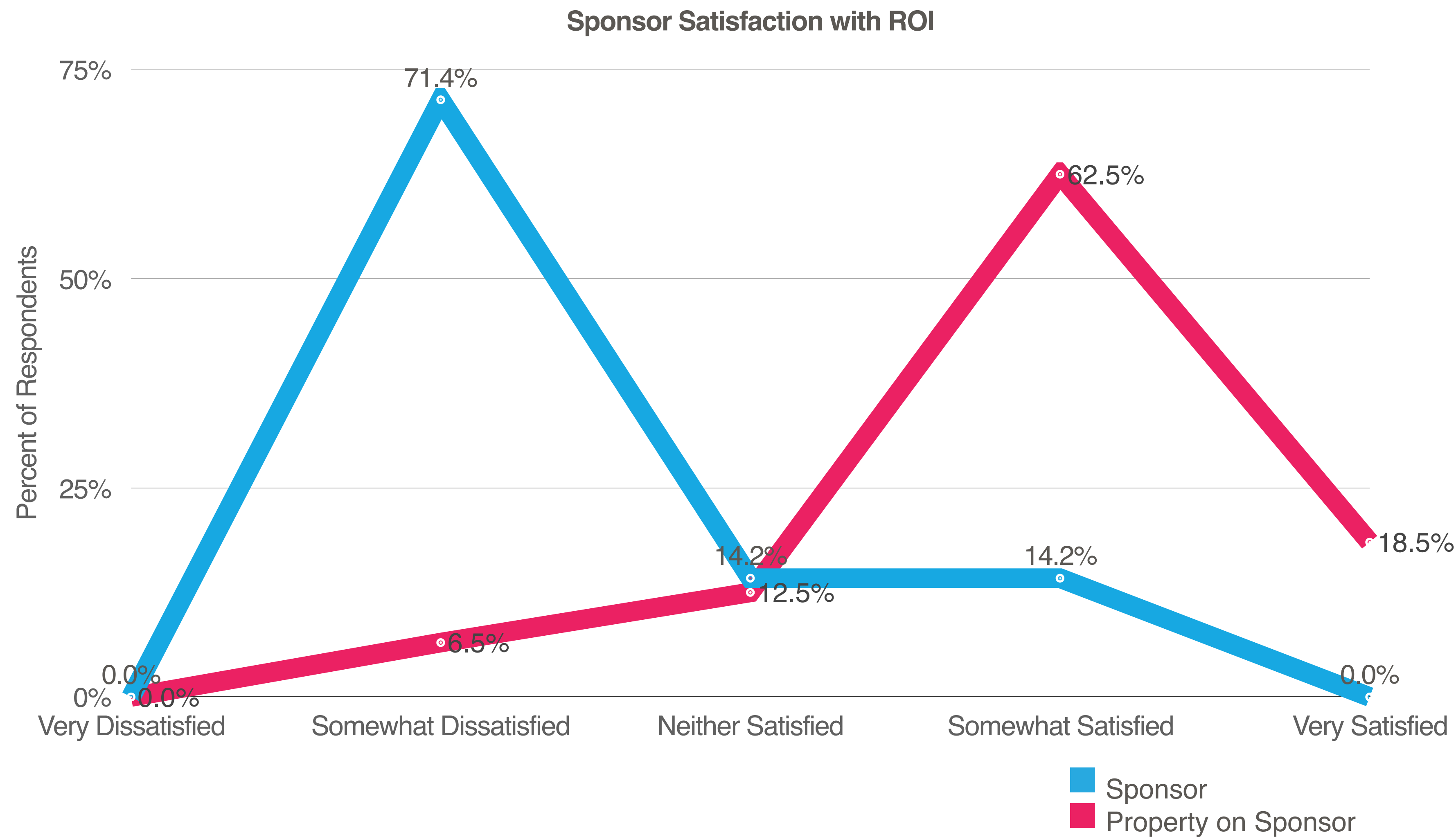


## 8. Results #5

Evaluation



# LAST YEAR'S ROI GAP (2017)



DATA



