

CSLS



Canadian Sponsorship Landscape Study

Dr. Norm O'Reilly & Dr. Benoit Séguin University of Ottawa 2011

Research Partners



Co-Presenting Partners



INTRODUCTION

The Canadian Sponsorship Landscape Study (CSLS) is a survey of Canadian organizations that seeks to provide an overview of the sponsorship industry in Canada.

The study draws on both academic and industry resources to provide information that is extremely relevant. The data is collected online through a secure website and this allows for it to be treated both ethically and anonymously, resulting in the most genuine findings. Over the years, the study has garnered significant support, including a partnership with the Sponsorship Marketing Council of Canada (SMCC), a pivotal industry organization.

The study was developed for, and continues to serve, the needs of the entire Canadian sponsorship landscape. As such, the study is shared openly and broadly to all stakeholders with an interest in the findings of this study and how the results can be applied to their various interests.

In order for this report to offer full value to all stakeholders, a three part user guide was developed. The user guide can be found on page 129 to 131 and outlines key aspects that are of particular interest for sponsors, sponsees and agencies.

Please note that all monetary amounts indicated in this report refer to Canadian dollars unless otherwise specified.

User guide can be found on page 129-131.

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

About

The current edition of the Canadian Sponsorship Landscape Study (CSLS) marks the fifth annual version since the study began in 2007. The study draws on both academic and industry resources in order to provide information that is extremely relevant, highly ethical and provides outstanding sponsorship expertise. Initial data for this 5th Annual CSLS was collected, analyzed and presented at the SMCC Conference in Toronto on April 7, 2011. The survey remained live and additional findings were presented at the 2011 Canadian Sponsorship Forum (CSF) on June 11, 2011 in Montreal, QC.

Methodology

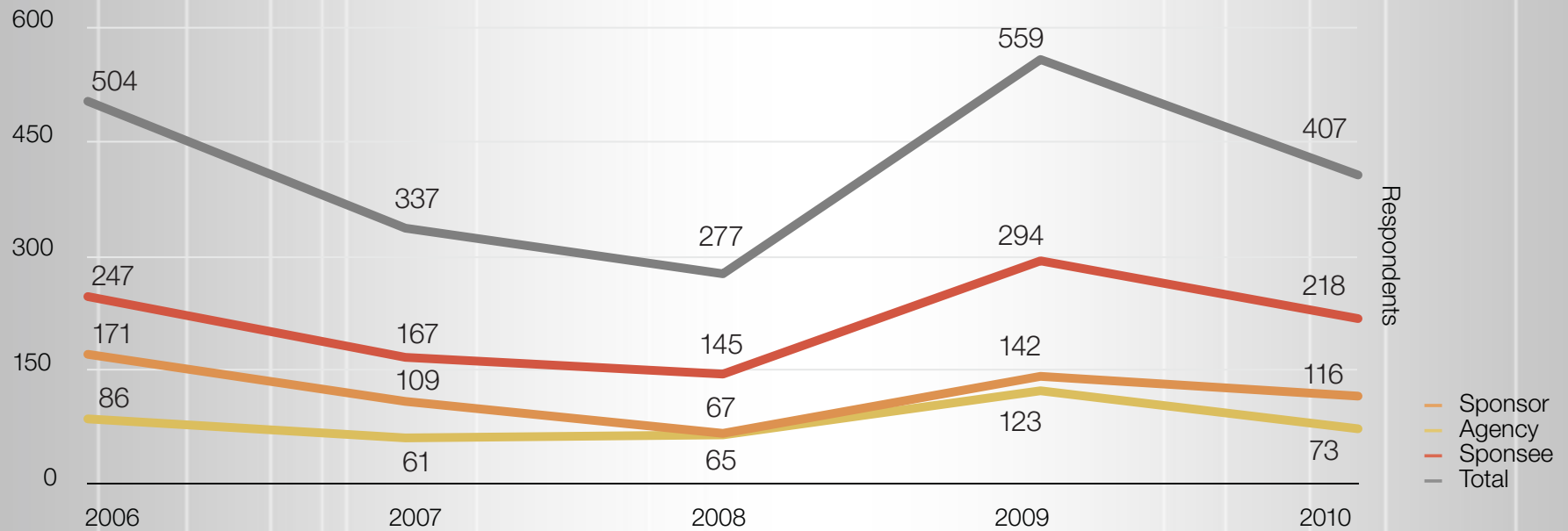
The data that was collected online was done through a secure website, allowing for the ethical and anonymous treatment of data resulting in the most genuine findings. The current CSLS was based on a data collection procedure developed over each of the previous years of the study. The study comprises three bilingual surveys: one for each of sponsors, sponsees and agencies. Surveys for sponsors, sponsees and agencies were unique, although there were several similar questions. The 2011 study included two new themes. First, there was a special section on sponsorship relating to the entertainment industry. Secondly, there was an increase in the inclusion of open-ended questions in the study as well as subsequent analysis, allowing for significant additional insight into sponsorship in Canada.

EXECUTIVE SUMMARY

Responses

As this was the fifth year that Canadian sponsorship data has been collected and reported on, the study continues to strengthen and the findings are becoming more robust, allowing for key insights into the industry. Over the past five years, the study has been strengthened through strong,

supportive partnerships with SMCC, IMI and the CSF. Continued participation has allowed for longitudinal data and trend analysis, strong and representative response rates as well as demonstrated industry adoption.



EXECUTIVE SUMMARY

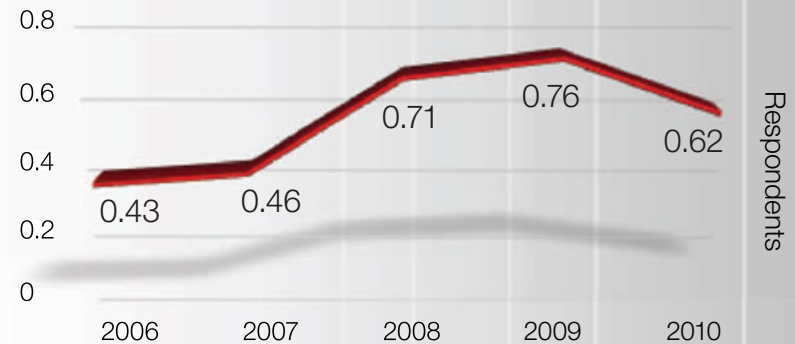
Five Years of Results and Analysis

This report contains a vast compilation of these valuable findings, including:

- A decline in activation spending
- Evaluation, as a percentage of sponsorship spending, was the lowest since the start of the CSLS five years ago
- The size of the Canadian sponsorship industry has grown yearly since the 1st Annual CSLS, reaching approximately \$1.5 billion in 2010



DECREASE IN SPONSORSHIP ACTIVATION RATIO



DECREASE IN EVALUATION AS PERCENTAGE OF SPONSORSHIP SPENDING



EXECUTIVE SUMMARY

2010 Results and Analysis

The results of the CSLS were analyzed and 18 key themes were revealed. These themes were grouped into three broader categories and will each be discussed in greater detail in Section V of this report.

1. ENVIRONMENT

- 1.1 The Impact from Vancouver 2010 is Over
- 1.2 Establish a Year Round Sponsorship Strategy
- 1.3 Diversify Sponsorship Mix
- 1.4 Remember Entertainment Sponsorship
- 1.5 Current Challenges in Sponsorship
- 1.6 Future Challenges in Sponsorship

2. STRATEGIC FINDINGS

- 2.1 Decline in Activation Ratio
- 2.2 Diversify Investment in Activation
- 2.3 Decline in Evaluation
- 2.4 Decline in Value-in-Kind Sponsorship
- 2.5 Not-For-Profit Sponsors Can Contribute
- 2.6 Sponsors Are Under-Serviced

3. OPPORTUNITIES

- 3.1 Awareness is Key in Sponsorships
- 3.2 Evaluation is Important in Renewal
- 3.3 Sponsors Look for Perception, Value and Alignment in Renewal
- 3.4 Optimistic Forecasts
- 3.5 Capitalize on the Digital World
- 3.6 Industry Size is Growing

2010 CSLS REPORT

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I. AUTHORS AND ACKNOWLEDGEMENTS

I. ABOUT THE AUTHORS



Norm O'Reilly, PhD
Lead Researcher

Norm O'Reilly is an accomplished scholar and active business professional. He is full-time, tenure-line associate professor at the University of Ottawa's Faculty of Health Sciences, specializing in sport business.

Additionally, Norm is also a minority owner and Senior Advisor with TrojanOne. As an advisor, he is involved with the Sponsorship and Marketing Consulting team at TrojanOne where his projects include sponsorship audits, evaluations, and revenue generation modeling. Previous clients have included the Canadian Paralympic Committee, Athletics Alberta, Carleton University, City of Calgary, Nike and Speed Skating Canada. Prior to joining to the University of Ottawa, he previously taught at the David Falk Center for Sport Management at Syracuse University, the Graduate School of Business at Stanford University, the School of Sports Administration at Laurentian University where he also served as the a former School Director and Director of the Institute for Sport Marketing, and the Ted Rogers School of Management at Ryerson University. Dr. O'Reilly is an active researcher and he has published 3 books, over 50 articles in refereed management journals and more than 100 conference proceedings and case studies in the areas of sport management, tourism marketing, marketing, risk management, sport finance, and social marketing. He is the

North American Editor of the *Journal of Sponsorship* and sits on the editorial boards of the *International Journal of Sport Finance*, the *International Journal of Sport Communications*, and is a Regional Editor for the *Sport, Business, and Management Journal*. He is also the principal investigator on a Government of Canada grant on urban youth sport participation and a co-investigator on a second Government grant related to sponsorship, country images and mega-events. He has also been involved with a number of other major research projects including projects with Gatorade and ParticipACTION.

Norm has considerable experience as a volunteer Board Member and Executive Board Member of multiple organizations (including the Canadian Olympic Committee, Diving Canada and Triathlon Canada), employee, and consultant. Prior to joining academia, Norm had involvement as an administrator, including Senior Policy Officer at Sport Canada, Team Manager & Office Manager at Triathlon Canada, and Event Manager for the 2008 Toronto Olympic Bid. He has been a member of the 2004, 2008 and 2010 Mission Staff for the Canadian Olympic Committee at the Olympic Games.

I. ABOUT THE AUTHORS



Benoît Séguin, PhD

Co-Lead Researcher

Benoît Séguin is an Associate Professor in sport management, specializing in sport marketing at the University of Ottawa in the Faculty of Health Sciences. Prior to joining the University of Ottawa, Dr. Séguin was an Assistant Professor at Laurentian University's School of Sports Administration (SPAD) program (1995-2002), where he began his work on the Canadian Sponsorship Landscape Study. He also worked as Marketing Director for two national sport organizations: Synchro Canada and the Canadian Amateur Diving Association.

Dr. Séguin has published articles in the *International Journal of Sport Management and Marketing*, the *International Journal of Sport Marketing and Sponsorship* and the *European Sport Management Quarterly*. Dr. Séguin has presented his research nationally and internationally including the North American Society for Sport Management, the Administrative Sciences Association of Canada, Sport Marketing Association and the European Association of Sport Management Conferences.



Elisa Beselt, MHK

Researcher

Elisa Beselt is a key member of TrojanOne's Sponsorship and Marketing Consulting team. With a Master of Human Kinetics degree specializing in sport management from the University of Ottawa's Faculty of Health Sciences, as well as Bachelor of Physical and Health Education and Bachelor of Arts degrees from Queen's University, Elisa has a strong background of research, analysis and strategy development.

development for Speed Skating Canada. She has also contributed her expertise to projects for organizations such as Scouts Canada, Coca-Cola and Nike.

Prior to joining TrojanOne, Elisa was involved with Skate Canada, where she analyzed and reported on the economic impact of various domestic and international figure skating events and developed event hosting guides for local organizing committees.

She has worked on various projects during her time at TrojanOne, including sponsorship analysis and strategy



Pierre Huneault

Researcher

Pierre is a key analyst in the area of Sponsorship and Marketing Consulting at TrojanOne. With a strong research background gained from his work as a research associate at the Institute for Sport Marketing, Pierre has an inquisitive mind and a need to seek out solutions. With TrojanOne, Pierre has loaned his knowledge on projects for Boys and Girls Clubs of

Canada, Speed Skating Canada, Volleyball Canada, Canadian Tire and Coca-Cola. He has been involved with the Canadian Sponsorship Landscape Study in various capacities since its inauguration. Pierre played a pivotal role in ensuring that the current report is presented in both English and French.

I. ACKNOWLEDGMENTS

The authors would like to acknowledge and thank the following organizations and individuals for their contributions to this edition of the Canadian Sponsorship Landscape Study:



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Canadian Sponsorship Forum: The organizing team of Matt Best, Rosanne Leung and Grace Min and all participating delegates



Sponsorship Report: Mark Sabourin



All survey respondents who took the time to provide quality data.

II. BACKGROUND

II. BACKGROUND: HISTORY

Canadian Sponsorship Landscape Study

The current edition of the Canadian Sponsorship Landscape Study marks the fifth annual version since the study began in 2007. At the time, there were several key drivers for the initial Canadian Sponsorship Landscape Study.

In July 2006, following the 2006 Canadian Sponsorship Forum hosted at the Calgary Stampede in Calgary, AB, a number of sponsorship professionals from the Canadian Sponsorship Forum and the Institute for Sport Management gathered to discuss participant feedback from the Forum. The success of the first two annual Canadian Sponsorship Forums in 2005 and 2006 and delegate demand had prompted a desire for more evidence to support recommendations and best practices

regarding sponsorship in Canada – there was a need for Canadian data. Additionally, sponsorship was becoming an increasingly formalized field and academic literature was consistently calling for specific data and knowledge regarding sponsorship to advance the discipline and enhance its professional application. Finally, in recent years there had been significant sponsorship growth, becoming a popular component of integrated marketing communications strategies. Therefore, CSF delegate demand, academic pressure, industry growth, and anecdotal disconnect between sponsors and sponsees had created a fundamental need for a specific understanding of the sponsorship landscape in Canada. The Canadian Sponsorship Landscape Study was created to meet these various demands.

II. BACKGROUND: HISTORY

CSLS Timeline

The content of this document examines information provided by sponsors, sponsees and agencies who were asked to respond to questions with reference to the year 2010 (i.e., sponsorship budget and/or number of sponsors in 2010).

The data collection and reporting of findings follow a consistent structure that can be tied to the Canadian Sponsorship Forum (CSF). In the first part of each calendar year, the survey is distributed to participants who are asked to report on their sponsorship patterns for the previous calendar year. For example, in 2011, the survey went live in March 2011 and asked respondents about sponsorship in 2010. Initial data for this 5th Annual CSLS were collected, analyzed and presented at the SMCC Conference in Toronto on April 7, 2011. The survey remained live and additional findings were presented at the 2011 CSF on June 11, 2011 in Montreal. The 5th Annual CSLS report was completed and distributed in August 2011.

CSLS VERSION	YEAR OF DATA COLLECTION	CALENDAR YEAR OF FINANCIAL REPORTING
1st Annual CSLS	2007	2006
2nd Annual CSLS	2008	2007
3rd Annual CSLS	2009	2008
4th Annual CSLS	2010	2009
5th Annual CSLS	2011	2010

II. BACKGROUND: HISTORY

CSLS Timeline

Over the lifetime of the CSLS, the findings have been presented at both the Canadian Sponsorship Forum (CSF) and Sponsorship Marketing Council of Canada (SMCC) Conference across Canada.

2007



**TIFF, Toronto
(CSF)**

2008



**World Hockey
Championships, Halifax
(CSF)**

2009



**Carnaval
de Québec**

**Quebec Winter
Carnival, Quebec
(CSF)**

2010



**Paralympics,
Vancouver
(CSF)**

2011



**F1, Montreal
(CSF)**



**Creating
Opportunities,
Toronto (SMCC)**



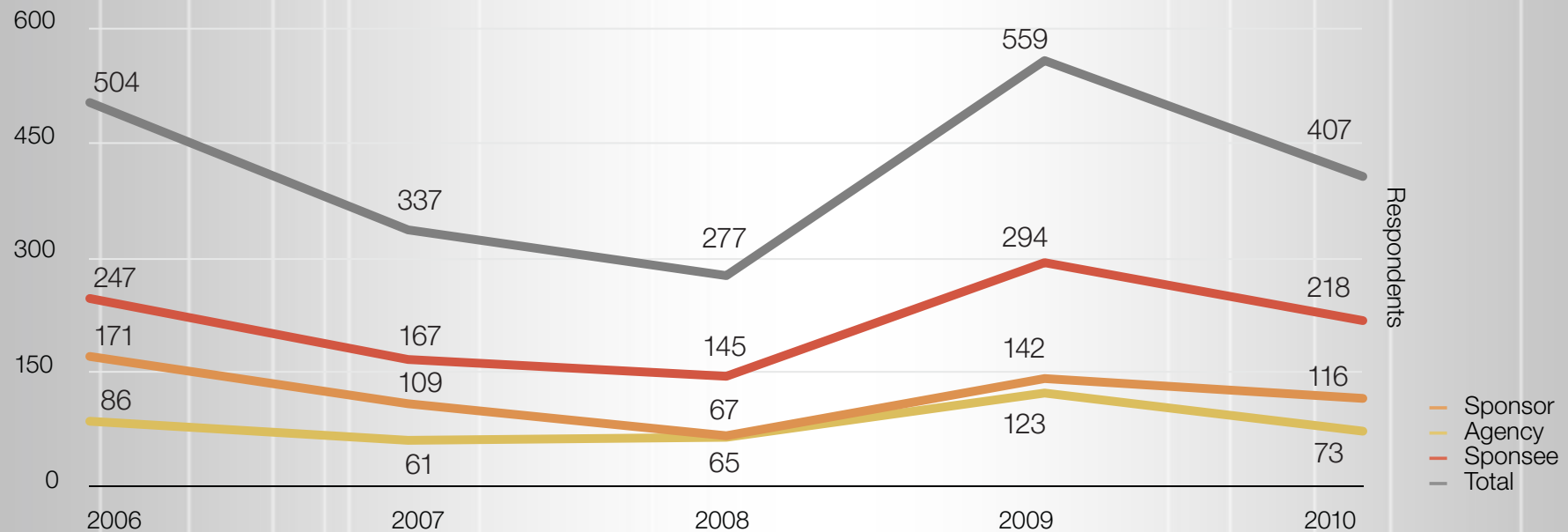
**Upping the Ante,
Toronto (SMCC)**

II. BACKGROUND: HISTORY

Five Years of Data

The 5th Annual CSLS marked an important point in the history of the study. As this was the fifth year that Canadian sponsorship data was collected and reported on, the study has strengthened and the findings are becoming more robust, allowing for key insights into the industry. Over the past five

years, the study has been strengthened through supportive partnerships with SMCC, IMI and the CSF. Continued participation has allowed for longitudinal data and trend analysis, strong and representative response rates and demonstrated industry adoption.



II. BACKGROUND: HISTORY

Sponsors

KEY OBSERVATIONS FROM 1ST ANNUAL CSLS (2006)

- Sponsors spent 16.7% of marketing budget on sponsorship
- This was an increase in sponsorship spending of 10.3% over 2005 and was expected to increase by 8% in 2007
- Sport captured a significant percentage of sponsorship spending at 53%
- More than 52% reported not investing in sponsorship evaluation and only 27% reported using ROI methods as part of their evaluation
- Sponsorship evaluation was 7.8% of sponsorship budget
- The activation ratio was 0.43 to 1
- The industry size was estimated at \$1.1 billion

KEY OBSERVATIONS FROM 2ND ANNUAL CSLS (2007)

- Sponsors spent 15.5% of marketing budget on sponsorship
- 39% of sponsors expected more sponsorship spending in 2008
- Sponsorship evaluation was 4.5% of sponsorship budget
- The activation ratio was 0.46 to 1
- The industry size was estimated at \$1.22 billion (9.8% increase from 2006)

KEY OBSERVATIONS FROM 3RD ANNUAL CSLS (2008)

- Immense opportunities in not-for-profit sector, which represented \$713 million
- Sponsors expect sponsorship in the next year to decline
- The external influence is important; there was particular concern regarding Vancouver 2010 and the economic crisis
- The activation ratio was 0.71 to 1
- The industry size was estimated at \$1.28 billion (considerable growth from 2007)

KEY OBSERVATIONS FROM 4TH ANNUAL CSLS (2009)

- Sponsorship spending “survived” the economic crisis
- Sponsorship spending remained stable within marketing communications budgets
- When forecasting 2010, sponsors were cautious
- Investment in evaluation declined
- Sport is the most dominant area of sponsorship spending; causes and festivals/events are a distant second and third, respectively
- Sponsorship decisions are made throughout the year
- In-kind sponsorship was becoming more popular, especially for very large sponsors
- The industry size was estimated at \$1.43 billion (2.9% increase from 2008)

II. BACKGROUND: HISTORY

Sponsees

KEY OBSERVATIONS FROM 1ST ANNUAL CSLS (2006)

- The sponsorship revenue reported in 2006 was almost twice the one from 2005
- 42.3% of sponsees reported not investing anything in leveraging activities while 51% indicated that they invest, on average, 10% or more of their sponsorship revenue in leveraging

KEY OBSERVATIONS FROM 2ND ANNUAL CSLS (2007)

- 21.3% of sponsees did not leverage/activate
- 64% expected an increase (average amount of 57%) in 2008 sponsorship revenue

KEY OBSERVATIONS FROM 3RD ANNUAL CSLS (2008)

- Immense opportunities in not-for-profit sector, which represented \$713 million in sponsorship spending
- Sponsees expected growth in future sponsorship

KEY OBSERVATIONS FROM 4TH ANNUAL CSLS (2009)

- When forecasting 2010, sponsees were optimistic
- Respondents considered ambush legislation around the 2010 Olympic Games unnecessary
- Key drivers of renewal and sponsorship interest in sponsees were related to brand
- Sponsees were under-servicing sponsors in all key areas
- Sponsorship was not a major financial contributor to many sponsees

II. BACKGROUND: HISTORY

Agencies

KEY OBSERVATIONS FROM 1ST ANNUAL CSLS (2006)

- When agencies were used by sponsors and/sponsees, evaluation and/or leveraging/activation activities were significantly more likely to happen

KEY OBSERVATIONS FROM 2ND ANNUAL CSLS (2007)

- Sponsorship was a large component of revenues and growing
- When an agency was involved, sponsorship, leveraging and evaluation were much more likely to occur

KEY OBSERVATIONS FROM 3RD ANNUAL CSLS (2008)

- Immense opportunities in not-for-profit sector, which represented \$713 million
- Agencies did not expect much change in sponsorship in 2009
- Agencies continued to use a sophisticated approach; consider that they were activated at a ratio of 1.5 to 1 and 74.9% of sponsorships that were worked on were evaluated

KEY OBSERVATIONS FROM 4TH ANNUAL CSLS (2009)

- People in the industry were very worried about the economy, human resource issues, ROI and activation
- The digital world was identified as the secret to future growth in sponsorship
- Sponsorships were “smarter” when agencies were involved; they had greater activation and were more likely to be evaluated
- Sponsorship decisions were made year-round
- Although many were unaware of its existence, the industry felt that ambush legislation was unnecessary

II. BACKGROUND: PURPOSE

The purpose of the Canadian Sponsorship Landscape Study is to conduct a survey of Canadian sponsors, sponsees and agencies to provide an overview of the sponsorship industry in Canada.