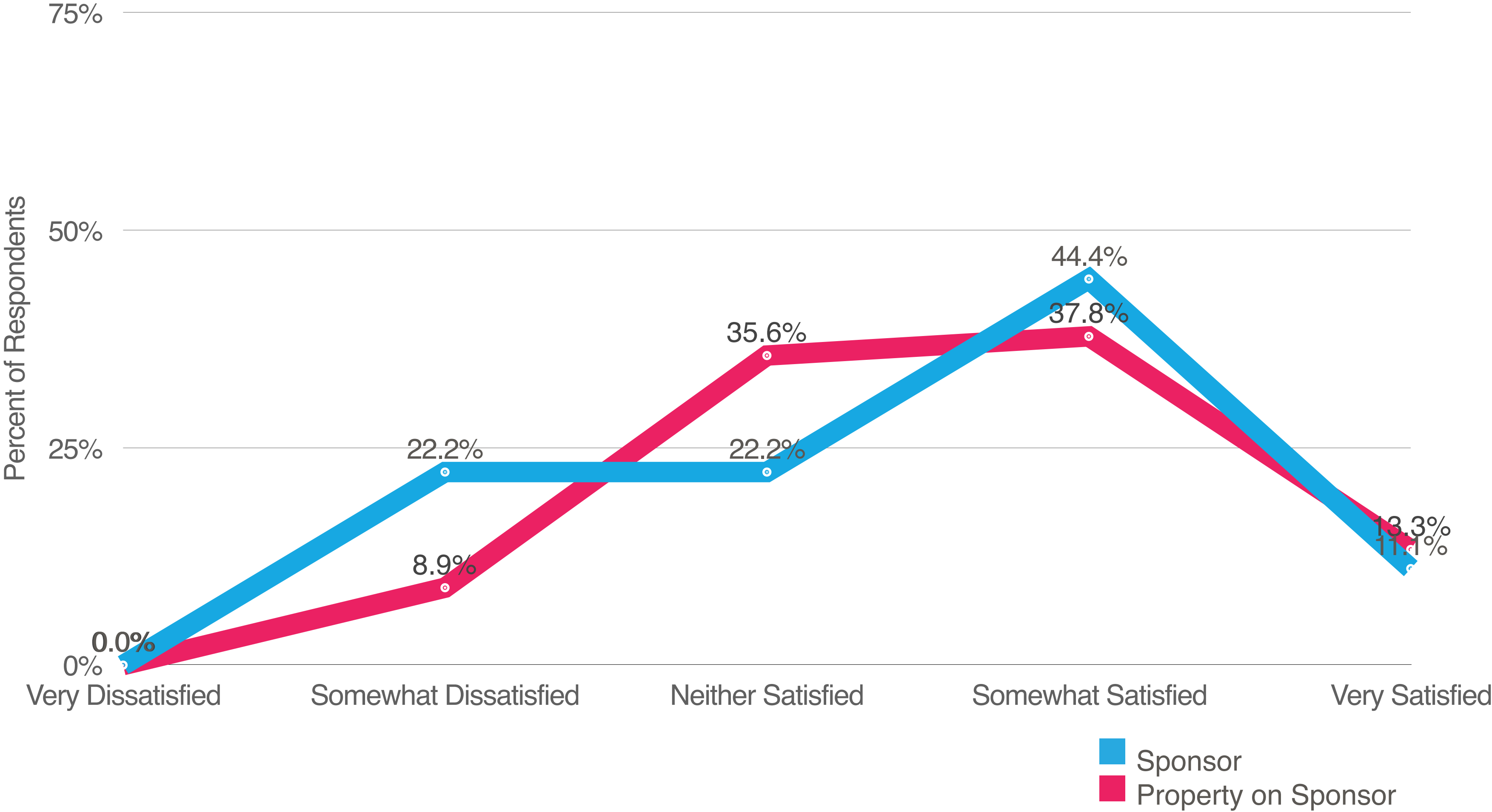
NOTE

This gap was consistent with previous years' results as well.