II. BACKGROUND: ORGANIZATIONS

The initial Canadian Sponsorship Landscape Study was published in 2007 and reported on findings of the sponsorship landscape in Canada as it stood in 2006. The findings were shared at the third annual Canadian Sponsorship Forum in 2007. At this time, the Institute for Sport Marketing was a key contributor along with the University of Ottawa. In 2008, IMI lent their expertise

and secure data collection resources to the study. The Sponsorship Marketing Council of Canada joined as a co-presenter of the study in 2009. Throughout the years, the Canadian Sponsorship Landscape Study has been fortunate to benefit from the contribution and support of several other organizations including the Sponsorship Report and AthletesCAN.

**uOTTAWA and
ISM**

CSF

IMI

SMCC

TrojanOne

2006

2007

2008

2009

2010

2011

2012

Other Supporters

II. BACKGROUND: ORGANIZATIONS

Sponsorship Marketing Council of Canada (SMCC)

Formed in 2004 under the auspices of the Association of Canadian Advertisers, the Sponsorship Marketing Council of Canada (SMCC) was created to advance the development of best practices and accountabilities in the field of sponsorship marketing.

As the sponsorship marketing industry's pivotal organization, the SMCC's mission is to help advertisers drive maximum returns on sponsorship marketing investments. Specifically, this council serves as a resource for Canadian industry stakeholders to enrich their understanding of sponsorship marketing as a viable and effective MARCOM tool. We do this by creating a body of knowledge that will improve confidence in the power of sponsorship marketing as an accountable marketing communications investment; by encouraging the development of measurement tools and metrics to better define sponsorship marketing's return on investment; by offering education programs to support the development and dissemination of best practices; and by celebrating the discipline's best work through the Sponsorship Marketing Awards.

Additional information on the SMCC can be found at <http://sponsorshipmarketing.ca/>.

IMI International

IMI International is a full-service marketing consultancy – leveraging consumer marketing research – specializing in the optimization of brand activations. Established in 1971, IMI International is globally recognized for its work in the pre-and post-evaluation of consumer marketing efforts and has developed proprietary consumer research methodologies and success thresholds that serve to improve our clients' return on marketing investment.

As a leading market research firm, IMI supports the CSLS through the provision of a secure website that allows for survey administration, data collection and storage, and development of best practices and accountabilities in the field of marketing Canadian sponsorship properties.

Additional information regarding IMI can be found at <http://www.consultimi.com/>.

Academia

Initial Canadian Sponsorship Landscape Study research was spearheaded by the Institute for Sport Marketing (ISM) at Laurentian University. Several researchers, professors and students worked extensively to launch the first edition of the study in 2007. Currently, CSLS investigators Dr. Norm O'Reilly and Dr. Benoît Séguin are associate professors at the School of Human Kinetics in the Faculty of Health Sciences at the University of Ottawa.

II. BACKGROUND: ORGANIZATIONS

TrojanOne

Since coming to life on May 16, 1994, TrojanOne has grown to be a leader in the sponsorship industry. With a presence in five major Canadian cities – Vancouver, Calgary, Toronto, Ottawa and Montreal – the agency combines a grassroots mindset with a truly national perspective.

In an ever-changing market, being entrepreneurial is vital to becoming an industry leader. The TrojanOne team continually monitors industry horizons, identifying trends, insights and best practices. This refusal to settle for the status quo manifested itself in the creation of the Canadian Sponsorship Forum in 2005.

It is also evident in the new products and services constantly being developed and offered by the sponsorship and marketing consulting group, a team that tirelessly devotes itself to being industry experts. This dedication to excellence means that TrojanOne has been fortunate to work with and learn from some of the leading brands, companies and organizations in Canada and the US, including Coca-Cola, BMO, the Canadian Breast Cancer Foundation and ParticipACTION.

Additional information on TrojanOne can be found at <http://trojanone.com/>.

Canadian Sponsorship Forum

The Canadian Sponsorship Forum (CSF) debuted in 2005 and since then has been delivering best-in-class sponsorship data and information while partnering with the most successful Canadian sponsorship properties. The Forum is famous for bringing together the key decision makers of Canada's sponsorship and marketing industry, at one of the country's premier sponsorship events. This unique conference format allows the Forum to provide a setting that is arguably the paramount professional development event of its kind.

Delegates are completely immersed in presentations directly applicable to the most important aspects of the industry, with best practices, key learnings, and the most current and relevant data made available. The CSLS has been presented as a key component of this event since 2007.

Additional information on the CSF can be found at <http://www.canadiansponsorshipforum.com/>.

II. BACKGROUND: DEFINITIONS

Key sponsorship terms as they relate to this study are defined below.

Sponsorship

Occurs when an organization, or other investor, creates a link with an outside issue, event or other organization to make a connection that will influence consumers (Rifon et al., 2010).

Sponsor

The organization that provides the financial support or services to a sponsee and in return seeks promotional value and fulfillment of other objectives (O'Reilly and Séguin, 2009).

Sponsee

The organization that receives resources and most often seeks to achieve its own objectives from the sponsor (O'Reilly and Séguin, 2009). May also be referred to as a property.

Agency

Affiliated entities that are intermediaries that support the sponsor/sponsee relationship (O'Reilly and Séguin, 2009).

Consumers

Members of the target market of the promotion (O'Reilly and Séguin, 2009).

ROI

Return on Investment. This is usually measured in monetary and/or media forms (O'Reilly and Séguin, 2009).

Property

An entity that can provide value to a potential sponsor. (O'Reilly and Séguin, 2009). May also be referred to as a sponsee.

Leveraging

Strategies that the sponsor funds and implements to increase the effectiveness of the sponsorship (O'Reilly and Séguin, 2009).

Triangulation

Involves validating data from multiple perspectives to enhance the depth of understanding of a particular theme and to provide verification (Atkinson and Delamont in Stavros and Westberg, 2009).

III. METHODOLOGY

III. METHODOLOGY: DESIGN

Data Collection

The current CSLS was based on a data collection procedure developed over each of the previous years of the study. Data collection was primarily completed online with options to respond and send by email or fax also provided. Although the majority of respondents opted for online completion, approximately 20% of responses were sent by alternative methods, such as fax and email. Surveys for sponsors, sponsees and agencies were unique, although there were several similar questions.

Respondents linked to a secure online website with the option to complete the survey in French or English. They were then asked to indicate which group they belonged

to: sponsor, sponsee, agency or none of the above. If they selected none of the above, they were not allowed to continue with the survey. Based on their selection (i.e., sponsor, sponsee, agency), the respondents were presented with the questions for their respective survey. For sponsors, the 5th Annual CSLS survey involved 52 questions about sponsorship, their sponsorships and demographics. The sponsee was presented with 46 questions and agency with 41 questions. Given multi-part questions and multi-answer questions, more than 200 variables were collected.

The complete surveys can be viewed in English or French at:

www.sponsorshiplandscape.ca

www.sondagecommandite.ca

III. METHODOLOGY: DESIGN

Study Procedures

The study comprises three bilingual surveys: one for each of sponsors, sponsees and agencies. Although they share some common questions, specific metrics are developed for each of the three stakeholder groups (sponsors, sponsees and agencies) and for the overall calculation of the industry size, which is calculated with results gathered from the sponsor survey.

The questions for each survey were originally developed based on a review of the literature, consultation with management of the Canadian Sponsorship Forum, and researcher experience and expertise. The study and questionnaires were originally approved by the Ethics Board at Laurentian University in 2007 and have been approved by a university each year of the study.

In subsequent years, the questions have been altered, adapted and added to based on the feedback of respondents, supporting organizations and other interested parties. In 2009, the Sponsorship Marketing Council of Canada (SMCC) became a survey partner and provided input into the composition of the study. IMI, the market research agency that houses the survey, has also contributed.

The 2011 study included two new aspects. First, there was a special section on sponsorship relating to the entertainment industry. Second, there was an increase in the inclusion of open-ended questions in the study as well as subsequent analysis, allowing for significant additional insight into sponsorship in Canada.

III. METHODOLOGY: DESIGN

Sample Recruitment

An important procedural element of the landscape study, particularly the inaugural version, was to recruit respondents. In the first year, email blasts and more than 15,000 phone calls to databases of sponsors and agencies were undertaken. In the years since, the survey has moved to an online model that were populated by previous years' respondents, relevant databases, partner email blasts (e.g., SMCC, the Sponsorship Report, The Partnership Group, AthletesCAN) and word of mouth were used to recruit participants. In general, response rates were pursued via a recruitment plan which involved databases, leveraging industry contacts, experts and phone.

A number of data sources that could attract sponsors, sponsees and agencies were used, including:

- (i) email requests to the alumni of the universities associated with the study,
- (ii) email requests to past participants of the Canadian Sponsorship Forum,
- (iii) email requests to all SMCC members and the SMCC database, including SMCC conference attendees,
- (iv) scripted emails to former Canadian Sponsorship Forum speakers and contacts,
- (v) scripted emails to key contacts of the researchers, and
- (vi) mentions by the Canadian Sponsorship Forum Sales Team and the SMCC Conference Sales Team during sales calls.

III. METHODOLOGY: ANALYSIS

Analysis

The results from the surveys were compiled and analyzed for various themes, offering insight into the sponsorship industry in Canada. Several open-ended questions were asked of respondents in all three groups. Answers were examined and common responses were grouped to develop themes.

For data specific to sponsors, sponsees and agencies, descriptive statistics, correlations and difference of means (i.e., t-tests) were completed to explain the data.

To estimate industry size, a stratified sampling technique was used. A database of Canadian companies

(purchased in 2007) was used to represent the population of sponsors and potential sponsors. The database was purchased from Global Access Incorporated and included 308,168 companies from Central Canada (Québec and Ontario), 355,729 from Western Canada (Alberta, BC, Manitoba and Saskatchewan) and approximately 59,000 companies from Atlantic Canada (Newfoundland and Labrador, Nova Scotia, New Brunswick, and Prince Edward Island). The database was then divided into segments by region, size and industry; allowing for a sampling procedure that sought to maximize the respondents in each “box”.

III. RESULTS

III. RESULTS: TOTAL SAMPLE

Overall Snapshot

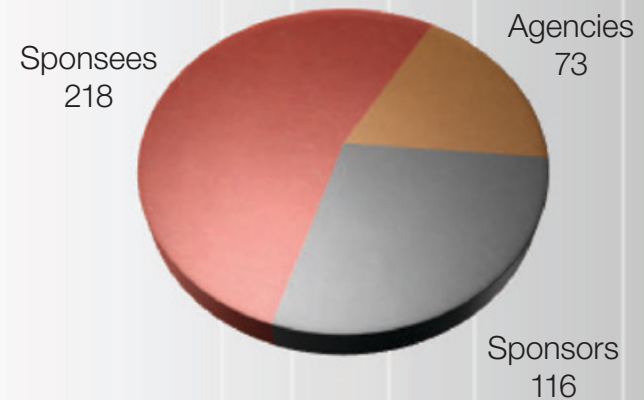
Overall, there were a total of 407 survey responses used for analysis. Of these, 116 were sponsors, 218 were sponsees and 73 were agencies.

The surveys were completed in both English and French, with 372 in English and 35 in French.

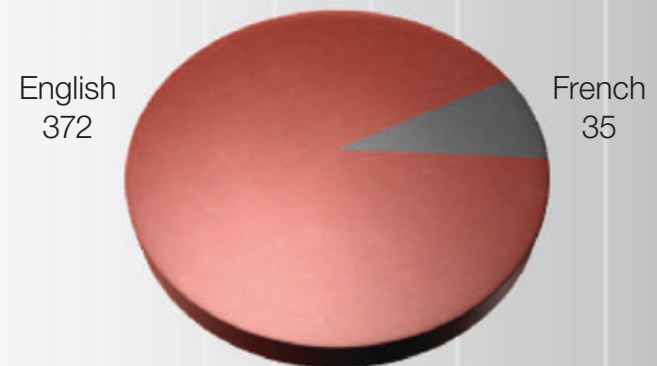
	SPONSOR	SPONSEE	AGENCY
English	103	199	70
French	13	19	3

Overall, the average size of individual sponsorship cash rights fees was \$40,027, value-in-kind rights fees was \$12,912 and individual sponsorship activation was \$24,417. However, the range of cash rights fees, value-in-kind rights fees and activation was extremely broad.

Type of Survey Respondents



Language of Response

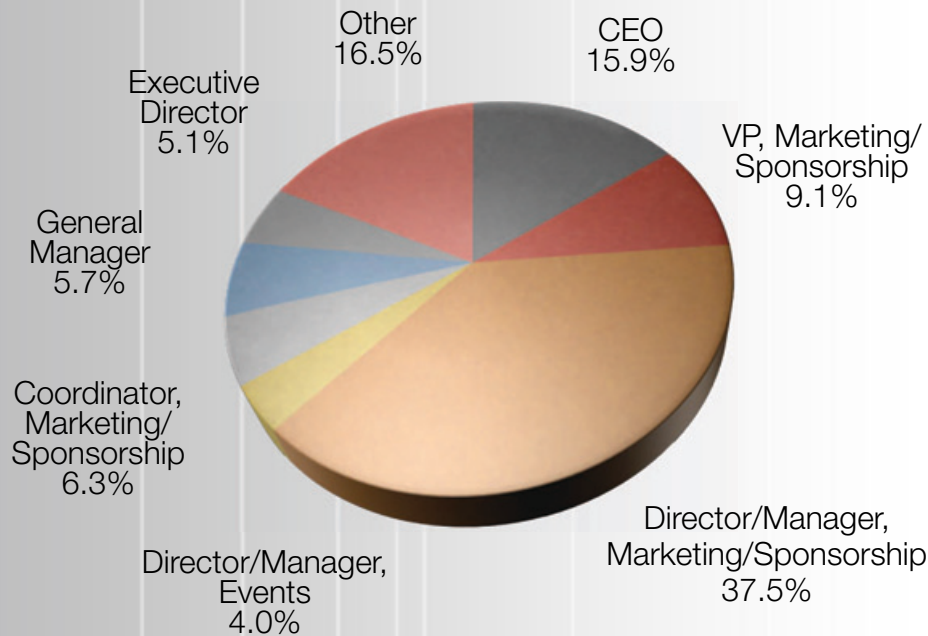


III. RESULTS: TOTAL SAMPLE

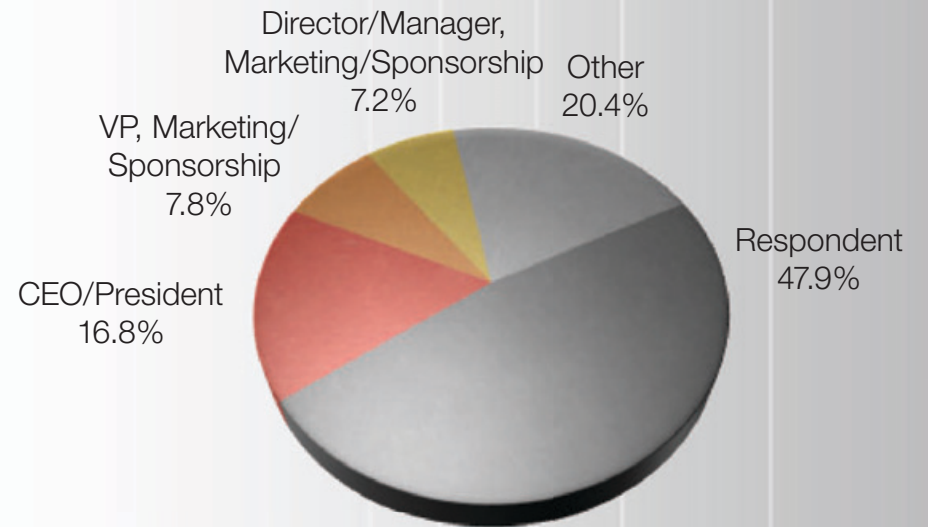
Respondent Profile

Survey participants were experts in their field and possessed the expertise and information to accurately respond to survey questions, which allowed for enhanced results. Survey participants were important sponsorship decision makers in their organizations.

	SPONSOR	SPONSEE	AGENCY
CEO	2.5%	12.8%	42.3%
VP, Marketing/ Sponsorship	15.4%	5.8%	11.5%



Other includes: Board, Director of Communications, Fundraising Specialist, Operations Manager, Sponsorship Specialist



Other includes: Board, Committees, COO, Marketing Department

IV. RESULTS: SPONSORS

IV. RESULTS: SPONSORS

Sponsor Organizational Profile

The results for sponsors were based on a sample of 116 sponsor respondents.

When the results on industry category, organization size, sponsorship size and other factors were compiled and examine, it was possible to understand what a sponsor looks like in Canada.

Over one third of all respondents in this category represented the finance, insurance and real estate industries, with 33.8% within this category. They had a median full-time staff of 500, with a range from 10 to 35,000 full-time staff. Sponsors had a mean annual sales of \$415 million. Ten of the 116 sponsors that responded had over \$1 billion in sales. On average, a sponsor has just under 100 sponsorships with a range of anywhere from 1 to 1,000 sponsorships. If the six largest sponsors were removed, the average number of sponsorships dropped considerably to 45.2. Sponsors had a broad national scope and 34.0% of all sponsors that responded had a working presence in all Canadian provinces and territories.

INDUSTRIES REPRESENTED

- Agriculture, forestry, fishing and hunting (1.4%)
- Mining, quarrying, oil and gas extraction (1.4%)
- Manufacturing (4.3%)
- Transportation and warehousing (1.4%)
- Administrative and support, waste management, and remediation services (1.4%)
- Wholesale trade (2.9%)
- Retail trade (5.8%)
- Finance, insurance and real estate (33.3%)
- Professional, scientific and technical services (2.9%)
- Public administration (1.4%)
- Communications (11.6%)
- Other (31.9%)
Includes consumer electronics, energy, entertainment, food producer, foundation, lotteries, loyalty management, not-for-profit fraternal organization, office productivity, pharmaceuticals, public utility, publishing, recreation and leisure, recycling and waste reduction

IV. RESULTS: SPONSORS

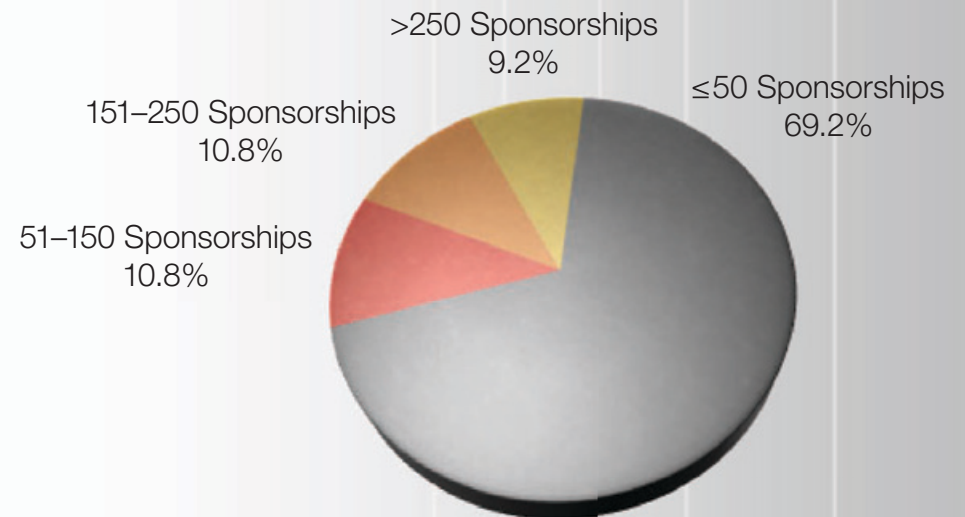
Number of Sponsorships

The survey asked sponsors to report the number of sponsorships that they invested in. The graph on the right reveals that the majority of sponsors invested in fewer than 50 sponsorships, although some sponsors invested in several hundred sponsorships in 2010. The table on the left breaks

this down into much greater detail, revealing that more than 40% of all sponsors invested in fewer than 10 sponsorships in 2010. As such, most sponsors appeared to invest in and target a select few sponsorships.

**NUMBER OF SPONSORSHIPS
PER ORGANIZATION IN 2010 (≤ 50)**

NUMBER OF SPONSORSHIPS	PERCENT OF RESPONDENTS
0–10	41.5%
11–20	10.8%
21–30	10.8%
31–40	3.1%
41–50	3.0%
TOTAL	69.2%



IV. RESULTS: SPONSORS

Sponsorship Investment

The average sponsorship investment (i.e., the investment needed to purchase the rights of a sponsor) per sponsor revealed that the average peaked in 2008 and has fallen since then. The peak in 2008 was likely due to the impact of the Olympic sponsorships that skewed the average much higher than would normally be expected due to uniquely large responses. Even though the average has clearly fallen over time, this represented the average per respondent and is simply representative of the sample. It does not take into consideration such factors as sponsorship categories or industry size.

SINGLE LARGEST REPORTED SPONSORSHIP INVESTMENT*

2010	\$22,500,000
2009	\$30,000,000
2008	\$40,000,000
2007	\$25,000,000
2006	\$12,000,000



* Some respondents presented a range (e.g., \$30,000,000 to \$50,000,000) rather than a single number (e.g., \$40,000,000) when providing their largest reported sponsorship investment.

IV. RESULTS: SPONSORS

Sponsorship Marketing Budget

For sponsors, sponsorship can be measured as an overall ratio of spending on sponsorship to the total marketing communications spending overall.

In 2010, the average percent of the marketing communications budget spent on sponsorships was 22.3%. This represented a slight growth over the previous years of the study.