THIS YEAR'S ROI GAP (2018)

Sponsor Satisfaction with ROI

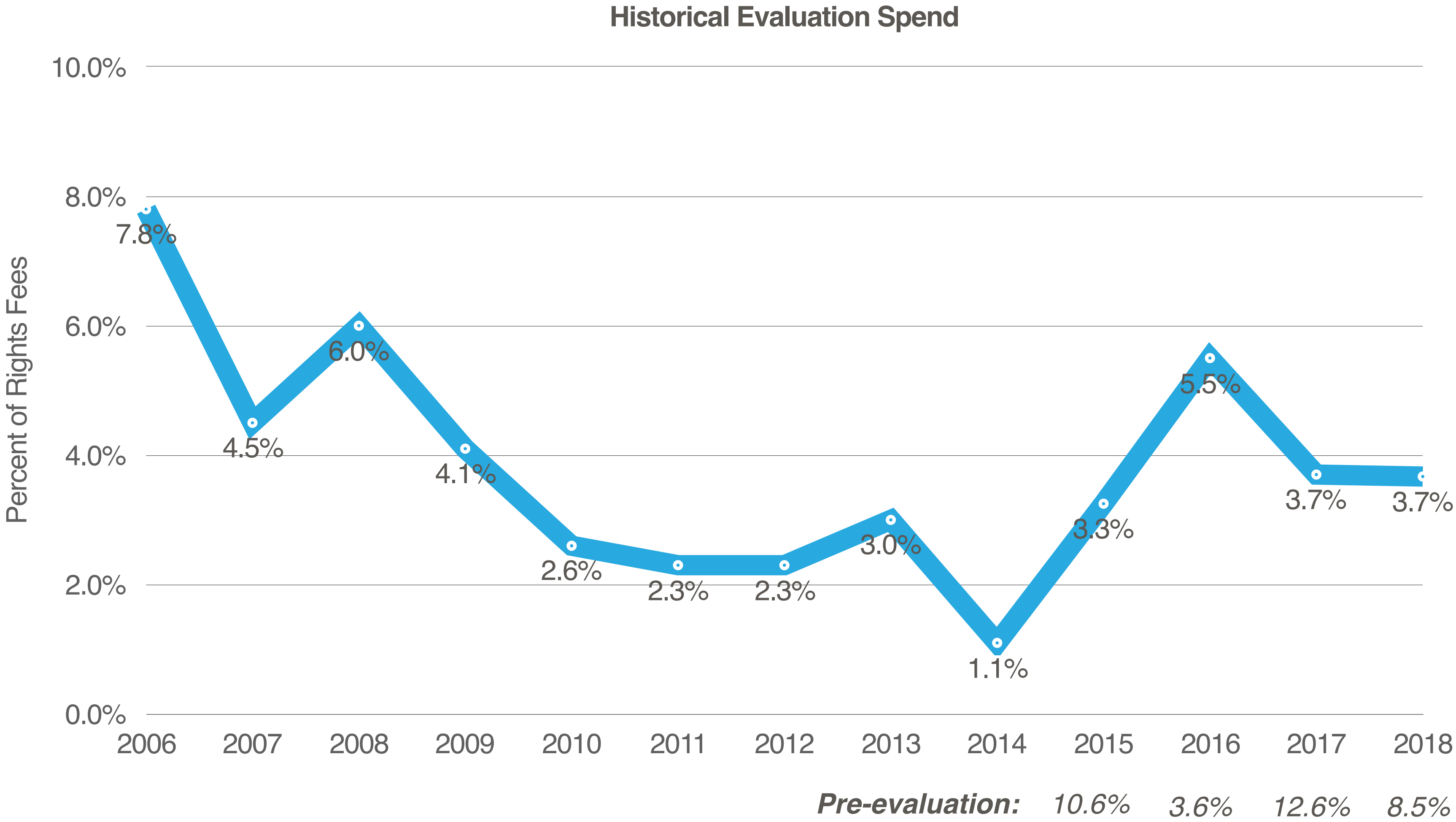


3.61 Sponsor Mean  
3.66 Property Mean

NOTE  
Alignment!