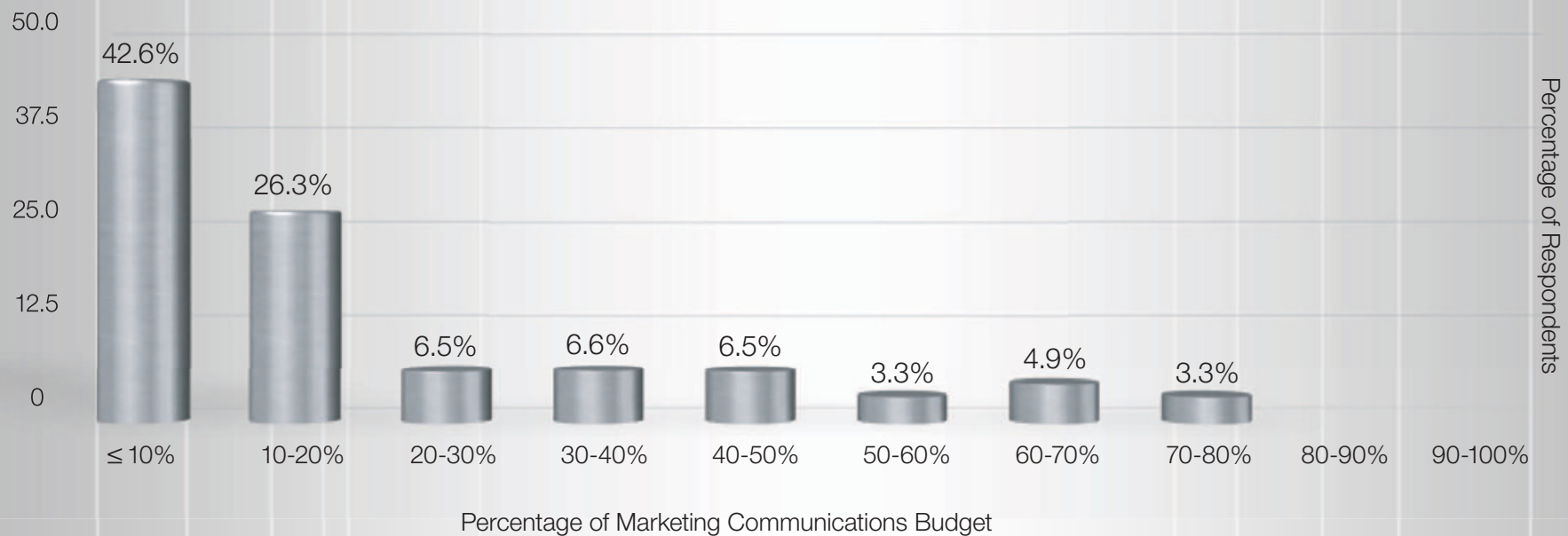
IV. RESULTS: SPONSORS

Sponsorship Marketing Budget

The 2010 CSLS asked respondents to identify what percentage of their marketing communications budget was allocated towards sponsorship marketing. The three most common individual percentages reported were 10%, 20% and 5%. Overall, the majority of organizations (68.9%) spend less than or equal to 20% of their marketing communications budget on sponsorship marketing.

SPONSORSHIP MARKETING BUDGET

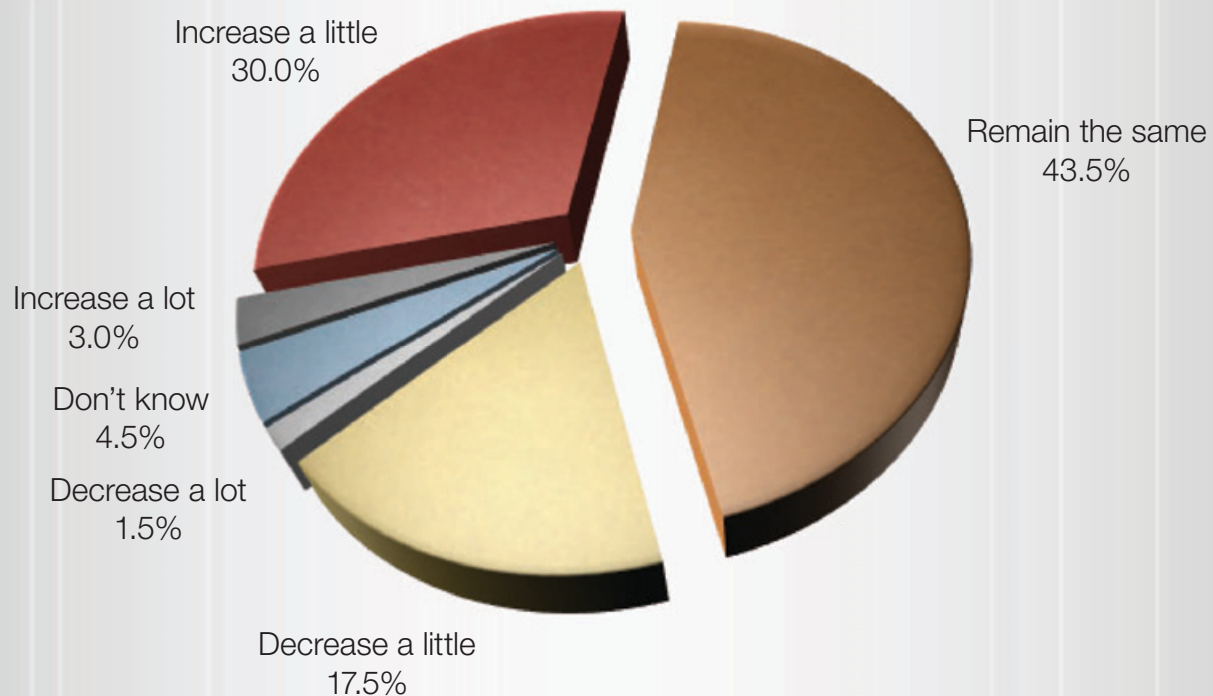
Sponsorship % of Marketing Communications Budget	% of Respondents
5%	9.8%
10%	16.4%
20%	11.5%



IV. RESULTS: SPONSORS

Sponsorship Marketing Budget

Sponsors were asked to predict how they expected the budget to change for sponsorship rights fees and activation programs in 2011. Sponsors expected their sponsorship budget (rights fees and activation) to remain the same for 2011.

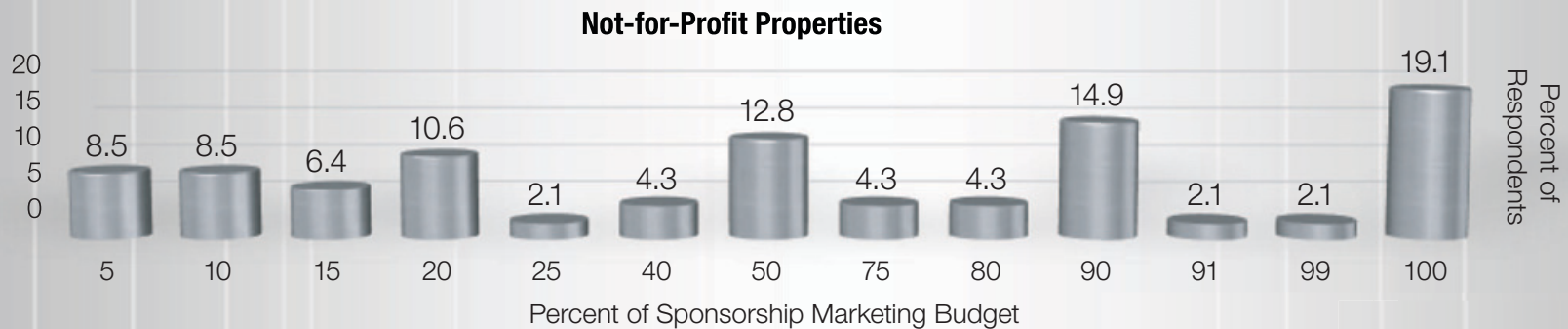
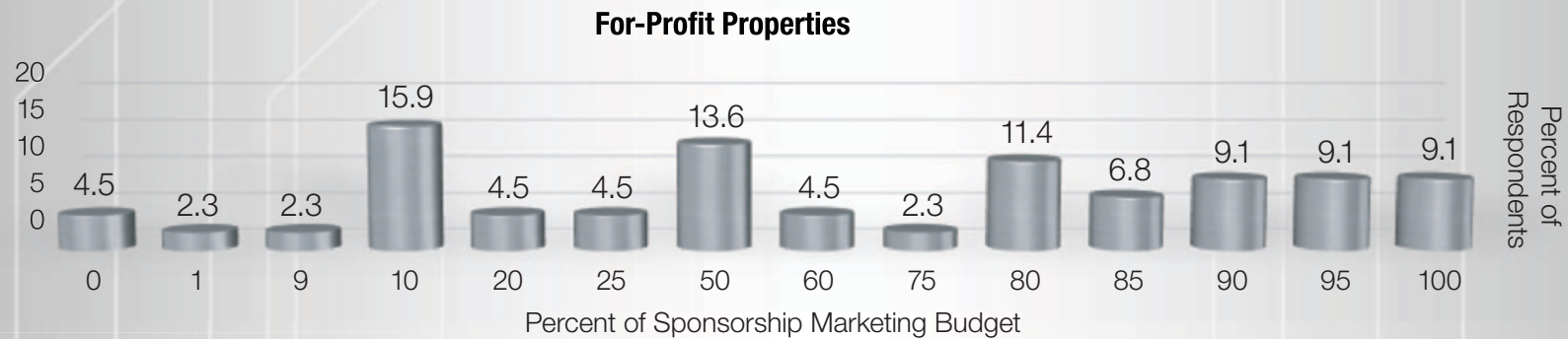


IV. RESULTS: SPONSORS

For-Profit Versus Not-for-Profit Properties

Sponsors were asked to identify the percent of their sponsorship budget that they allocated towards for-profit properties compared to not-for-profit properties in 2010. Findings show that sponsor spending on for-profit and

not-for-profit properties had no apparent pattern and organizations appeared to make these decisions based on their own needs.



IV. RESULTS: SPONSORS

Areas of Leveraging and Activation Dollars

Sponsors were asked to identify if their leveraging and activation dollars were used in any of these areas.

For example, 55.0% of sponsors did not spend leveraging and activation dollars on hosting and hospitality, whereas 45.0% did spend their leveraging and activation dollars in this area.

The five most popular areas of leveraging and activation were advertising, hosting/hospitality, public relations, branded content/events and internal marketing.

AREAS OF LEVERAGING/ACTIVATION	YES	NO
Advertising	50.0%	50.0%
Hosting/Hospitality	45.0%	55.0%
Public Relations	43.3%	56.7%
Creating Branded Content/Events within the Sponsored Property	40.0%	60.0%
Internal Marketing (Employees)	38.3%	61.7%
Social Media	31.7%	68.3%
Co-promotions	25.0%	75.0%
Product Sampling	18.3%	81.7%
Athlete (Endorsements, Promotions, etc.)	13.3%	86.7%
Ancillary Events	10.0%	90.0%
Sales/Consumer Promotions	10.0%	90.0%
Packaging	6.7%	93.3%
Other	6.6%	93.4%
Trade Allowances/Incentives to Distribution	1.7%	98.3%

IV. RESULTS: SPONSORS

Areas of Leveraging and Activation Dollars

Of total activation spending (across all categories), advertising was the top area of spend, following by hosting/hospitality. This was consistent with findings in previous years. Interestingly, the third most common area of spend was creating branded content within current properties/events, which has not been ranked this high before and is likely reflective of increased interest in experiential activations and activations that were aligned with the property and brand. Additionally, the number of areas of activation spending indicated a sophisticated approach to activation (when activation does occur).

Other includes promotional items that are not product, partnerships for raising charitable donations, providing volunteers and brand ambassadors, etc.

AREAS OF LEVERAGING/ACTIVATION	MEAN PERCENT OF TOTAL
Advertising	13.6%
Hosting/Hospitality	11.3%
Creating Branded Content/Events within the Sponsored Property	10.2%
Other	8.0%
Product Sampling	7.0%
Public Relations	6.3%
Co-promotions	5.9%
Social Media	3.9%
Sales/Consumer Promotions	3.5%
Internal Marketing (Employees)	3.1%
Trade Allowances/Incentives to Distribution	1.7%
Ancillary Events	1.0%
Athlete (Endorsements, Promotions, etc.)	1.0%
Packaging	0.5%

IV. RESULTS: SPONSORS

Areas of Leveraging and Activation Dollars

When only sponsors who spent on a specific activation area (i.e., those who indicated they spend at least 1% on the area) were considered, there was a different focus on spending. This was related to the types of products and brands of that sponsor. For example, service companies did not spend on product sampling, which was 7% of the total spend (based on the previous page), but it was a much higher 38% of spend for those who had actually undertaken product sampling. Thus, this page was included for those who are interested in understanding how their comparables are investing their activation dollars within specific areas.

AREAS OF LEVERAGING/ACTIVATION	MEAN PERCENT OF SPEND IN AREA
Sales/Consumer Promotions	43.0%
Other	40.4%
Product Sampling	38.3%
Advertising	34.2%
Creating Branded Content/Events within the Sponsored Property	32.4%
Hosting/Hospitality	28.3%
Co-promotions	27.6%
Trade Allowances/Incentives to Distribution	25.0%
Public Relations	17.3%
Social Media	15.8%
Ancillary Events	15.0%
Athlete (Endorsements, Promotions, etc.)	12.0%
Packaging	11.7%
Internal Marketing (Employees)	11.1%

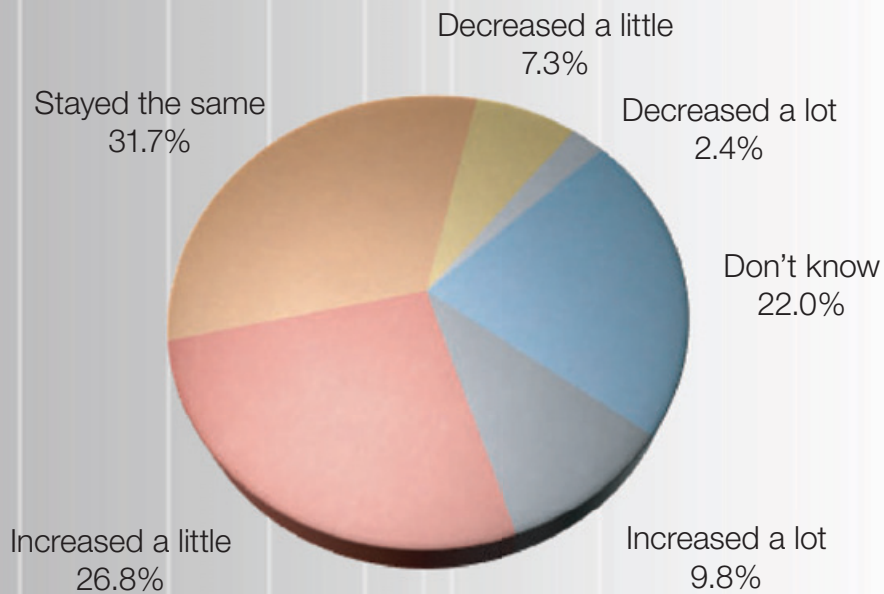
IV. RESULTS: SPONSORS

ROI From Sponsorship

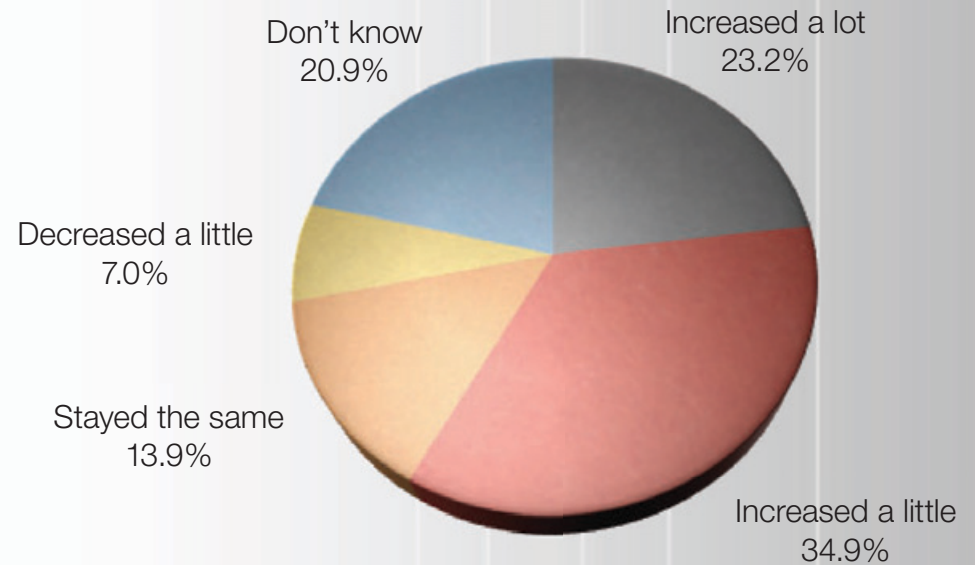
Sponsors were asked to identify their satisfaction with the ROI received from their sponsorships. Sponsors reported improved ROI in 2011. In fact, the percent of respondents who indicated that ROI from sponsorship “increased a lot”

grew quite dramatically. However, there remains considerable room for improvement as 41% still state that ROI from sponsorship has decreased or remained the same.

2009



2010

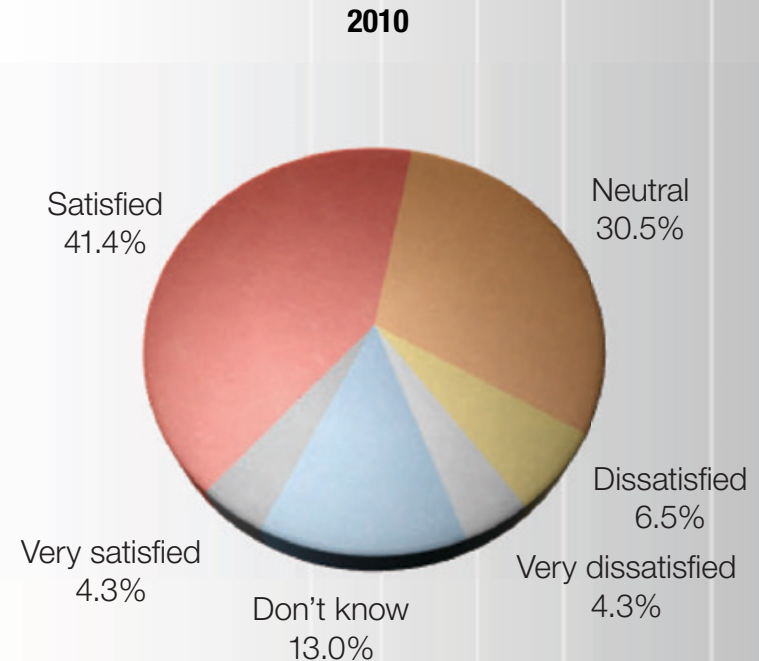
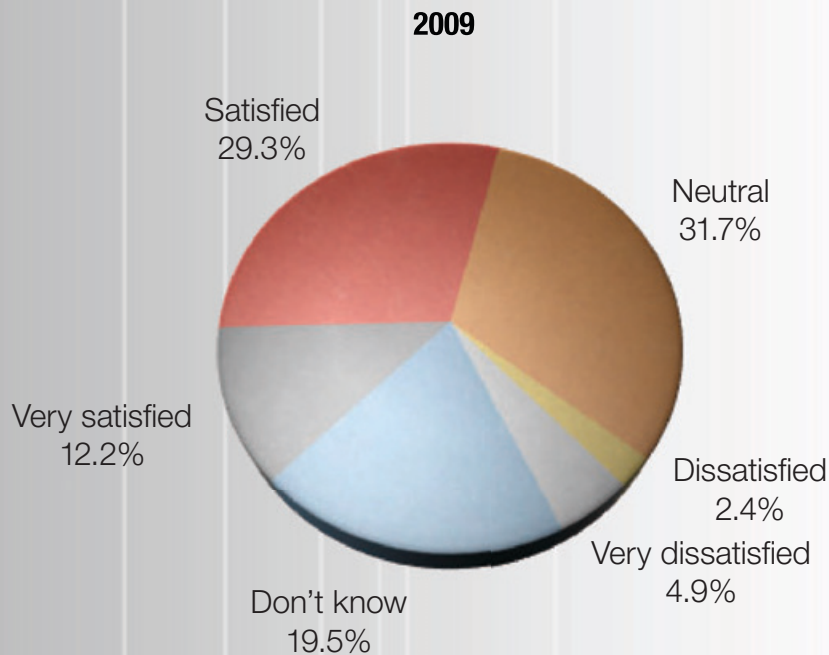


IV. RESULTS: SPONSORS

Satisfaction With ROI

Sponsors were asked to identify their satisfaction with the ROI received from their sponsorships. Sponsors reported improved ROI in 2011. In fact, 2010 saw a large decline in sponsors who were very satisfied, but a rise in sponsors who were satisfied. Overall, satisfaction (i.e., very satisfied and satisfied) increased

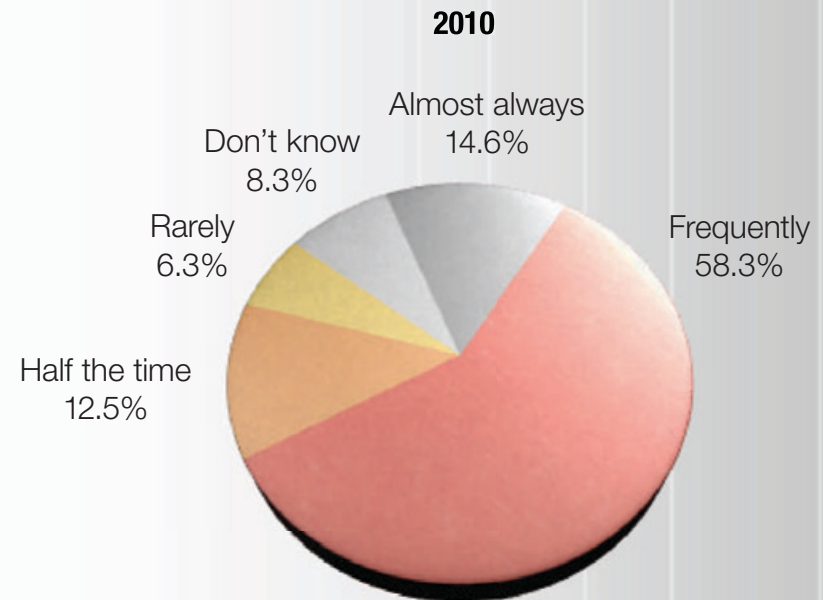
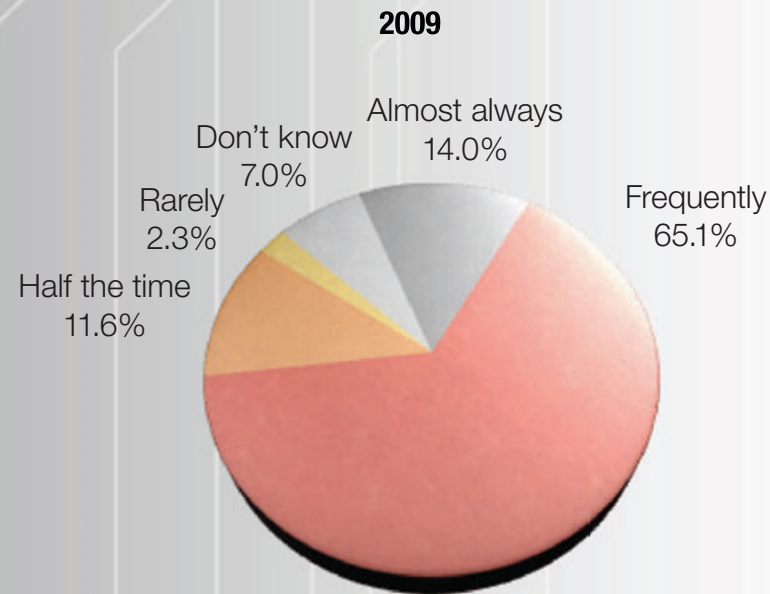
marginally from a combined 41.5% in 2009 to 45.7% in 2010. Dissatisfaction (i.e., very dissatisfied and dissatisfied) also increased from a combined 7.3% in 2009 to 10.8% in 2010. Additionally, the percent of sponsors who indicated that they did not know dropped.



IV. RESULTS: SPONSORS

Sponsorship Renewal

Sponsors were asked to identify how frequently they renewed sponsorships. In 2010, there was a moderate reduction in the propensity to renew.



IV. RESULTS: SPONSEES

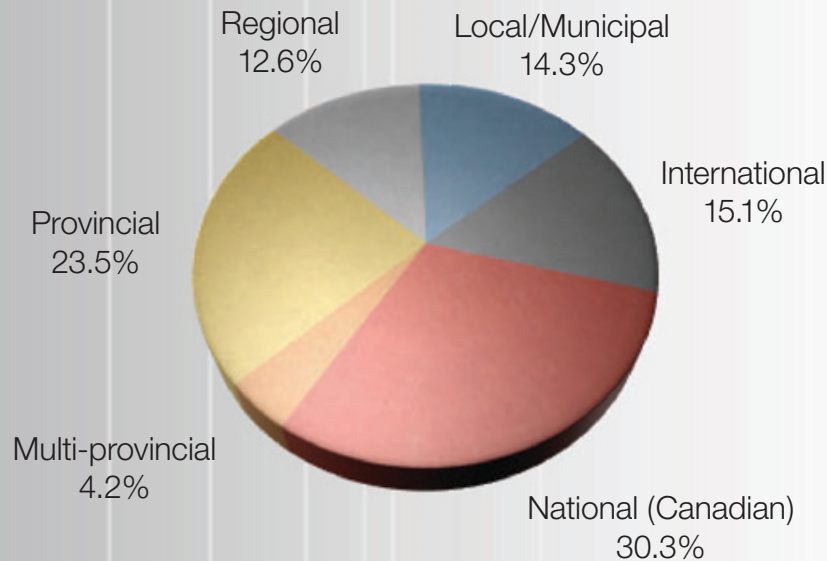
IV. RESULTS: SPONSEES

Sponsee Organizational Profile

The results for sponsees were based on a sample of 218 sponsee respondents.

The average annual budget of a sponsee was \$5,358,179, with a range of \$5,000 to \$80,000,000. The average sponsorship revenue for a sponsee was \$1,896,864, which represented a 3.1% increase over 2009. As indicated by the graph below, they are represented across the country.

Sponsee Reach



Employees

Sponsees had an average of 390 paid employees and most were small to medium-sized organizations, with 41.4% having 10 or fewer paid employees and 21.2% having 100 or more paid employees. With reference to employees dedicated to sponsorship, sponsees had an average of 5 paid employees. Again, most sponsees had a select few employees working on sponsorship, with 84.1% having four or fewer paid employees.

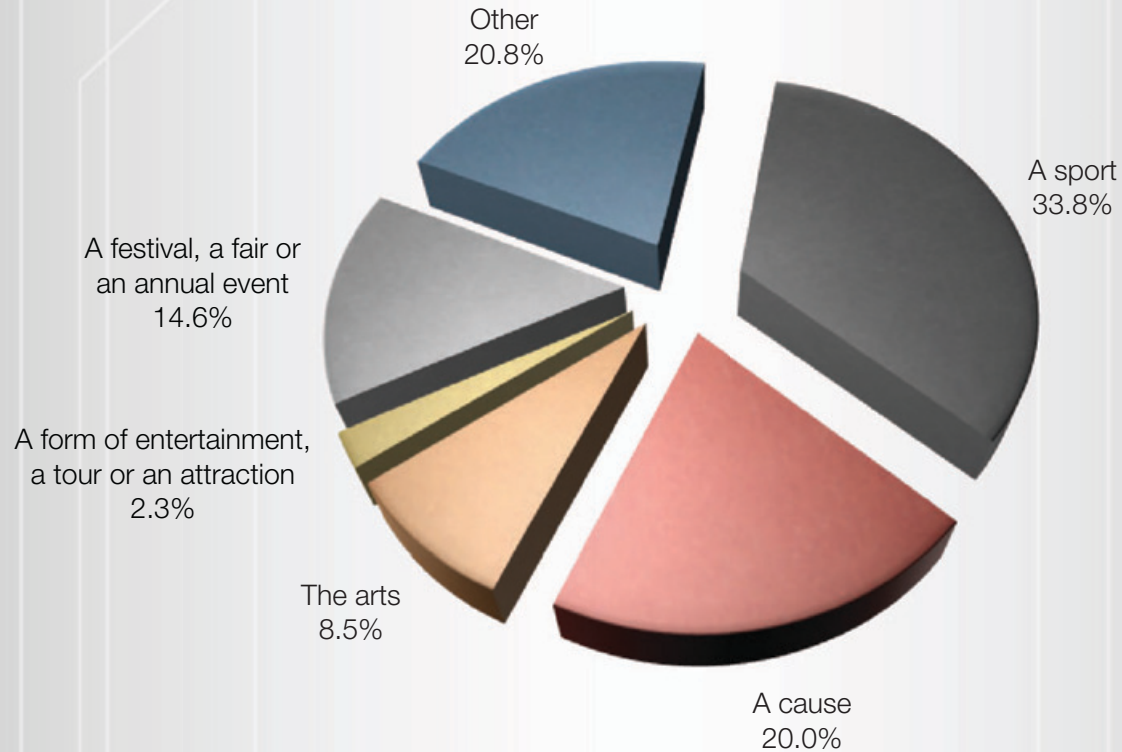
Volunteers

Sponsees had an average of 752 volunteers, with 50.4% having 75 or fewer volunteers and 8.7% having 1,000 or more volunteers. Sponsees had an average of 39 volunteers working on sponsorship, with 86.7% having 10 or fewer volunteers and 1.7% having 1,000 or more volunteers working on sponsorship.

IV. RESULTS: SPONSEES

Sponsee Type

Sponsees were asked to indicate which of the six categories indicated below best represented their property. The designations were self-identified by the respondent. Over 50% of properties were a sport or cause.



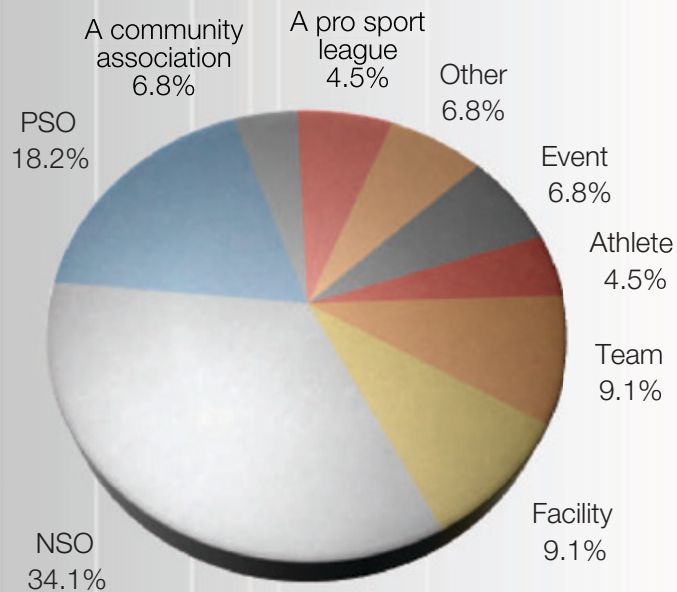
Other includes: Facilities, education, museum, local/municipal government, university, etc.

IV. RESULTS: SPONSEES

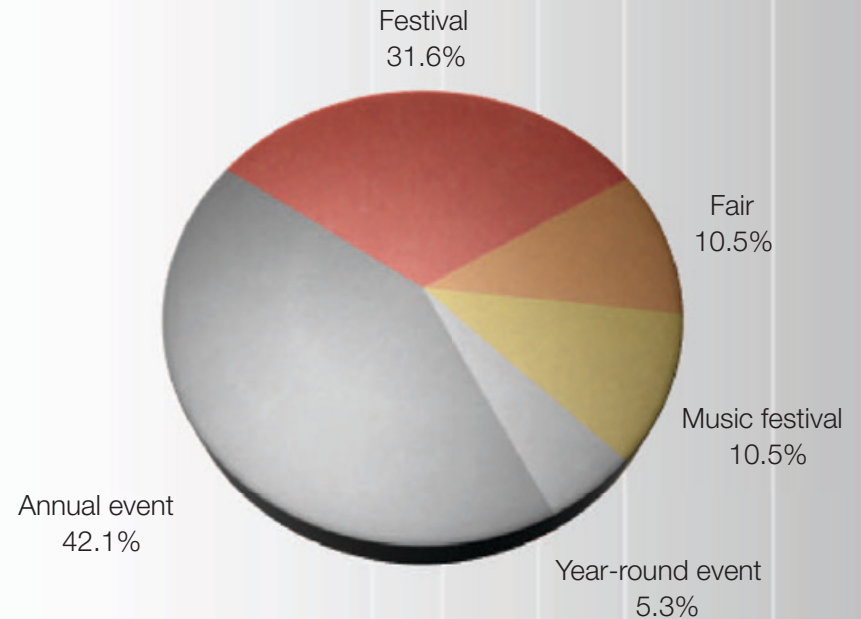
Sponsee Type

Once sponsees had indicated which of the main categories best identified their organization, they were prompted to identify more specifically what their property was. For example, within properties who were considered a sport, over half were either a provincial or national sport organization. Within festivals, fairs or annual events, nearly three quarters were an annual event or a festival.

WITHIN SPORT



WITHIN FESTIVALS, FAIRS OR ANNUAL EVENTS



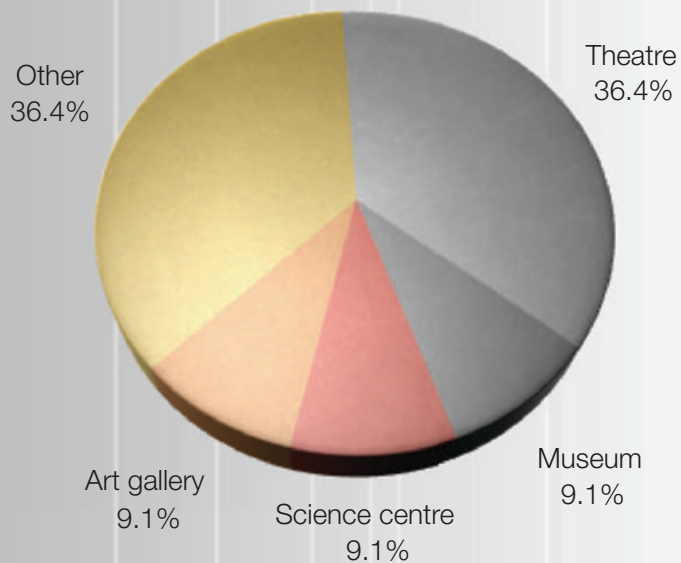
Other includes: Amateur sport tournament and provincial sport advocacy group.

IV. RESULTS: SPONSEES

Sponsee Type

Once sponsees had indicated which of the main categories best identified their organization, they were prompted to identify more specifically what their property was. For example, over one third of arts properties were related to theatre. Most cause properties were identified as charities.

WITHIN THE ARTS



Other includes: A creative hub, music, opera company, performing arts.

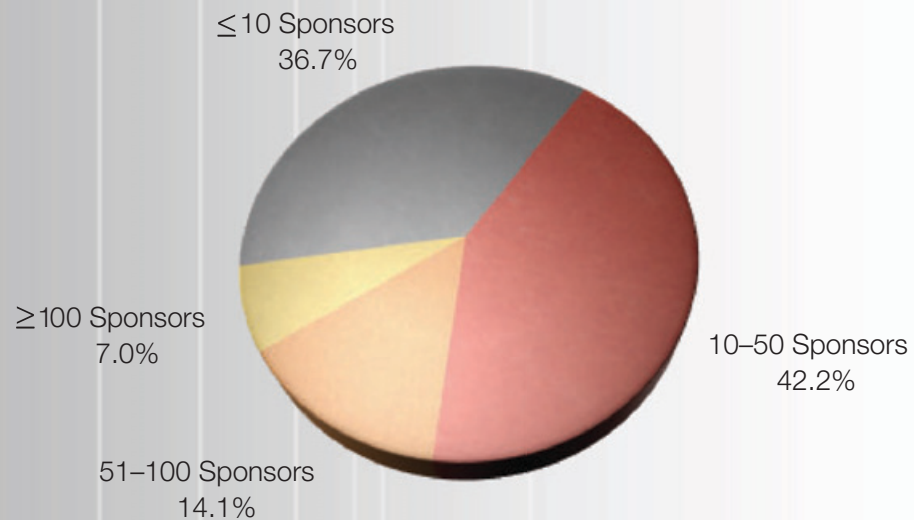
WITHIN A CAUSE



IV. RESULTS: SPONSEES

Number of Sponsors

Sponsees were asked to indicate the number of sponsors that they worked with in 2010. The table on the right indicates that 78.9% had 50 or fewer sponsors and over one third had ten or fewer. Only a very select number of sponsees had more than 100 sponsors.



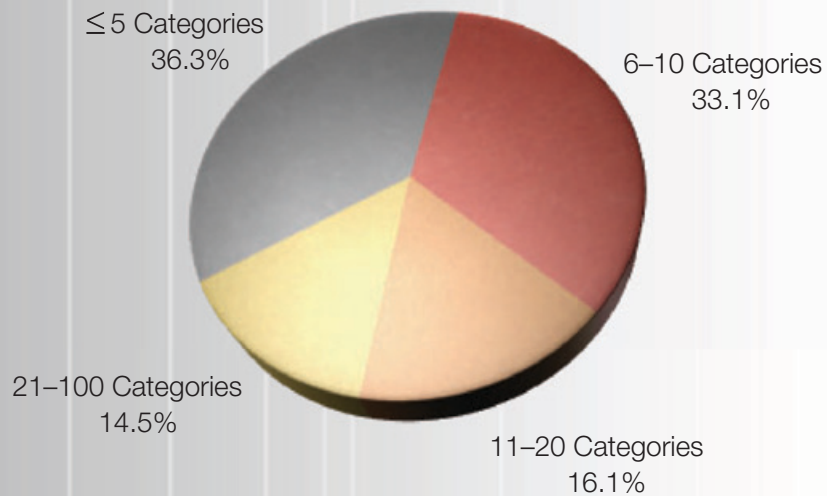
NUMBER OF SPONSORS PER ORGANIZATION IN 2010 (≤50)

NUMBER OF SPONSORS	PERCENT OF RESPONDENTS
1 – 5	22.7%
6 – 10	14.0%
11 – 15	5.5%
16 – 20	7.0%
21 – 25	7.1%
26 – 30	7.0%
31 – 35	3.1%
36 – 40	2.4%
41 – 45	2.3%
46 – 50	7.8%
TOTAL	78.9%

IV. RESULTS: SPONSEES

Number of Categories by Industry

Sponsees were asked to indicate how many industry categories their sponsors belonged to. The graph indicates that the majority of sponsees had pursued fewer than 10 categories for their sponsors while the table addresses the number of sponsorship categories specifically. For example, the most common number of sponsor categories for sponsees to pursue was 10, with nearly one in five pursuing this number.



NUMBER OF SPONSOR CATEGORIES PURSUED PER ORGANIZATION IN 2010

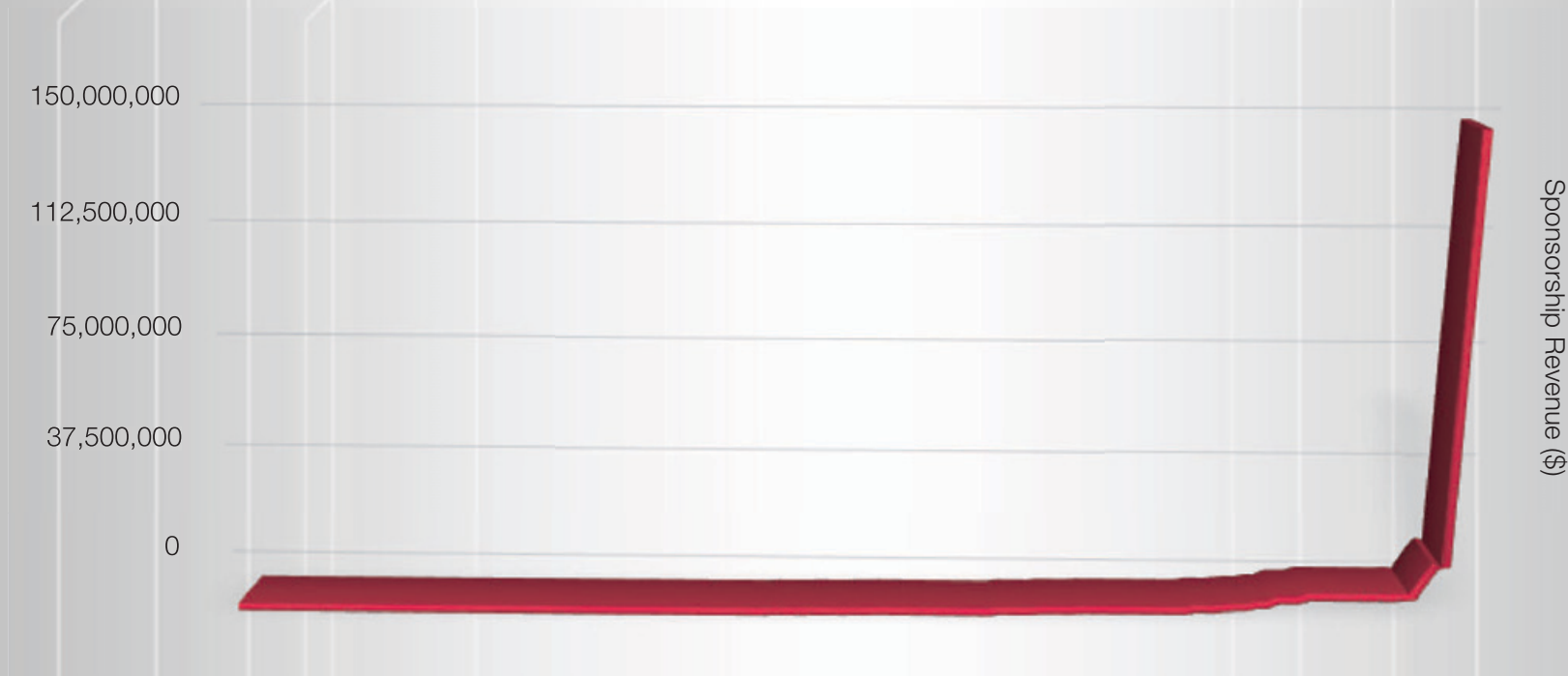
NUMBER OF SPONSOR CATEGORIES	PERCENT OF RESPONDENTS	NUMBER OF SPONSOR CATEGORIES	PERCENT OF RESPONDENTS
0	1.6%	14	0.0%
1	6.5%	15	2.4%
2	6.5%	16	0.8%
3	7.3%	17	0.8%
4	6.5%	18	0.0%
5	8.1%	19	0.0%
6	7.3%	20	4.0%
7	1.6%	25	5.6%
8	4.0%	30	2.4%
9	0.8%	35	0.0%
10	19.4%	40	2.4%
11	1.6%	45	0.0%
12	4.8%	50	1.6%
13	1.6%	100	1.6%

IV. RESULTS: SPONSEES

Sponsorship Revenue

The vast majority of Canadian sponsees have small to moderate amounts of sponsorship revenue, with only a very select few being large. The vast majority of Canadian sponsees have small to moderate amounts of sponsorship revenue, with

only a very few being large. Canadian sponsorship stakeholders should draw insight from this finding and are recommended to not overlook small sponsees in their sponsorship activities.



IV. RESULTS: SPONSEES

For-Profit and Not-for-Profit Sponsees

Not-for-profit sponsees accounted for 83.7% of sponsees in the study. They received 84.4% of the rights fees invested by sponsors. The average amount of cash sponsorship that a not-for-profit sponsee received annually was \$1.45 million, with an average of \$37,292 per sponsorship.

However, 8.1% of sponsees are for-profit entities. They received 15.6% of rights fees from sponsors. The average for-profit sponsee received \$3.06 million annually in cash sponsorship, although this was heavily skewed by large respondents. The average size of each individual sponsorship was \$66,448.

IV. RESULTS: SPONSEES

Sponsorship Revenue From Not-for-Profit Sponsors

Most sponsees (72.1%) did not receive any sponsorship revenue from not-for-profit sponsors. Although, a few select organizations (approximately 13%) received over half of their sponsorship revenue from not-for-profit sponsors.

SPONSORSHIP REVENUE FROM NOT-FOR-PROFIT SPONSORS	
PERCENT OF REVENUE	PERCENT OF RESPONDENTS
0%	72.1%
2%	3.5%
3%	3.5%
4%	2.3%
5%	2.3%
8%	1.2%
25%	1.2%
45%	1.2%
50%	3.5%
60%	1.2%
70%	1.2%
75%	3.5%
95%	1.2%
100%	2.3%

IV. RESULTS: SPONSEES

Sponsorship Revenue Through Agencies

These results refer to revenues that a sponsee acquired through the use of agency representation. Most sponsees did not receive any sponsorship revenue through agencies.

SPONSORSHIP REVENUE THROUGH AGENCIES

PERCENT OF REVENUE	PERCENT OF RESPONDENTS
0%	73.0%
2%	4.5%
4%	1.1%
5%	9.0%
6%	1.1%
8%	1.1%
10%	3.4%
15%	2.2%
30%	2.2%
80%	1.1%
100%	1.1%

IV. RESULTS: SPONSEES

Areas of Leveraging and Activation Dollars

Sponsees were asked to identify if their leveraging and activation dollars were used in any of these areas.

For example, 61.2% of sponsees did not spend leveraging and activation dollars in hosting and hospitality, whereas 38.8% did spend their leveraging and activation dollars in this area.

The five most popular areas of leveraging and activation for sponsees are advertising, hosting/hospitality, public relations, publicity and ancillary events.

AREAS OF LEVERAGING/ACTIVATION	YES	NO
Advertising	39.7%	60.3%
Hosting/Hospitality	38.8%	61.2%
Public Relations	30.2%	69.8%
Publicity	30.2%	69.8%
Ancillary Events	29.3%	70.7%
Co-promotions	26.7%	73.3%
Internal Marketing (Employees)	19.8%	80.2%
Product Sampling	13.8%	86.2%
Other	7.2%	92.8%
Athlete (Endorsements, Promotions, etc.)	6.9%	93.1%
Packaging	6.9%	93.1%
Sales/Consumer Promotions	6.9%	93.1%
Trade Allowances/Incentives to Distribution	4.3%	95.7%

IV. RESULTS: SPONSEES

Areas of Leveraging and Activation Dollars

If sponsees indicated that they did spend money in these areas of leveraging and activation, they were asked to report what percentage. Although sponsees tend to spend less on activation than sponsors, they are also quite diverse in their spending choices. Advertising and hosting/hospitality are first and second, just like sponsors, however other (which includes accommodations, speaker fees, prizes, labour, etc.) is the third most, followed by a number of other options at approximately 5% of spending. This indicated a wide variety of tactics being invested in by sponsees.