EVALUATION INVESTMENT



DATA



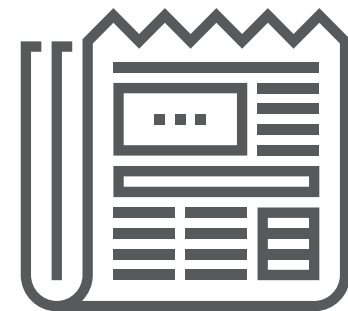
**3.7%**  
of Rights Fee  
Spent on Evaluation

NOTE

17% reported spending nothing on evaluation.  
Work needed here.  
Pre-Sponsorship evaluation spend was 8.5%.



## PROPERTY EVALUATION



### GOOD NEWS

**5.4%**

Proportion of sponsorship  
revenues invested in  
sponsorship evaluation

**10.1%**

Proportion of those dollars  
allocated to pre-sponsorship  
evaluation



### LESS GOOD NEWS

**30.4%**

spent zero on sponsorship  
evaluation

**48.2%**

spend nothing  
on pre-sponsorship evaluation



**++**

Properties spending  
relatively more than  
sponsors on evaluation



## AGENCIES AND ROI

### New Question:

In 2018, we asked agencies to tell us what techniques and measures they utilize to demonstrate ROI for their clients.

#### Topical Themes

- Proprietary (Custom) Models for Valuation and Evaluation
- Baselines, Benchmarks and Pre-Post
- Brand Exposure
- Social Media Metrics

#### Specific Recos

- Independent research
- Consistent methods
- Depends on objectives/goals/KPI's to measure against
- Share of wallet and share of mind

### Select Quote:

*‘ROI measurement strategy for each client is customized. Some is sales driven against timelines and given factors; for others it is brand recognition and others employee engagement.’*



# MEASUREMENT IS COSTING US SLEEP

Top Concerns	Meeting Targets*	Demonstrating ROI	Demonstrating ROI	Other*	Demonstrating ROI	Demonstrating ROI	Meeting Targets** Evaluation/Measure
Year	2012	2013	2014	2015	2016	2017	2018

*“How to measure ROI on my sponsorship investments.”*  
- Sponsor

*“Delivering on the promised benefits”*  
- Property

*“How to measure its effectiveness.”*  
- Agency

*“Determining the value of social and digital benefits.”*  
- Sponsor

*“Demonstrating sufficient ROI to prospects and clients.”*  
- Agency

\*Demonstrating ROI #2  
\*\*Demonstrating ROI #3



## **9. Discussion**

So What?

## **SO WHAT?**

*Big Changes...Many of Them Positive*

**>\$3B**

Total Sponsor Spend

**4,000+**

Total Historical Responses

**0.68**

Activation Ratio

**55.1%**

Increase in Property Servicing

### **Cosmic Shifts**

- Professional sport rise
  - Nearly \$1B in rights fees
- Return of experiential assets on ROI, sought sponsor benefits & activation
  - hospitality, product sampling and advertising
- Perception of sponsor ROI disappears in properties
- Activation (CAGR 7.5%) outpacing rights fees (CAGR 3.8%)

### **Important Signals**

- Shift in reach:
  - “Go big or stay local”
- Property investment in servicing, activation, evaluation
- Is bias back for sponsors but not for their agencies?
- The rise of the “sponsorship agency” (39 out of 66 respondents)
- Measurement the priority

### **Same Ole**

- VIK needs attention
- Servicing gaps remain
- Misaligned forecasts
- Evaluation flat for sponsors
- Gender
  - Leadership 50/30/20
  - Low on sponsor targets