AREAS OF LEVERAGING/ACTIVATION	MEAN PERCENT OF TOTAL
Advertising	12.4%
Hosting/Hospitality	10.7%
Other	8.2%
Ancillary Events	5.6%
Publicity	4.8%
Public Relations	4.4%
Internal Marketing (Employees)	4.4%
Co-promotions	4.3%
Product Sampling	1.7%
Sales/Consumer Promotions	1.6%
Athlete (Endorsements, Promotions, etc.)	0.9%
Packaging	0.7%
Trade Allowances/Incentives to Distribution	0.2%

IV. RESULTS: SPONSEES

Areas of Leveraging and Activation Dollars

When only considering sponsees who spent on a specific activation area (i.e., those who indicated they spend at least 1% on the area), there was a different focus on spending. Consider, for example, that internal marketing (employees) is 4.41% (based on the previous page); however, it is a much higher 26.9% of spend for those who actually do spend on this area. This page allows those interested in particular areas of sponsee leveraging and activation to understand how their comparables are investing their dollars.

Clearly other is a key area of leveraging and activation spending for sponsees suggesting that sponsees spend on leveraging and activation in very diverse ways. Some examples of “other” include accommodations, labour, prize fees, speaker fees, tickets and signage.

AREAS OF LEVERAGING/ACTIVATION	MEAN PERCENT OF SPEND ON AREA
Other	53.3%
Advertising	34.3%
Hosting/Hospitality	32.7%
Internal Marketing (Employees)	26.9%
Sales/Consumer Promotions	24.4%
Ancillary Events	21.7%
Publicity	18.8%
Co-promotions	18.5%
Athlete (Endorsements, Promotions, etc.)	17.5%
Public Relations	16.7%
Product Sampling	12.5%
Packaging	10.6%
Trade Allowances/Incentives to Distribution	5.0%

IV. RESULTS: AGENCIES

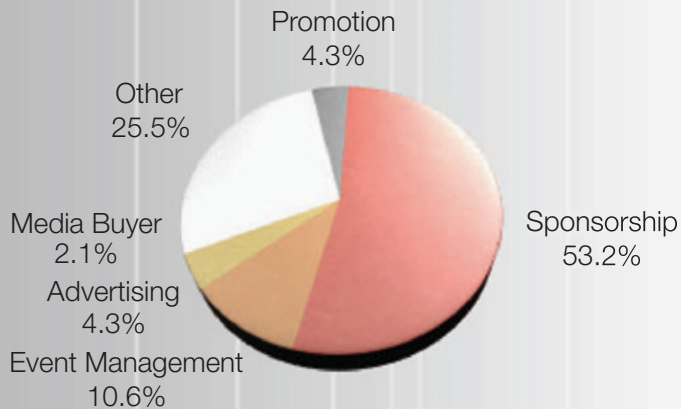
IV. RESULTS: AGENCIES

Agency Organizational Profile

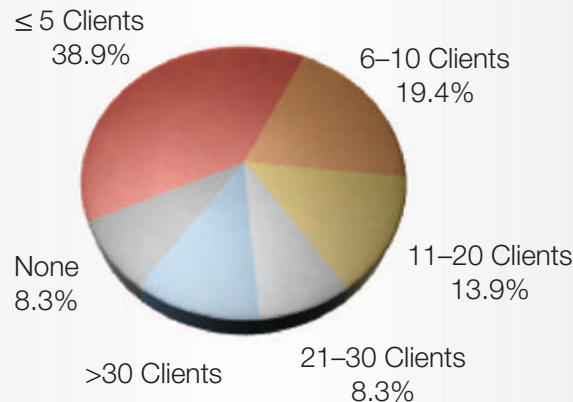
The results for agencies were based on a sample of 73 agency respondents. The average sponsorship billing per client was \$129,889, with a range of \$1,000 to \$2,000,000. An average of 5.8 full-time staff worked directly on sponsorship. However, the range is quite large, with many agencies having only a very small number of full time-staff working on sponsorship.

Over 75% of all study respondents did not use an agency for sponsorship. Most agencies (83.6%) operated with a for-profit business model. They had a varied number of clients. Agencies that responded to this study identified several different types, with over half identified as sponsorship agencies. Agencies had a significant geographical reach with over half operating throughout Canada.

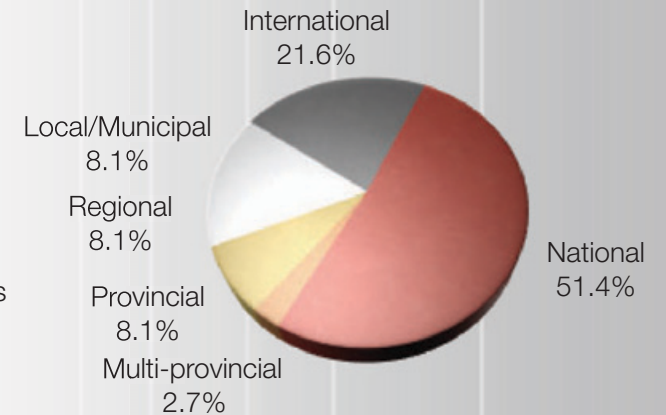
AGENCY TYPE



NUMBER OF SPONSORSHIP CLIENTS



AGENCY GEOGRAPHICAL REACH



Others includes: Research, community, government, strategy.

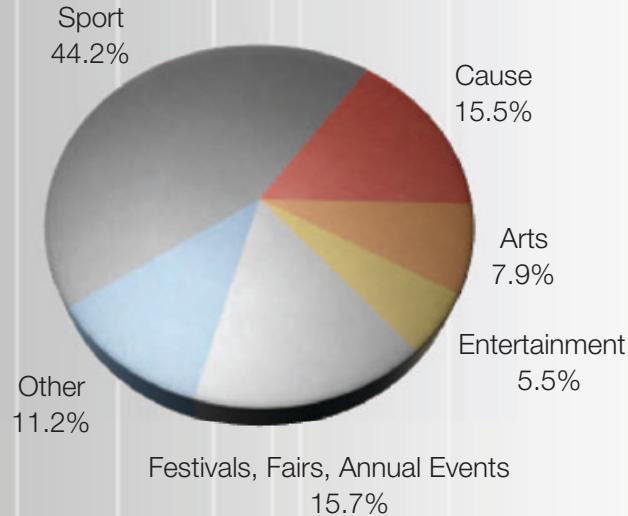
IV. RESULTS: AGENCIES

Agency Billings

An average of 52.8% of total billings were sponsorship related, as reported by agencies. For agencies in 2010 the mean annual billings for sponsorships work was \$2,410,446, with a range from \$5,000 to \$25,000,000. This was a 4.4% increase from 2009. Over one third of respondents (33.9%) had mean annual billings for sponsorship work of \$1,000,000.

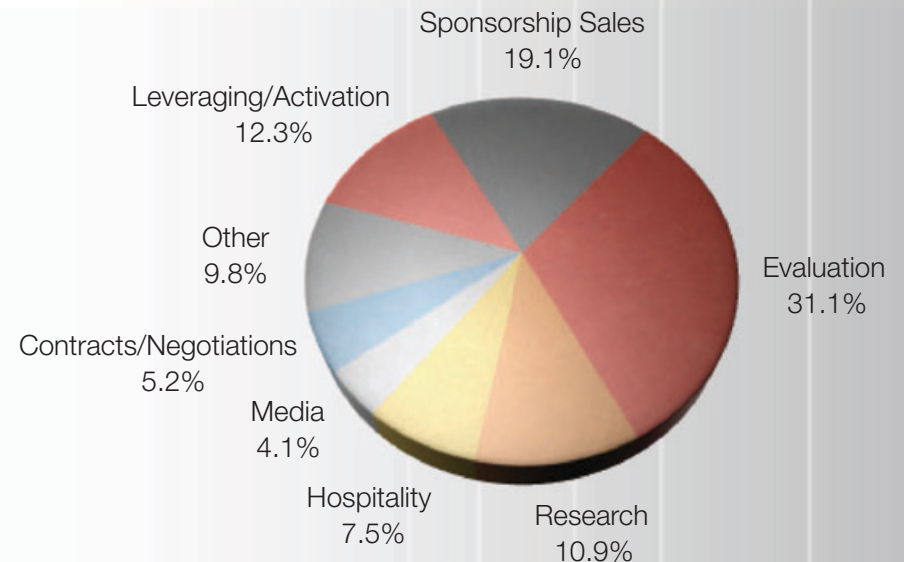
Most of the sponsorship billing identified by agencies occurred in sport. The type of work done for the sponsorship billing was diverse, with sponsorship sales and sponsorship evaluation accounting for the most significant amount.

SPONSORSHIP BILLING BY CATEGORY



Other includes: Trade shows, heritage, tourism and universities

SPONSORSHIP BILLING BY WORK



Other includes: Asset valuation, mentoring, management, consulting, programming, strategy and valuation

IV. RESULTS: AGENCIES

Agency Utilization and Expertise

The table on the right identifies the percent of overall sponsorship marketing budget that is invested in an agency. Many organizations do not spend at all on agencies.

Agencies offered significant expertise to a sponsorship for both sponsors and sponsees. When agencies were utilized, the sponsorship was frequently evaluated. Considering that 2.61% of all sponsorships were evaluated in 2010, when an agency is involved 30.4% of sponsors were evaluated 100% of the time and 34.8% were evaluated over 50% of the time.

When agencies were engaged by sponsors and sponsees, the sponsorship experienced greater activation. The activation ratio when an agency was involved was 0.89:1 compared to 0.62:1 overall.

0.89:1 > 0.62:1

Percent of Budget Invested in an Agency	Percent of Respondents
0%	63.0%
1%	4.3%
10%	10.9%
15%	2.2%
20%	6.5%
30%	4.3%
40%	2.2%
50%	2.2%
80%	2.2%
100%	2.2%

V. ANALYSIS

V. ANALYSIS: THEME

The analysis was based on the results of the sponsors, sponsees and agencies as both individual stakeholders and a total sample. Researcher observation, knowledge and expertise were drawn upon and academic literature was consulted order to derive a series of themes. The themes consider descriptive statistics and in-depth open-ended analysis.

The themes are presented in a way that is practically relevant and will offer insight that sponsors, sponsees and agencies can use in their daily work on sponsorships.

V. ANALYSIS: THEME

To better organize the various themes and ensure that they provide optimal use for all stakeholders, the themes were grouped into three key areas. These key areas are environment, strategic findings and opportunities.

1. ENVIRONMENT

- 1.1 The Impact from Vancouver 2010 is Over
- 1.2 Establish a Year Round Sponsorship Strategy
- 1.3 Diversify Sponsorship Mix
- 1.4 Remember Entertainment Sponsorship
- 1.5 Current Challenges in Sponsorship
- 1.6 Future Challenges in Sponsorship

2. STRATEGIC FINDINGS

- 2.1 Decline in Activation Ratio
- 2.2 Diversify Investment in Activation
- 2.3 Decline in Evaluation
- 2.4 Decline in Value-in-Kind Sponsorship
- 2.5 Not-for-Profit Sponsors can Contribute
- 2.6 Sponsors are Under-serviced

3. OPPORTUNITIES

- 3.1 Awareness is Key in Sponsorships
- 3.2 Evaluation is Important in Renewal
- 3.3 Sponsors Look for Perception, Value and Alignment in Renewal
- 3.4 Optimistic Forecasts
- 3.5 Capitalize on the Digital World
- 3.6 Industry Size is Growing

ENVIRONMENT

1.1 The impact from the 2010 Olympic Games is over.

V. ANALYSIS: THEME

1.1 The Impact from the 2010 Olympic Games is Over

2010 Vancouver Olympic and Paralympic Winter Games

The XXI edition of the Olympic Winter Games were held in Vancouver and Whistler, BC from February 12–28, 2010, with the X edition of the Paralympic Winter Games following a month later from March 12–21, 2010. This event was an unprecedented opportunity for Canadian sponsors to engage with amateur/Olympic sport.

The 2010 CSLS inquired into the potential impact of the Olympics on Canadian sponsorship during 2010. The findings indicated a minimal impact. Only six sponsors (or 5.4% of the total) reported spending any amount of money on sponsorship fees or activations during the 2010 Olympic and Paralympic Winter Games. The percentage of sponsorship investment on Olympics ranged from 2.0% to 100.0%. Four of the six sponsors that reported spending on the 2010 Olympic and Paralympic Winter Games invested over half of their investment in amateur/Olympic sport in this mega-event alone.



Image from www.olympic.org

1.2 There is no single best time of year for sponsees to approach a sponsor.

V. ANALYSIS: THEME

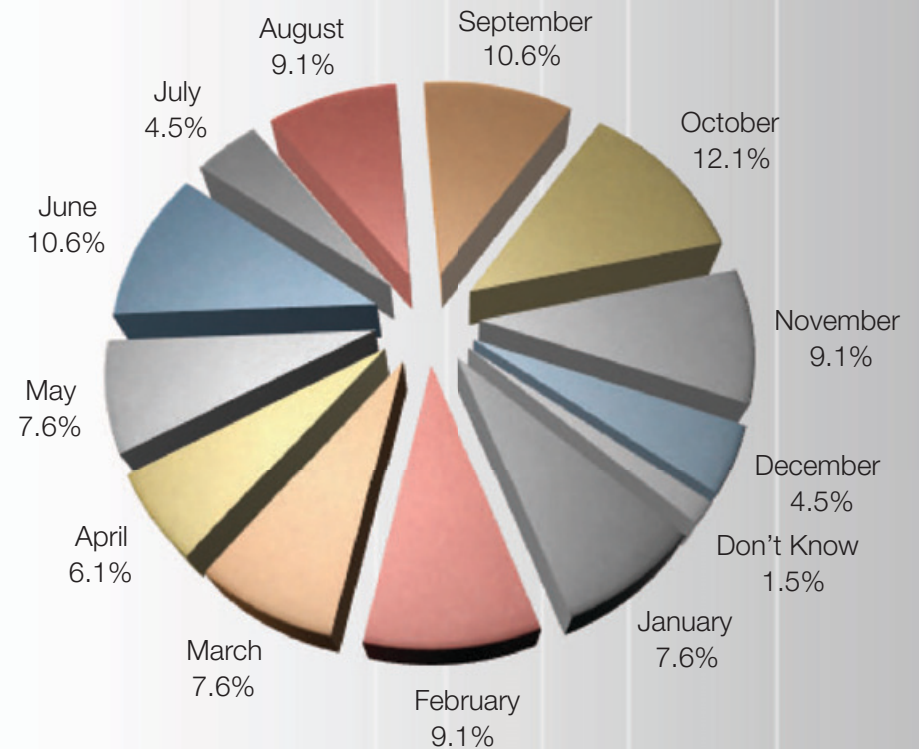
1.2 Establish a Year-Round Sponsorship Strategy

A Year-Round Strategy

A common question that sponsees are interested in knowing of prospective sponsors is, “When is the best time of year to approach them with a proposal?” The CSLS looked to tackle this dilemma by asking respondents to indicate in which month they typically establish their sponsorship budgets. The results revealed that there was no ideal time to approach a sponsor.

The results also indicated that only a very few percent of respondents are unaware of when their sponsorship budgets were established (1.5%), suggesting that establishing a sponsorship budget was a routine and well-known process within the organization.

There was no single best time of year to establish a sponsorship budget. However, it is critical to understand the organizations you currently work with or would like to pursue to fully understand their own timelines.



1.3 Sponsorship mixes are becoming more diverse.

V. ANALYSIS: THEME

1.3 Diversifying the Sponsorship Mix: Sponsorship Spending

Dynamic Trends in Sponsee Type

The type of sponsee as part of a sponsorship partnership has undergone change since 2009. Sport (both professional and amateur/Olympic) has experienced a significant decline in one year. While the drop may be partially attributed to the cessation of the Olympic Games in 2010, this has been a growing anecdotal trend and empirical evidence in this report offers

some support. However, as sport sponsorship has been declining, other types of sponsees have experienced growth. Four areas have experienced moderate to significantly positive change; these were 1) festivals, fairs and annual events; 2) arts; 3) education; and 4) entertainment, tours and attractions.

SPONSEE TYPE	PERCENTAGE OF SPONSORSHIP SPEND			INVESTMENT (\$ MILLIONS)		
	2009	2010	CHANGE	2009	2010	CHANGE
Professional Sport	28.3%	21.9%	-6.4%	404	339	-65
Amateur/Olympic Sport	22.5%	14.9%	-7.6%	321	231	-90
Cause Marketing	14.7%	12.1%	-2.6%	210	188	-22
Festivals, Fairs and Annual Events	12.6%	18.1%	5.5%	181	281	100
Arts	4.9%	9.2%	4.3%	70	143	73
Media Program	4.2%	5.3%	1.1%	60	82	22
Education	2.9%	6.9%	4.0%	41	107	66
Entertainment, Tours and Attractions	1.9%	6.9%	5.0%	27	107	80
Other	7.9%	4.7%	-3.2%	113	73	-40

V. ANALYSIS: THEME

1.3 Diversifying the Sponsorship Mix: Sponsorship Spending

Largest Sponsorships are Changing

Sponsors were asked to report what category their largest sponsorship fell within. Approximately one in three of the largest sponsorships occurred in professional sport and nearly one in five occurred in festivals, fairs and annual events. The average value of the largest sponsorship was \$575,010. The absolute largest was \$5.5 million. More organizations in 2010 had their largest sponsorship in cause marketing and education compared to 2009.

WHICH CATEGORY WAS THE LARGEST SPONSORSHIP IN?

SPONSEE TYPE	PERCENTAGE (%)	CHANGE FROM PREVIOUS YEAR
Professional Sport	33.3%	-
Festivals, Fairs and Annual Events	19.0%	-
Amateur/ Olympic Sport	16.7%	-
Cause Marketing	11.9%	+
Entertainment, Tours and Attractions	4.8%	No Change
Education	4.8%	+
Arts	2.4%	-
Other	7.1%	+

V. ANALYSIS: THEME

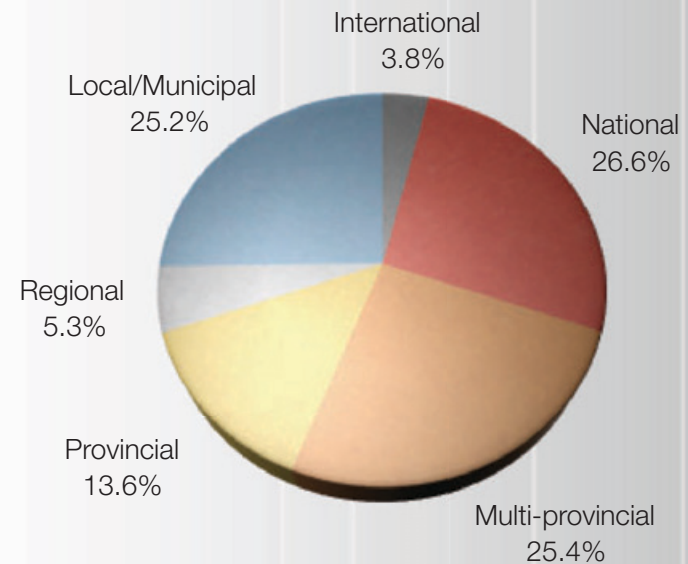
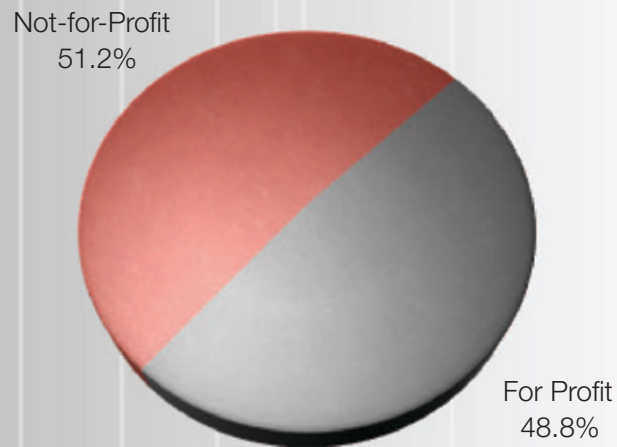
1.3 Diversifying the Sponsorship Mix: Sponsorship Spending

Sponsorship Spending is Diverse

In 2010, sponsors spent on both for-profit and not-for-profit properties, however, 19.6% of sponsors invested exclusively in not-for-profit properties. As shown, sponsors

invested in properties across many geographical levels. Of further note, only 9.1% of sponsors invested in mega-events.

Sponsorship Spending on Property Types



V. ANALYSIS: THEME

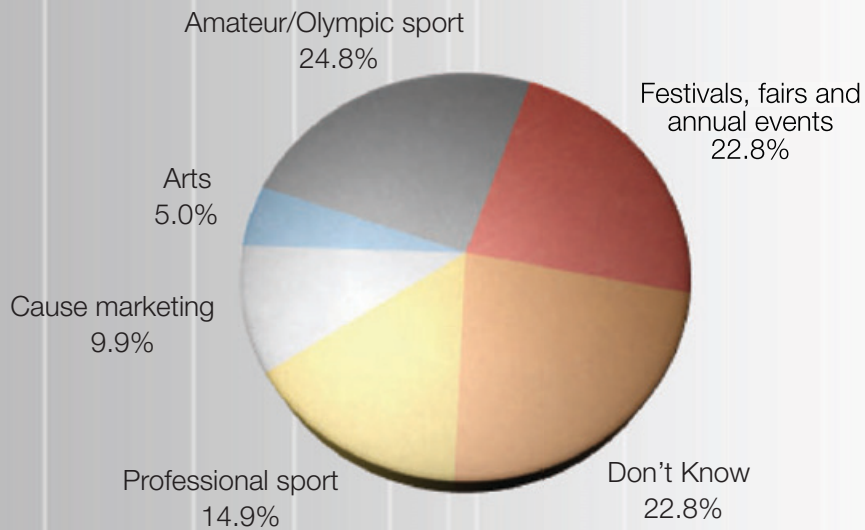
1.3 Diversifying the Sponsorship Mix: Best at Generating ROI

Analysis

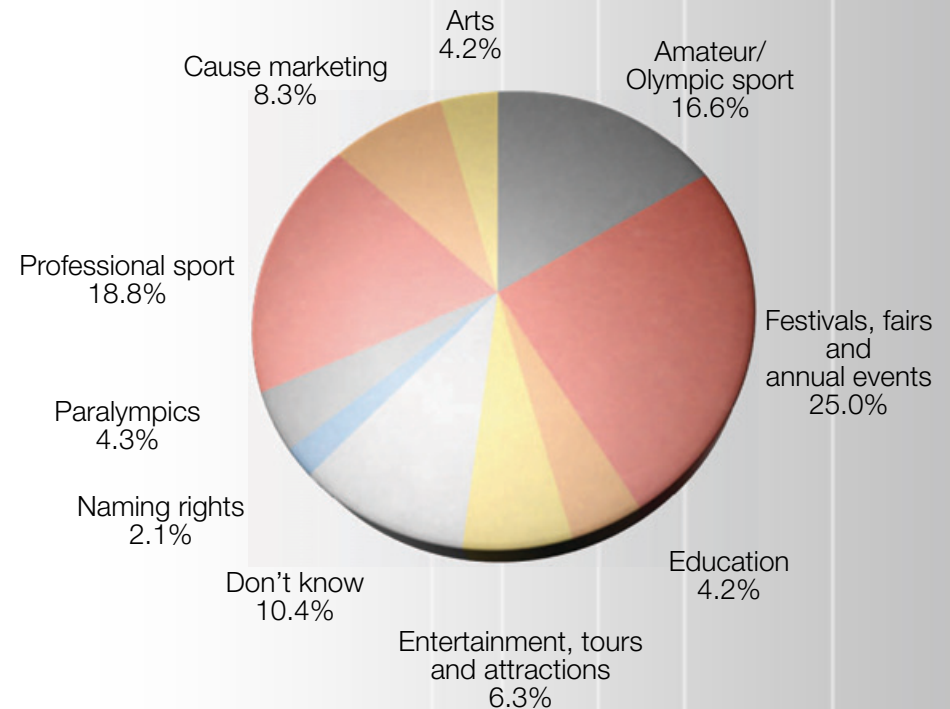
In 2009 and 2010, respondents were asked to identify the most effective category for generating ROI within their sponsorship portfolio. While the top three categories for generating ROI were the same in 2009 and 2010, the most

current landscape study illustrates that sponsorship categories have become more diverse and increasingly complex. Sponsors, sponsees and agencies have expanded traditional sponsorship opportunities into an increasingly diverse mix.

2009



2010



1.4 Entertainment sponsorship
should not be forgotten.

V. ANALYSIS: THEME

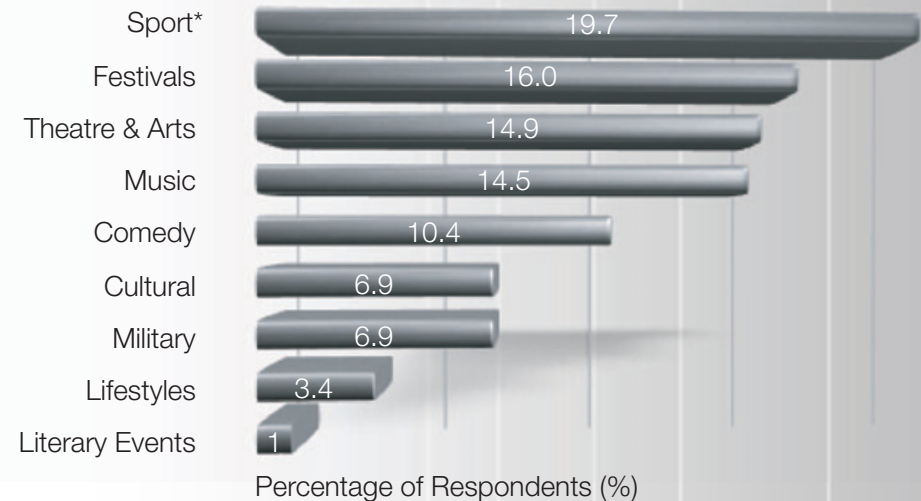
1.4 Remember Entertainment Sponsorship

A Snapshot

The 2010 CSLS included a specific section that gathered information about entertainment sponsorship. Entertainment has developed recently as a creative and new area of sponsorship opportunity.

Results

A small sample (n=16) of sponsors reported sponsorship activity with entertainment properties. Most of these (81%) had seven or fewer entertainment sponsorships; however, a few (19%) had more than 50 entertainment sponsorships. With regards to entertainment, sponsorship spending was allocated to several areas, with sport being the most common. There were also a number of reasons identified for why entertainment is an attractive area of sponsorship, such as opportunity for activation, hosting and hospitality.



*These categories (including sport) were self-identified by the respondent as entertainment and reflects their view.



1.5 Sponsors, sponsees and agencies currently face many challenges.

V. ANALYSIS: THEME

1.5 Current Challenges in Sponsorship

Analysis

The 2010 CSLS included an increased number of open-ended questions compared to previous versions of the study. This theme regarding current challenges was one such question. Each group of respondents (i.e., sponsors, sponsees and agencies) were asked to identify three things that kept them up

at night about business. These open-ended responses were then analyzed by grouping into common themes. There were 11 main themes that arose during analysis, as well as a miscellaneous twelfth category of other. These themes are outlined in greater detail below.

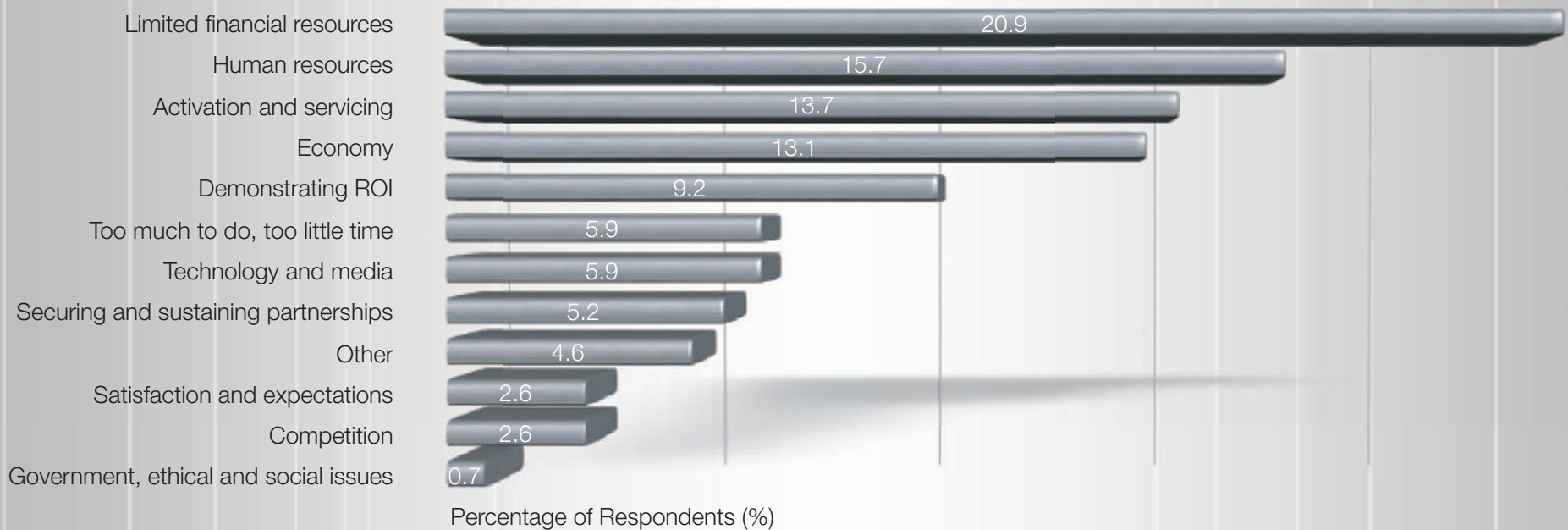
THEME	EXAMPLE
Managing expectations and ensuring satisfaction	“Not meeting our sponsors’ expectations and not delivering.”
Competition	“Increased competition for sponsorships.”
Finding and maintaining sponsorships	“Ensuring sponsors continue to renew, which is vital to our organization’s sustainability.”
Government, ethical and social issues	“Exploitation of women and children in other countries.”
Human resources and expertise	“Finding quality employees.”
Limited financial resources	“Dwindling dollars.”
Activation and servicing	“Coming up with sponsorship activation ideas on behalf of my sponsors.”
Technology and media	“Getting sport television networks to program and invest in amateur sport.”
Economy	“Fluctuating currency that can dramatically affect Canada.”
Demonstrating ROI	“Proving the value of sponsorship through measurement.”
Too much to do, too little time	“Lack of time to complete all funding requests.”

V. ANALYSIS: THEME

1.5 Current Challenges in Sponsorship

Sponsors

The graph below illustrates the current business challenges that sponsors are concerned with. Further analysis can yield considerable insight into the workings of sponsorship from various stakeholders' perspectives. Sponsors were much more likely to consider demonstrating ROI to be a current challenge compared to sponsees and agencies.

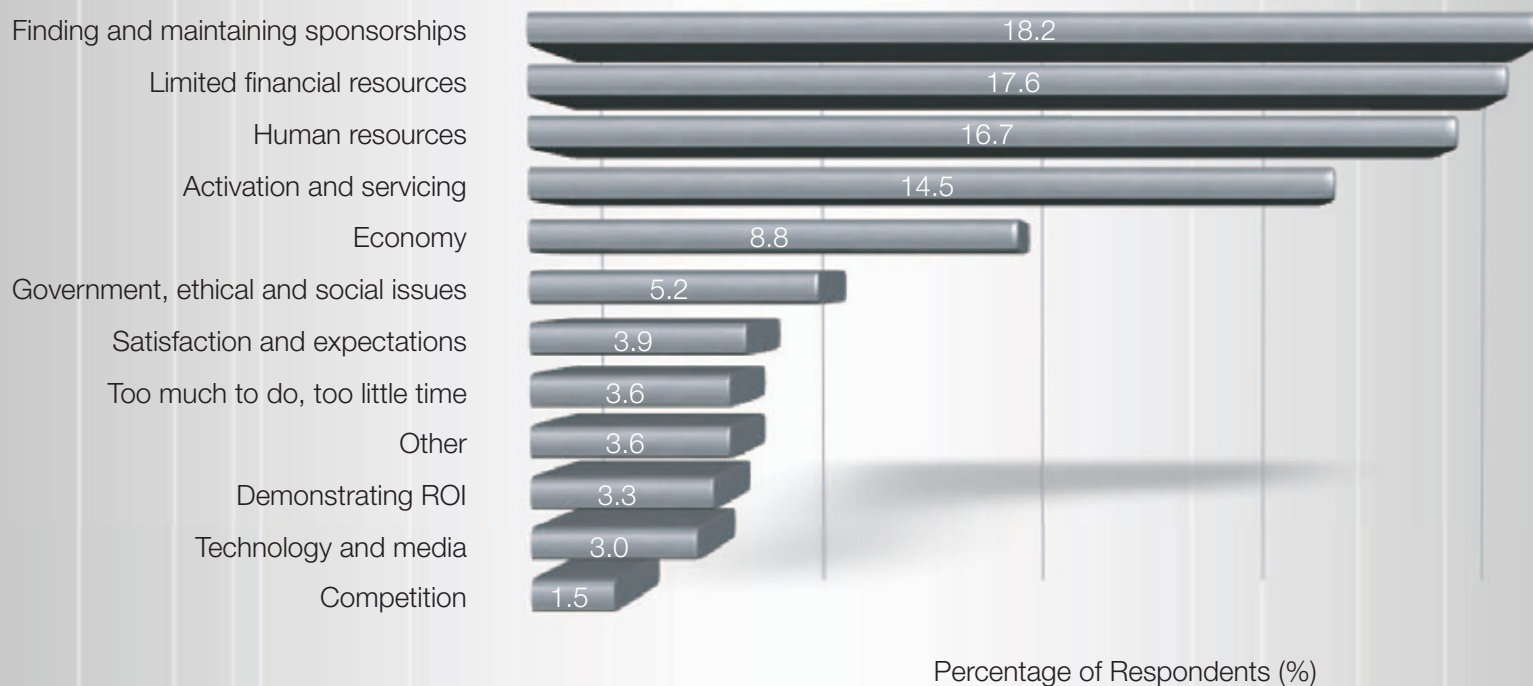


V. ANALYSIS: THEME

1.5 Current Challenges in Sponsorship

Sponsees

The graph below illustrates the current business challenges that sponsees are concerned with. Further analysis can yield considerable insight into the workings of sponsorship from various stakeholders' perspectives. Finding and maintaining sponsorships was of significantly greater concern for sponsees.

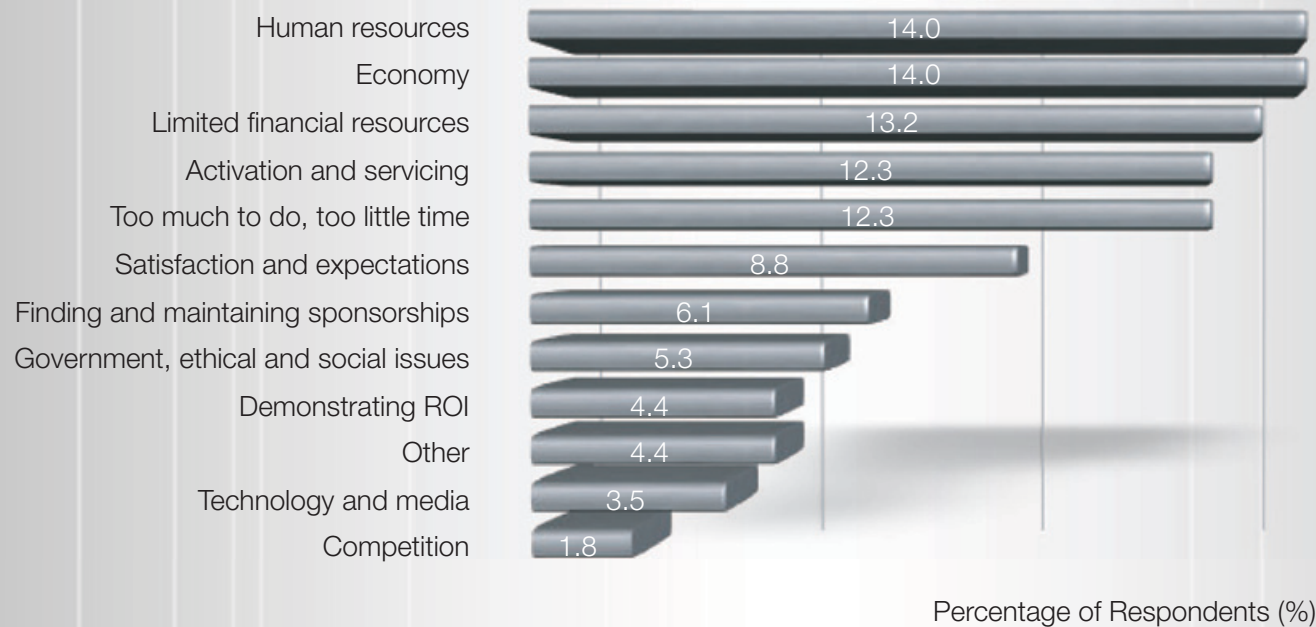


V. ANALYSIS: THEME

1.5 Current Challenges in Sponsorship

Agencies

The graph below illustrates the current business challenges that agencies are concerned with. Further analysis can yield considerable insight into the workings of sponsorship from various stakeholders' perspectives. Agencies were more concerned with managing expectations and ensuring satisfaction than both sponsors and sponsees.



V. ANALYSIS: THEME

1.5 Current Challenges in Sponsorship

Comparison

When analyzed together, the current challenges identified by sponsors, sponsees and agencies yield significant insight — there were both similarities and differences between the groups. Sponsors, sponsees and agencies were all considerably concerned about 1) limited financial resources; 2) human resources and expertise; 3) activating and servicing the sponsorship; and 4) the economy. The fifth challenge theme for each of the three groups was unique. Sponsors were concerned with demonstrating value and ROI. This made

considerable sense given the manner in which sponsors traditionally operate in a more corporate and profit-oriented environment. While this remained a common concern for sponsors, it had become an increased area of focus for sponsees and agencies as they sought to meet the expectations of their sponsor partners. Sponsees were concerned with finding and maintaining sponsorships. Finally, agencies were concerned with having too much to do in too little time.

TOP 5 - SPONSORS	
THEME OF CHALLENGE	PERCENTAGE OF RESPONDENTS
Limited financial resources	20.9%
Human resources and expertise	15.7%
Activation and servicing	13.7%
Economy	13.1%
Demonstrating value and ROI	9.2%

TOP 5 - SPONSEES	
THEME OF CHALLENGE	PERCENTAGE OF RESPONDENTS
Finding and maintaining sponsorships	18.2%
Limited financial resources	17.6%
Human resources and expertise	16.7%
Activation and servicing	14.5%
Economy	8.8%

TOP 5 - AGENCIES	
THEME OF CHALLENGE	PERCENTAGE OF RESPONDENTS
Human resources and expertise	14.0%
Economy	14.0%
Limited financial resources	13.2%
Activation and servicing	12.3%
Too much to do, too little time	12.3%

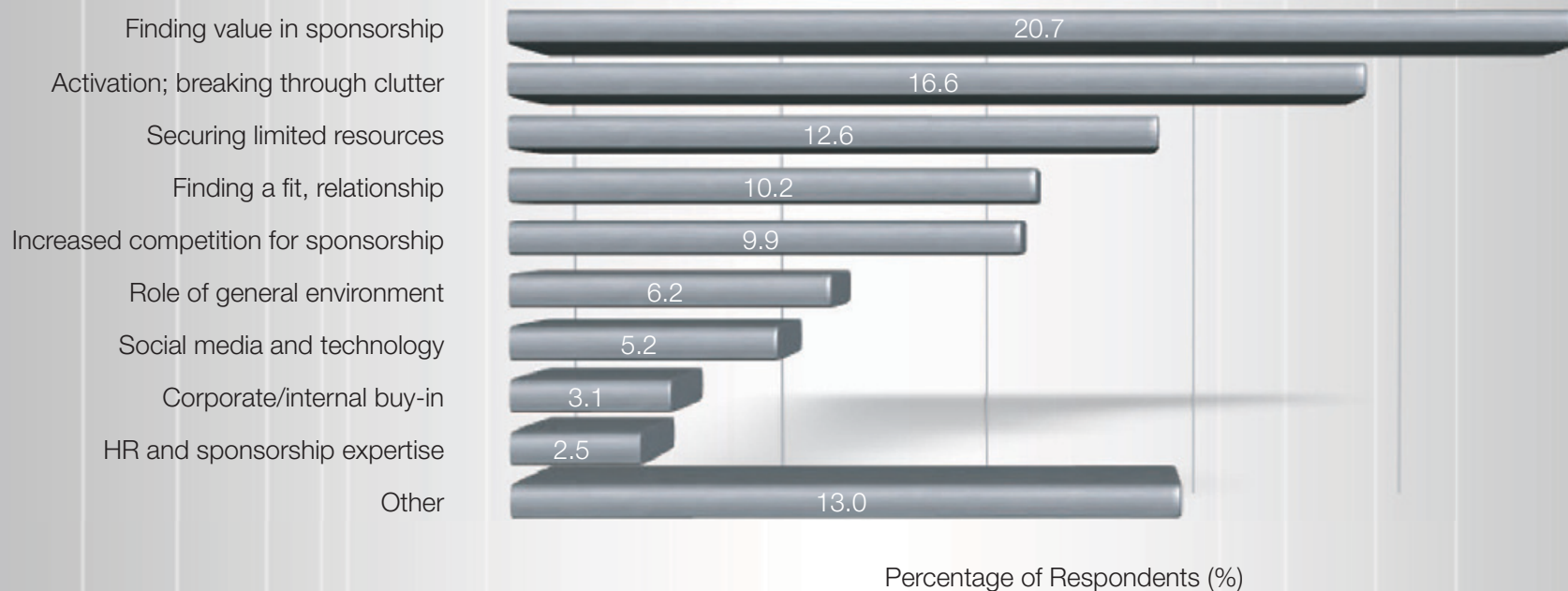
1.6 Sponsors, sponsees and agencies identify many challenges for the future.

V. ANALYSIS: THEME

1.6 Future Challenges in Sponsorship

Sponsors

In this open-ended question, respondents were asked what they personally believe to be the largest challenges facing sponsors in the next two years. The open-ended responses were then analyzed and grouped into relevant clusters. Many of these themes overlap with the current challenges outlined in the previous section.

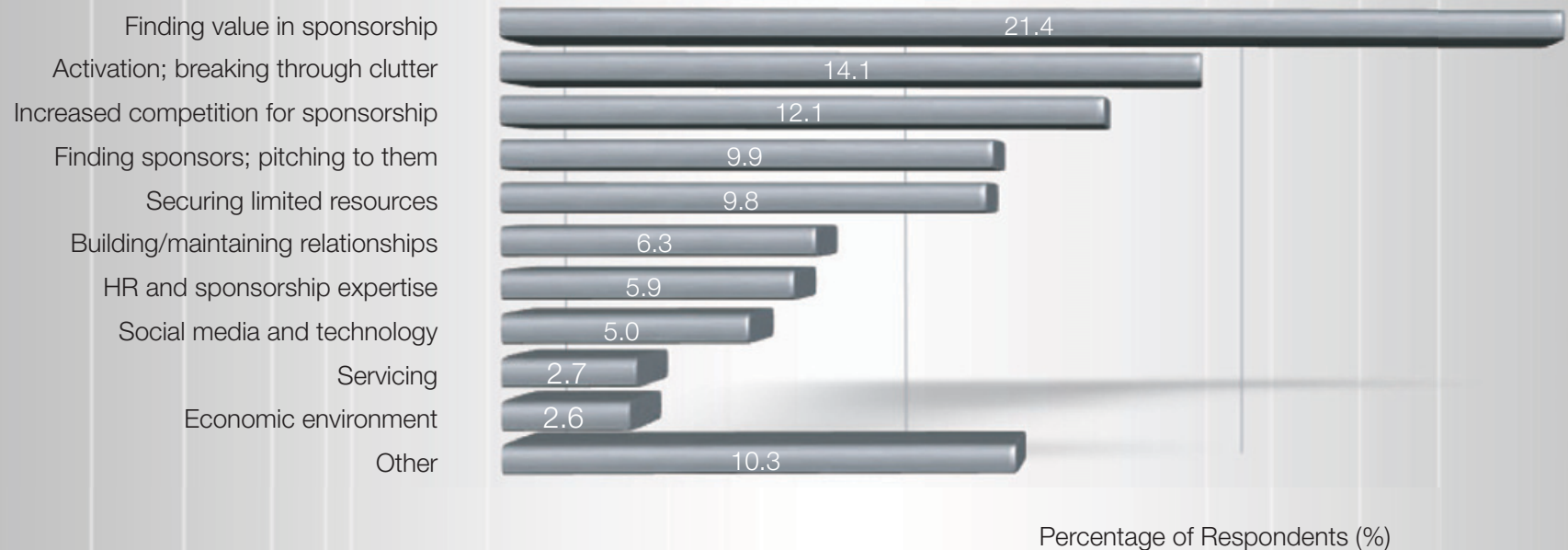


V. ANALYSIS: THEME

1.6 Future Challenges in Sponsorship

Sponsees

In this open-ended question, respondents were asked what they personally believe to be the largest challenges facing sponsees in the next two years. The open-ended responses were then analyzed and grouped into relevant clusters. Much like sponsors, many of these anticipated future challenges overlap with the current challenges outlined in the previous section.