# Deep Dive

*Not-For-Profit Sponsorship*

---

**SPONSORS ARE 'PRETTY EQUAL' IN THEIR SPENDING**

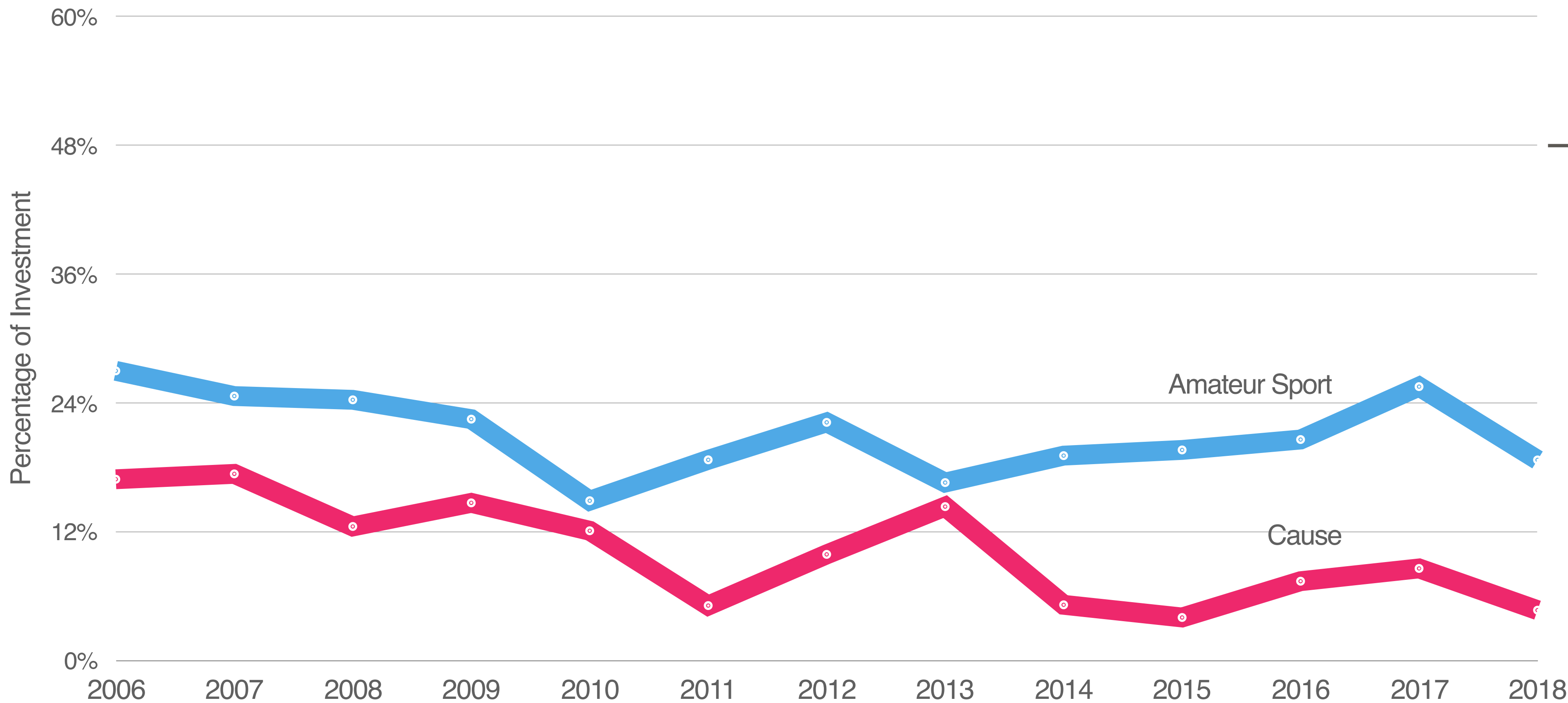
*In 2018, sponsors spent \$1.8 billion on sponsorship rights fees in Canada, of which 42.5% was on not-for-profit property partners*

Estimated Spend

***\$765 million***

NOT-FOR-PROFIT HISTORY - TYPICAL CATEGORIES

Historical Sponsorship Investment by Property Type



DATA



NOTE

Declining proportion of a growing market “Dogs”  
Note: other areas of NFP properties (education, municipalities, etc.) all <1% in 2018



## SPONSORS:

*“How important is cause when you decide to sponsor a particular property?”*

*n=46*





## IMPORTANT 9%

“100% critical.”