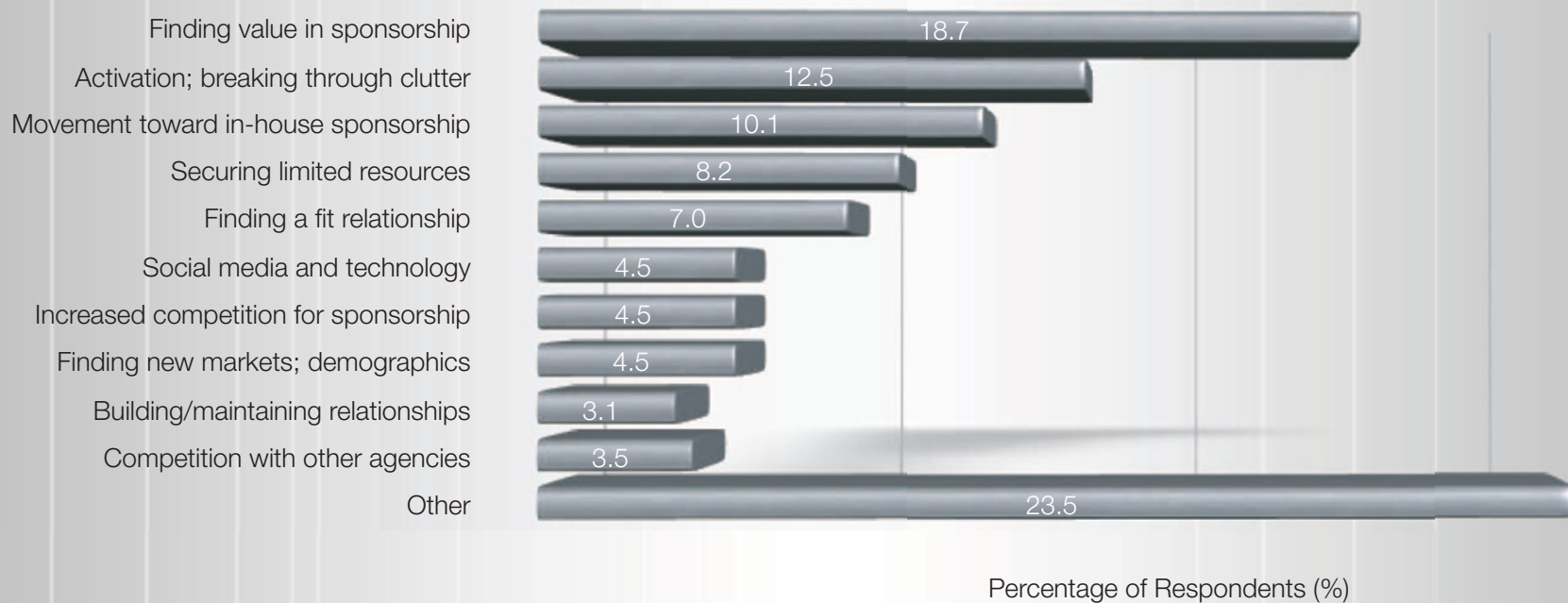
V. ANALYSIS: THEME

1.6 Future Challenges in Sponsorship

Agencies

In this open-ended question, respondents were asked what they personally believe to be the largest challenges facing agencies in the next two years. The open-ended responses were then analyzed and grouped into relevant clusters.

One of the unique concerns that respondents believe will be faced by agencies in the next few years is the movement of sponsors and sponsees to in-house sponsorship management rather than working with a third party or external agency.



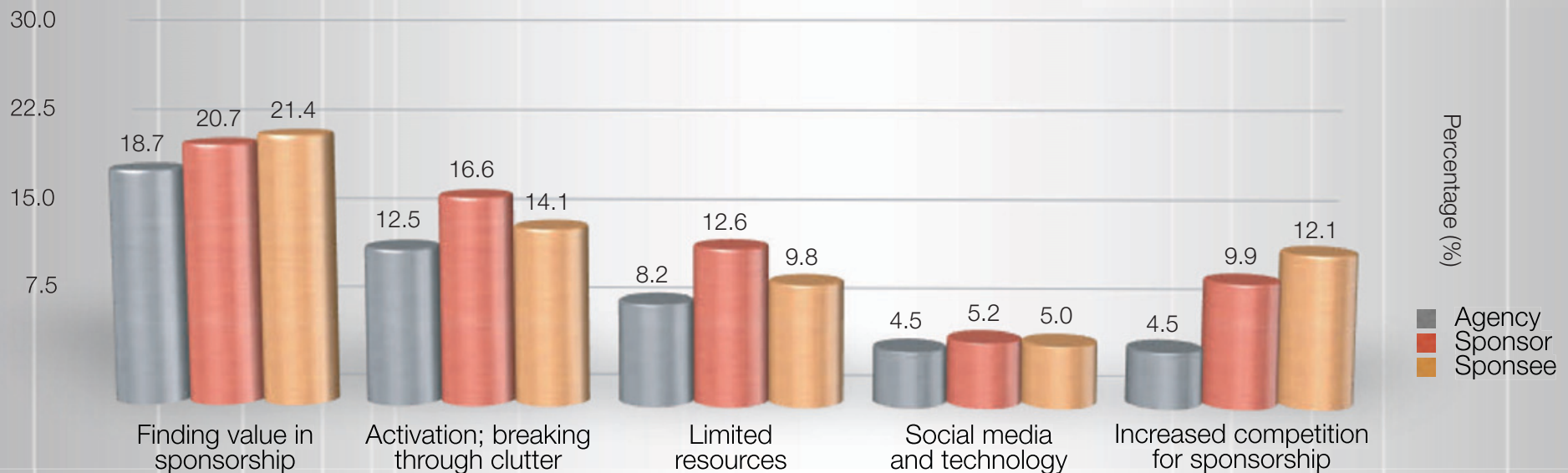
V. ANALYSIS: THEME

1.6 Future Challenges in Sponsorship

Selected Comparison

Sponsors, sponsees and agencies shared many of the same concerns regarding sponsorship challenges in the future. The greatest concern for sponsors, sponsees and agencies for the future is finding and demonstrating value in sponsorship. The

second greatest concern for sponsors, sponsees and agencies for the future is learning how to stand out and be creative for themselves and their sponsorship partners. Organizations are also concerned with the impact of limited resources.



STRATEGIC FINDINGS

2.1 The activation ratio declined in 2010.

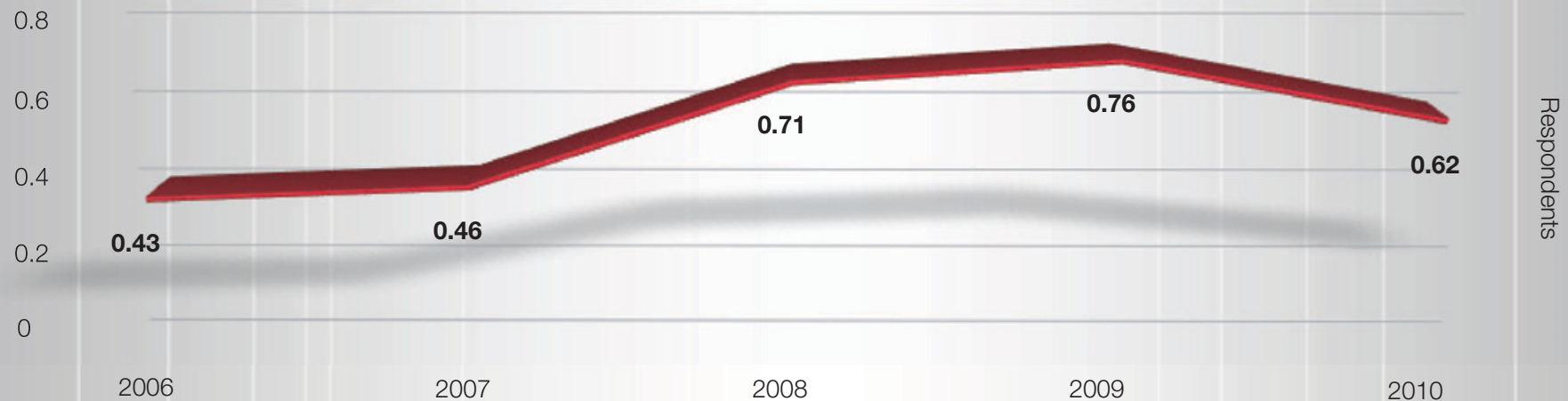
V. ANALYSIS: THEME

2.1 Decline in Activation Ratio

A useful metric used in the sponsorship marketing industry is the activation ratio. For example, if company A sponsored a local hockey tournament where the rights fee was \$20,000 and then invested an additional \$40,000 activating that sponsorship, the activation ratio was 2:1. The marketing literature identifies activating at a ratio of 1:1 or higher to be beneficial (O'Reilly and Séguin, 2009).

To determine the level of sponsorship activation in Canada, the sponsors were asked to provide their yearly leveraging investment per sponsorship. An average was then calculated

and divided by the average of total rights fees paid per sponsorship to determine the ratio. On average, sponsors invested \$819,411 in activation. This represents an activation ratio of 0.62:1 (leverage:investment). The following graphic demonstrates the activation ratio for sponsorship in Canada decreased in 2010 as the trend was moving toward the minimum recommended ratio of 1:1 in the previous years, yet experienced a decline in 2010. This apparent decline in 2010 may be linked to the higher than expected activation in 2009 leading up to the Olympics, where big sponsors were heavily activating at a ratio closer to 1:1.



2.2 Investment in activation was diverse.

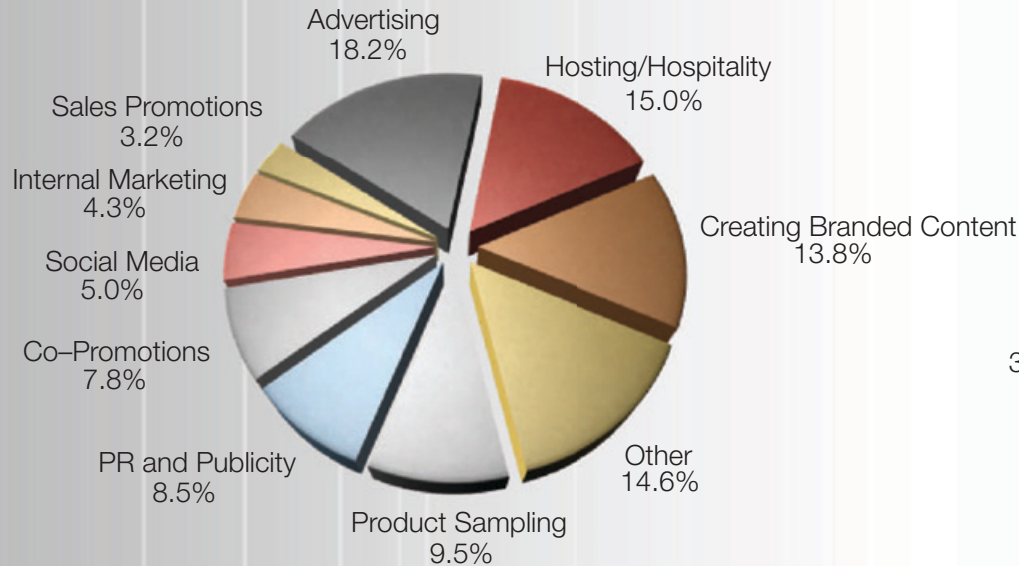
V. ANALYSIS: THEME

2.2 Investment in Activation Was Diverse

Tactics

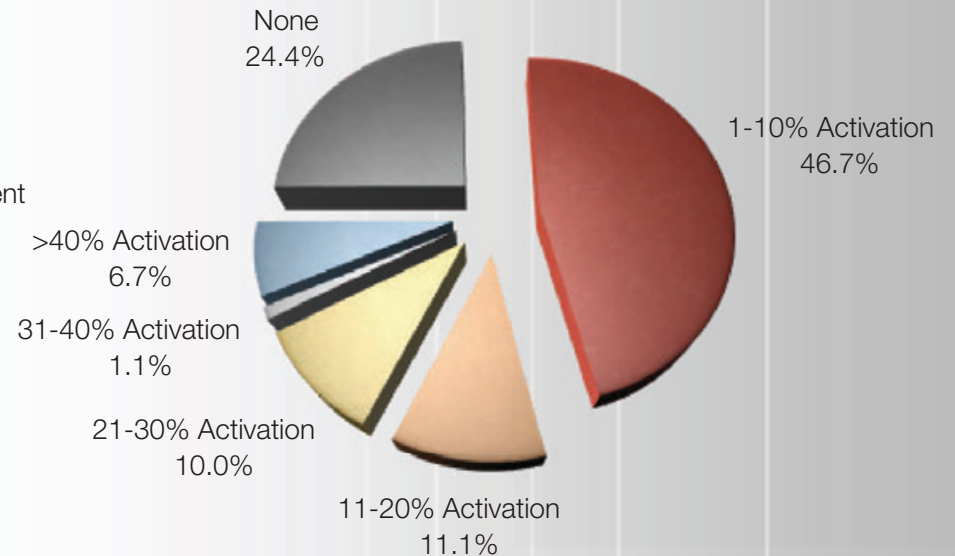
The sponsors were asked to elaborate on their activation spending in 2010 as to which tactics they implemented to leverage the sponsorships.

The graphic below outlines the breakdown of the most common tactics. Advertising was the most commonly invested in activation tactic, with hosting and hospitality next.



Amount Invested

A significant amount of the sponsee respondents (46.7%) indicated they invested an average of 1 to 10% of sponsorship fees in leveraging, servicing and/or activating sponsorships.



2.3 Evaluation declined in 2010.

V. ANALYSIS: THEME

2.3 Decline in Evaluation

Evaluation, as a percentage of sponsorship spend, has continued to decline over the course of the CSLS, with 2010 marking the lowest level yet. Of the 2.61% of spending on evaluation, only 3.1% of this was spent on pre-sponsorship

evaluation. This was a significant decline from 13.1% in 2009. Additionally, more than 65% of respondents did not spend on pre-sponsorship evaluation at all.



2.4 Value-in-kind sponsorship declined in 2010.

V. ANALYSIS: THEME

2.4 Decline in Value-in-Kind Sponsorship

VIK in 2010

Sponsees received an average of \$570,656 of value-in-kind sponsorship. This was 32.3% of cash sponsorships. Organizations responding to the study revealed they received anywhere from \$0 of VIK up to \$22,500,000 of VIK and that 16.9% reported receiving less than \$10,000 VIK whereas 14.4% reported receiving greater than \$500,000 VIK.

Sponsees received a variety of cash and VIK contributions, with a ratio of cash to VIK of 3.1:1. This is slightly higher than the ratio in 2009 of 2.8:1.

Sponsor spending on VIK products was slightly greater than spending on VIK services. However, in 2010, 20.6% of sponsors did not invest in VIK at all.

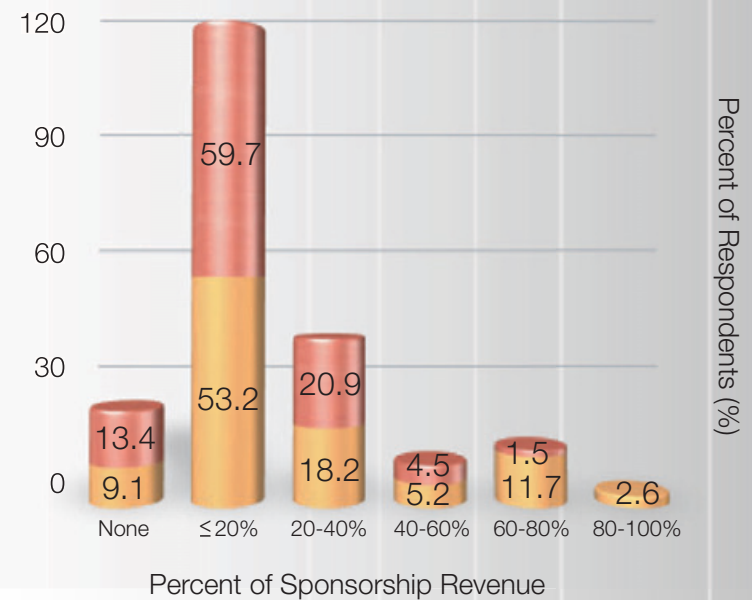
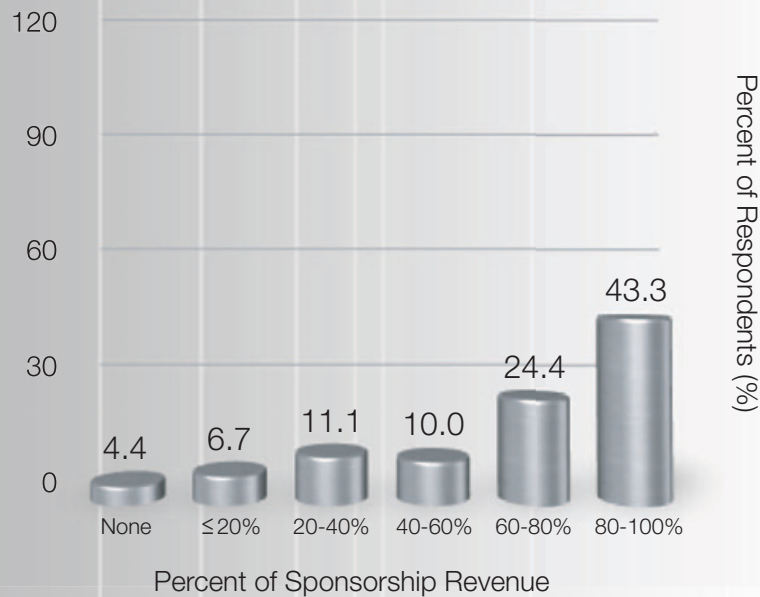
V. ANALYSIS: THEME

2.4 Decline in Value-in-Kind Sponsorship

Breakdown

Organizations received varying degrees of cash versus VIK sponsorship (including both product and service). Most organizations received less than 20% of their sponsorship revenue from VIK, with only a small percentage that received

more than 40% from VIK. This trend can be contrasted to cash sponsorship where more than 77.7% of respondents received more than 40% of sponsorship revenue as cash.



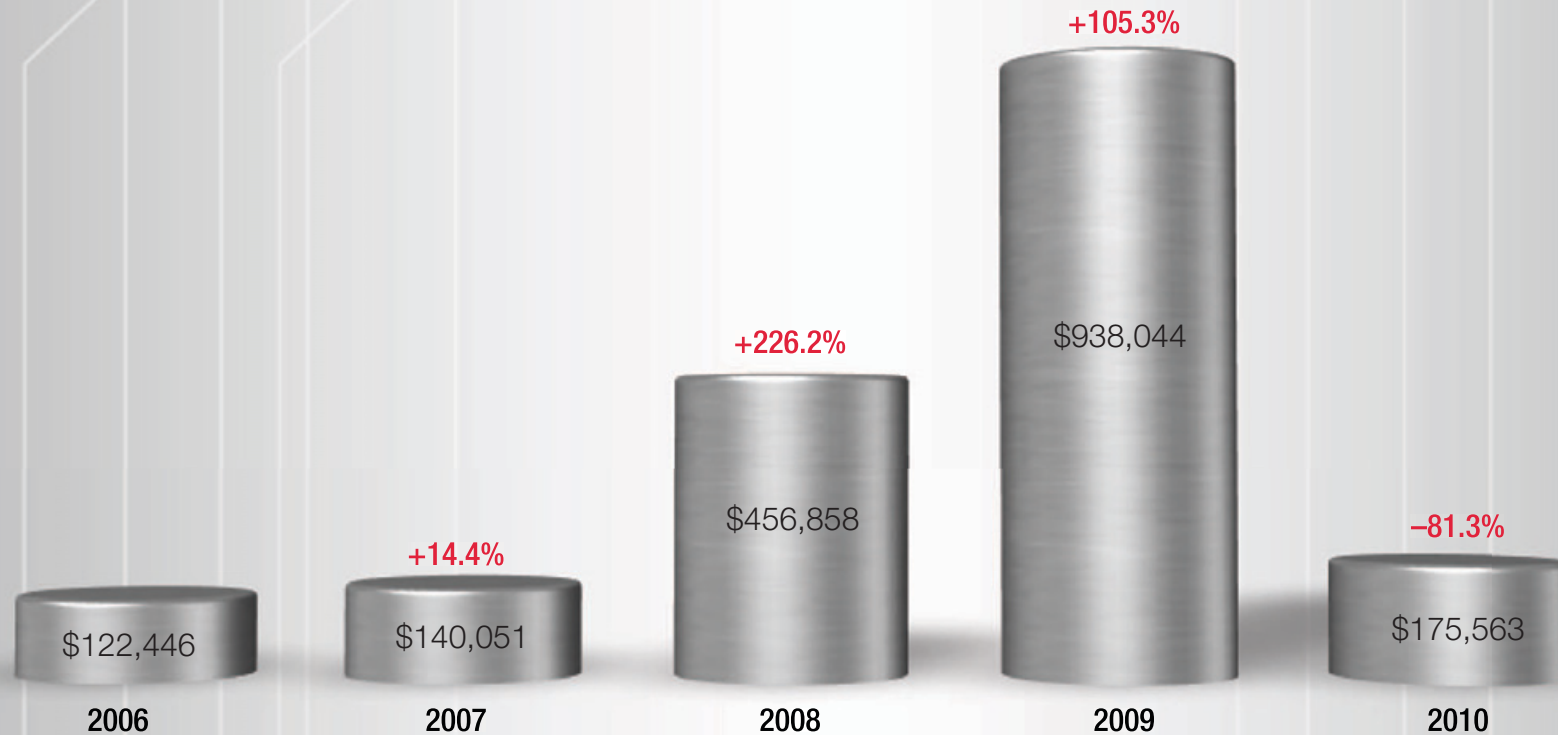
V. ANALYSIS: THEME

2.4 Decline in Value-in-Kind Sponsorship

The Decline

The 2010 CSLS found a significant decline in VIK sponsorship compared to the previous year. This decline could likely be attributed to a combination of two things. First, in 2009 there was a significant rise in VIK leading up to the 2010 Olympics as

large Olympic sponsors prepared for the event; second, there was a significant decline in VIK at the conclusion of large Olympic sponsorships in of 2010.



2.5 Do not overlook what not-for-profit sponsors can offer.

V. ANALYSIS: THEME

2.5 Not-for-Profit Sponsors Can Contribute

While 84.5% of sponsors were for-profit entities and they contributed 94.9% of all investments in sponsorship rights, not-for-profit sponsors still played a role in the sponsorship industry in Canada. The average for-profit sponsor spent \$1.81 million per year on sponsorship and the average size of each of these sponsorship deals was \$53,829.