“Assez importante.”

“Increasingly important for Gen Z.”

## NO VALUE 15%

“Don’t sponsor causes. Its a rubbish investment and does nothing for the brand.”

“Cause is not important.”

“We have [another] division that deals with cause/purpose separately.”

## IMPACT ORIENTED 22%

“Eyeballs and meaningful integration.”

“Hire sponsorship professionals to sell and not fundraisers.”

“Create business with those donors, engagement.”

## IT DEPENDS/ROI LINK 54%

“Identify connection points...how can I as a sponsor connect with their donors/patrons/fans and create attribution.”

“Cele depend du rayonnement l’entreprise. Plus il est grand, plus la cause semble important.”

“Depends, it is not the first consideration, more of a nice value add.”

“Has to be contextually relevant to our brand.”



## Properties:

*“How important is cause to your ability to attract sponsors?”*

*n=130*



## VERY/EXTREMELY 79%

“All of our sponsorship opportunities are tied to cause.”

“It is critically important as we build the positive consumer/client/employee perception of our partners.”

## MODERATELY/FAIRLY 21%

“Important but not the top consideration.”

“Market in the same manner that leading not-for-profit properties already are and start with what the property can do for the partner, rather than just the great work they do for a cause.”



**KEY LEARNING FOR CAUSES:**

**YOUR PARTNERS DO NOT NEED YOU AS MUCH AS YOU NEED THEM.**

*“It is critical that the cause of the property is aligned with my brand, otherwise it creates a point of conflict.”*

**- Sponsor**



## DEEP DIVE

**All:**

*“According to historical CSLS data, investment by sponsors in cause properties has declined. What do you believe is (are) the reason(s) for this trend?”*

*n=171*



## **KEY LEARNINGS FOR CAUSES:**

***THE TREND IS REAL. TIME TO CRANK UP YOUR MARKETING.***

### **NAVEL GAZING**

- “The public has become more dialed-in with what’s real and what is not...make sure that the partnership is authentic on every level.”
- “Causes are not able to demonstrate their specific demographics.”
- “Charities not investing in the appropriate personnel and resources needed to sell, manage, & deliver.”

### **COMPETITION INTENSE**

- “Cause properties are unable to support sponsors in the same way as festivals.”
- “Analytics is replacing ‘doing good’.”
- “Too many charities asking for sponsorship.”
- “Crowded.”
- “From an ROI perspective, there is an inability to compete.”
- “Brands treat causes as donations.”

### **ACTIVATION IMPROVEMENT**

- “Challenged to figuring out how to leverage cause and purpose as a means to driving their brand and business goals.”
- “Difficulty showing ROI.”
- “Inability to meet or create ROI.”
- “Lack of tangible assets to complement intangible value.”
- “Saturation and lack of creative storytelling.”

### Stopped

- Sponsorship has been stopped
- Two Circles recently estimates at \$17B hit to sport sponsorship globally in 2020
  - All industries hit hard
  - Airline -61%
  - Automobile -55%
  - Financial Services -45%
  - Retail -37%

**front office sports**

### Canada Impact

- SponsorshipX survey (April) showed decreases in Canada:
  - Sponsor
    - Rights Fees -29.5%
    - Activation Spend -43.7%
  - Property
    - Revenues -44.8%
  - Agency
    - Billings -52.0%



### CSLS Forecast

- 2019 as repeat of 2018
  - So, VERY GOOD!
- 2020 will not be a repeat
  - Will be very bad
- But...
  - Scenario 1: Boom
  - Scenario 2: Cautious Return
  - Scenario 3: Paradigm Shift
- What can we learn from CSLS...
  - “Crank up your Marketing”
  - Act like Pro Sport (per C-19)
  - Take advantage of downtime to build digital platforms
  - Elevate social media content and channel coverage
  - As a NFP, seek sponsors with cause alignment (post C-19)



[www.sponsorshiplandscape.ca](http://www.sponsorshiplandscape.ca)

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*Don't Forget that the 14th annual is open  
today for data collection!*

*Thank You!*