Not-for-profit sponsors made up 15.5% of sponsors and account for a much smaller 5.1% of overall investment in sponsorship rights. The average not-for-profit sponsors spent approximately \$0.37 million per year, which was about 20%

of an average sponsorship. The average size of each of these sponsorship deals was \$26,224. Although this is much less relative to what for-profit sponsors might be able to offer, a not-for-profit sponsor can still contribute significantly to the sponsorship revenue of sponsees.

Sponsors invested an average of 55.9% of their overall sponsorship marketing budget in properties that were for-profit organizations and 56.2% of their overall sponsorship marketing budget on properties that were not-for-profit organizations.

2.6 Sponsors continue to be under-serviced by sponsees.

V. ANALYSIS: THEME

2.6 Sponsors Are Under-serviced

Findings

Sponsors were asked to describe the value of each of the services indicated on a scale of 1 to 5, where 1 is not at all valuable and 5 is very valuable. They were then asked to describe how often the services were typically provided for sponsorship properties on a scale of 1 to 5, where 1 is never and 5 is always. Sponsors indicated that they experienced a gap between how valuable services were to them and the level at which they were provided. This difference was statistically significant across all eight services. Additionally, the gap between the value of services and the services actually provided has widened across all eight areas of service from 2009 to 2010 – obviously, this remains an important issue for sponsors. Future research should delve further into understanding the reasons for the gap. With regards to servicing sponsorships, sponsees and their agencies need to step up and service their sponsorships and sponsors need to hold them accountable.

Services	Valued	Provided	Difference
Sponsor recall statistics	4.20	2.49	1.71*
Audience loyalty statistics	4.00	2.52	1.48*
Partnering on sponsorship activation and activities	4.32	3.09	1.23*
Concluding report/audit	4.22	3.02	1.20*
Provide resources for sponsorship activation program	3.90	2.84	1.06*
Protection from ambush marketers	3.76	2.86	0.90*
Profile/information on purchase behaviour of sponsorship target groups	3.51	2.64	0.87*
Protection of sponsorship rights/exclusivity	4.02	3.21	0.81*

* indicates that the difference is statistically significant

OPPORTUNITIES

3.1 Awareness continues to be an important component that sponsors desire in a sponsorship proposal.

V. ANALYSIS: THEME

3.1 Awareness is Key

Sponsors were asked to provide a value on the Likert scale regarding what they considered to be the most important factor in a sponsorship. Awareness (i.e., sponsor identification and recognition) remained very important. Exclusivity was less important, which might be a result of the post-Olympic influence and a decline in interest in protection of sponsorship rights.

AVERAGE RATINGS (LIKERT SCALE)	2010		2009
Sponsor recognition	4.37 (1*)	▲	4.14 (3)
On-site sponsor identification	4.35 (2)	—	4.34 (2)
Property rights (i.e., logo usage)	3.93 (3)	▲	3.91 (5)
Investment by property in activation	3.86 (4)	▲	3.66 (6)
Protection of sponsorship rights/exclusivity	3.79 (5)	▼	4.49 (1)
Inclusion in property promotions	3.77 (6)	▼	4.00 (4)
Access to property database	3.45 (7)	—	3.43 (7)

*Ranking for each year

3.2 Evaluation is important when considering the renewal of a sponsorship.

V. ANALYSIS: THEME

3.2 Evaluation is Important in Renewal

Sponsors were asked to provide a value on the Likert scale of what is considered important in renewal. A factor analysis was undertaken to examine the data. It revealed that the reason that sponsors renew transitioned from a focus on marketing in 2009 to evaluation in 2010. Specific results indicate that the importance of the impact of sponsorship and sales/revenue on renewal dropped from 2009 to 2010, whereas the importance of the sponsor-ponsee relationship in renewal increased from 2009 to 2010.

AVERAGE RATINGS (LIKERT SCALE)	2010		2009
Team's opinion of sponsorship success	4.36 (1*)	▲	4.01 (4)
Sponsor-ponsee relationship	4.21 (2)	—	4.07 (2)
Protection of rights/exclusivity	3.94 (3)	▼	4.20 (1)
Extent of media coverage	3.38 (4)	▲	3.76 (6)
Information collected during sponsorship	3.15 (5)	▼	3.51 (7)
Impact on interest in brand/retail traffic	3.07 (6)	▼	4.00 (5)
Impact of sponsorship on sales/revenue	3.00 (7)	▼	4.02 (3)
Information from syndicated research	3.00 (7)	▲	3.24 (8)

*Ranking for each year

3.3 Sponsors look for perception, value and alignment in renewal.

V. ANALYSIS: THEME

3.3 Sponsors Look for Perception, Value and Alignment in Renewal

Sponsors were asked to provide a value on the Likert scale of importance of what makes sponsees attractive to pursue for a partnership. The results demonstrated that the responding sponsors are more concerned with brand perception, brand value and value alignment in 2010. Compared to 2009, brand knowledge/profile (4) and brand loyalty (5) were less critical in 2010.

Today's sponsor has a specific internal sponsorship platform, whether it would be environment, leadership, healthy active living or other, that they use to align with a property that matches their objectives with its value proposition. The change from 2009 to 2010 demonstrated this importance of having a property that provides the value and perceptions that match with the potential sponsor's strategy and focus.

AVERAGE RATINGS (LIKERT SCALE)	2010		2009
Brand perceptions	4.12 (1*)	▲	4.32 (2)
Brand value	4.12 (1)	▲	4.19 (4)
Value alignment (i.e., corporate citizenship)	4.00 (3)	▲	4.14 (5)
Brand knowledge/profile	3.93 (4)	▼	4.46 (1)
Brand loyalty	3.75 (5)	▼	4.28 (3)
Employee engagement	3.47 (6)	▲	3.62 (7)
Protection of sponsorship rights/ exclusivity	3.42 (7)	▼	4.00 (6)
Sales	3.33 (8)	—	3.60 (8)
Product/service sampling	2.29 (9)	—	2.93 (9)

*Ranking for each year

3.4 Sponsors, sponsees and agencies have an optimistic forecast.

V. ANALYSIS: THEME

3.4 Forecasting Sponsor Spending

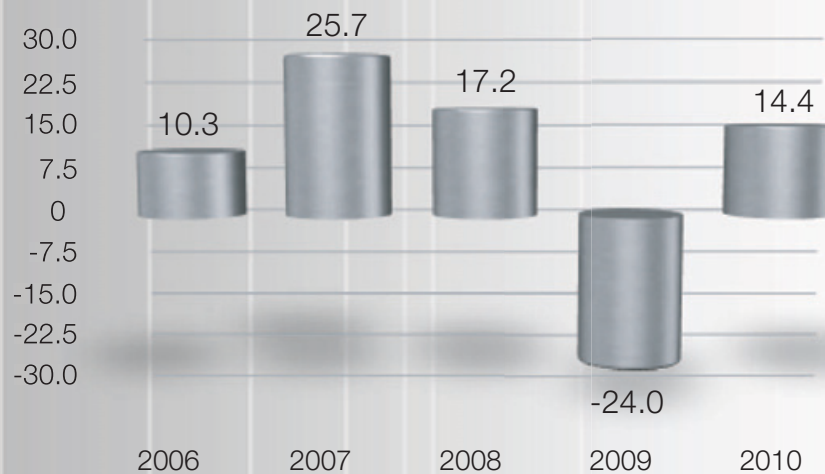
Sponsor Spending Predictions

In each year of the study, sponsors are asked to predict what they expect will happen to sponsor spending in the upcoming year. For example, in the 1st Annual CSLS in 2006, respondents were asked what would happen in 2007. In this case, they expected an increase of 10.3%. An examination of these expectations over time reveals a generally positive trend of moderate to significant growth. Clearly, the exception

was in 2008, when respondents expected a significant decline in sponsor spending in 2009, which can be attributed to the economic climate at the time and the recession. In the current study, most respondents predicted that sponsor spending in 2011 would remain the same or increase, whereas 12.0% expected less sponsor spending.

Thinking Ahead (2006-2010)

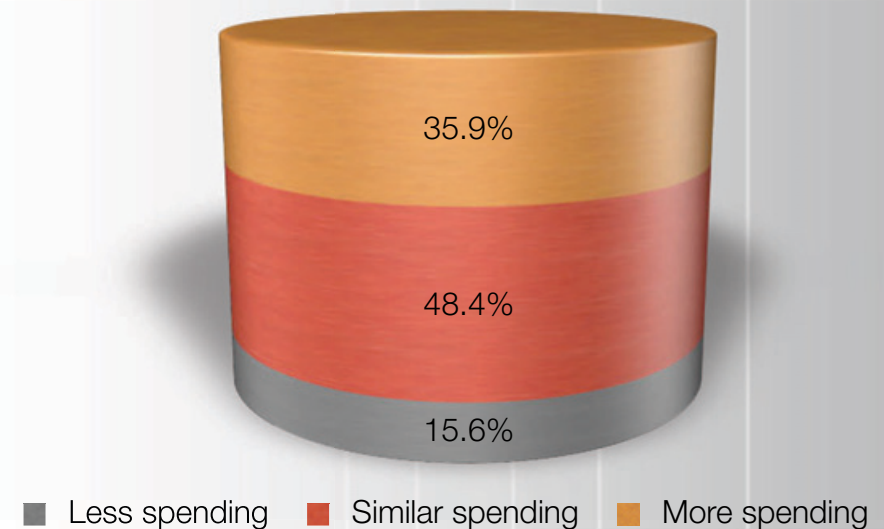
Sponsors projected spending on rights fees...



Thinking Ahead (2011)

Sponsors expect...

Sponsorship Spending Trends (%)



V. ANALYSIS: THEME

3.4 Forecasting Sponsee Revenue

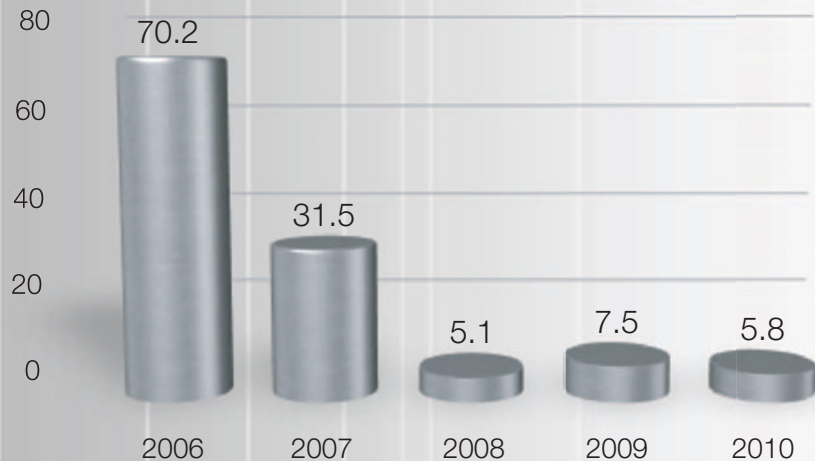
Sponsee Revenue Predictions

In each year of the study, sponsees are asked to predict what they expect will happen to sponsee revenue in the upcoming year. For example, in the 1st Annual CSLS in 2006, respondents were asked what would happen in 2007. In this case, they expected an increased revenue of 70.2%. An examination of these expectations over time reveals that in the early stages

of the study, sponsees predicted significant sponsee revenue growth. In more recent years, sponsee revenue growth was still expected to remain positive, but at much more moderate increases. In the current study, most respondents predicted that sponsee revenue in 2011 would remain the same or increase, whereas only 8.8% expected less sponsee revenue.

Thinking Ahead (2006-2010)

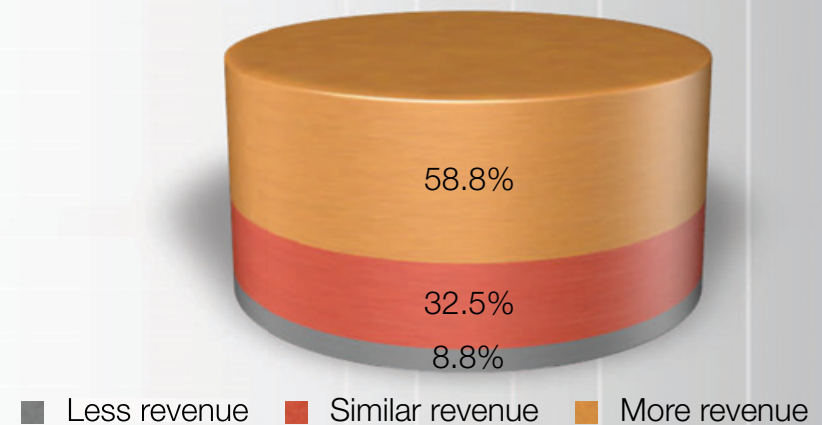
Sponsees projected sponsorship revenue...



Thinking Ahead (2011)

Sponsees expect...

Sponsorship Revenue Trends (%)



V. ANALYSIS: THEME

3.4 Forecasting Agency Billing

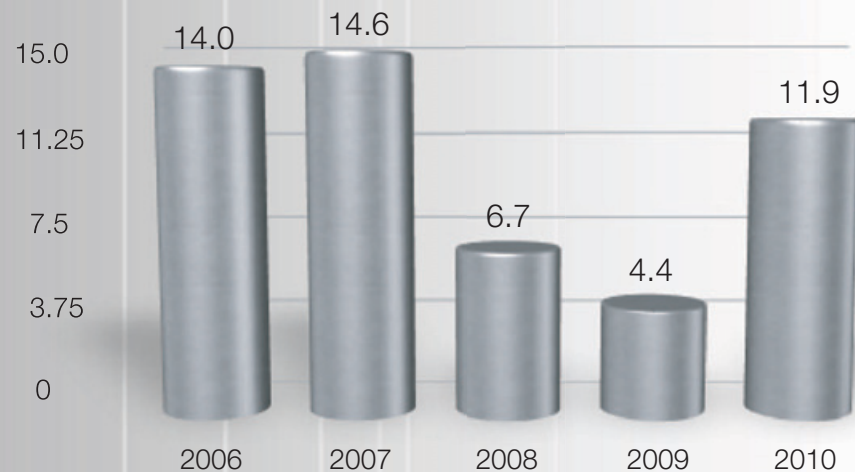
Agency Billing Predictions

In each year of the study, agencies were asked to predict what they expect will happen to agency billings in the upcoming year. For example, in the 1st Annual CSLS in 2006, respondents were asked what would happen in 2007. In this case, they expected increased billings of 14.0%. An examination of these expectations over time reveals a generally positive trend of

moderate to significant growth. The longitudinal data clearly show that expected agency billings growth slowed around the recession in 2008 and 2009. In the current study, most respondents predicted that agency billings in 2011 would remain the same or increase, whereas only 21.6% expected less agency billings.

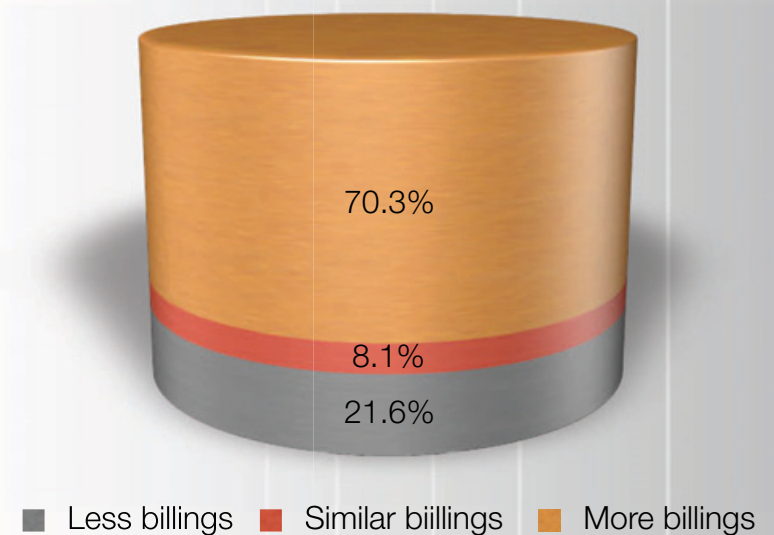
Thinking Ahead (2006-2010)

Agencies projected billing for sponsorship...



Thinking Ahead (2011)

Agencies expect...



V. ANALYSIS: THEME

3.4 Overall Optimistic Forecast

Comparing the three groups (i.e., sponsors, sponsees and agencies) provides interesting insight. A significant percentage of sponsees and agencies expected an increase in revenue and billing for 2011 with only a few that expected a decrease. The trend was similar for sponsors, although somewhat more moderate.

	INCREASE	REMAIN THE SAME	DECREASE
Sponsors (predict spending)	35.9%	48.4%	15.6%
Sponsees (predict revenue)	58.8%	32.5%	8.8%
Agencies (predict billing)	70.3%	8.1%	21.6%

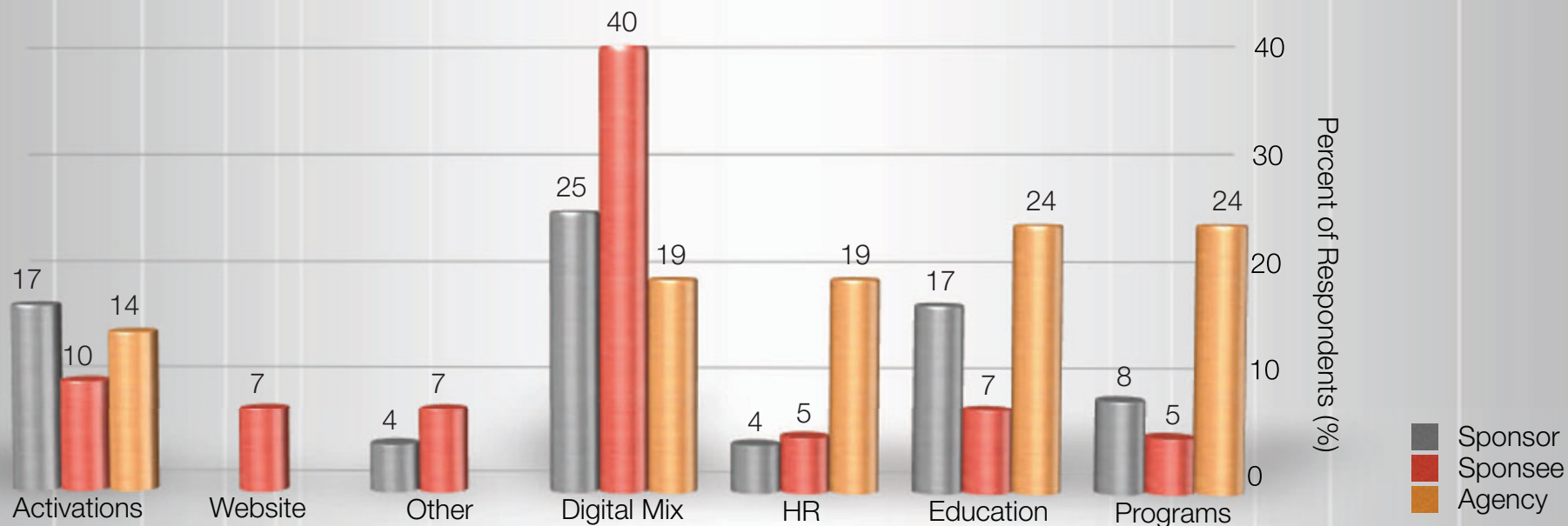
3.5 Sponsors, sponsees and agencies are using a variety of methods to capitalize on digital media.

V. ANALYSIS: THEME

3.5 Capitalizing on the Digital World Opportunity

Analysis

Sponsors, sponsees and agencies were each asked an open ended question about what they are doing differently (if anything) with regards to sponsorship and events in-order to take advantage of the new and ever-changing digital world. Results were analyzed by categorizing the open-ended responses into relevant themes.



Sponsors, sponsees and agencies are engaging in a variety of activities to take advantage of the opportunities provided by the digital world.

V. ANALYSIS: THEME

3.5 Capitalizing on the Digital World Opportunity

Analysis

The most popular strategy that sponsors, sponsees and agencies are using to take advantage of the digital world is utilizing a digital mix of technologies – such as Facebook, Twitter and LinkedIn – to engage with their stakeholders. Analyzing the themes by sponsor, sponsee and agency also reveals some interesting insights. Human resources was a significant area of focus for agencies, with 19.0% of respondents indicating that they focused on enhancing

the expertise of their staff through hiring new employees and training old ones. Other interesting insights can be found around the theme of website. This was identified as an exclusive concern of sponsees, perhaps indicating that both sponsors and agencies have already fully captured this opportunity. It may also indicate that the website is a much more critical tool for sponsees to convey their message.



Human Resources and Expertise



3.6 The overall size of the sponsorship industry in Canada is growing.

V. ANALYSIS: THEME

3.6 Estimation of Sponsorship Industry Size

Previous Years

In 2009, the CSLS found that sponsorship spending in Canada defied expectations based on previous year's respondents and did not decrease from 2008. In 2010, the estimate supports what respondents reported in 2009 – that they expected a strong rebound and return to growth as was observed in 2006 to 2008.



V. ANALYSIS: THEME

3.6 Estimation of Sponsorship Industry Size

Current Years

Based on the sampling process in the study and conservative assumptions, the industry size of sponsorship rights fees in Canada in 2010 was estimated at **\$1.55 BILLION**. This represented a 8.5% increase from 2009 and nearly a 40% increase since 2006.



V. ANALYSIS: THEME

3.6 Estimation of Sponsorship Industry Size

The Canadian sponsorship industry can also be considered within the context of North America and globally. IEG forecasts expected positive growth in 2011. The growth was expected to be 5.2% to US\$ 48.7 billion globally and to US\$18.2 billion in North America.



V. ANALYSIS: THEME

1. ENVIRONMENT

- 1.1 The Impact from Vancouver 2010 is Over
- 1.2 Establish a Year-Round Sponsorship Strategy
- 1.3 Diversify Sponsorship Mix
- 1.4 Remember Entertainment Sponsorship
- 1.5 Current Challenges in Sponsorship
- 1.6 Future Challenges in Sponsorship

2. STRATEGIC FINDINGS

- 2.1 Decline in Activation Ratio
- 2.2 Diversify Investment in Activation
- 2.3 Decline in Evaluation
- 2.4 Decline in Value-in-Kind Sponsorship
- 2.5 Not-for-Profit Sponsors can Contribute
- 2.6 Sponsors are Under-served

3. OPPORTUNITIES

- 3.1 Awareness is Key in Sponsorships
- 3.2 Evaluation is Important in Renewal
- 3.3 Sponsors Look for Perception, Value and Alignment in Renewal
- 3.4 Optimistic Forecasts
- 3.5 Capitalize on the Digital World
- 3.6 Industry Size is Growing

VI. REFERENCES

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Stavros, C. & Westberg, K. (2009). Using triangulation and multiple case studies to advance relationship marketing theory. *Qualitative Market Research: An International Journal*, 12(3), 307-320.

VII. USER GUIDE: SPONSORS

HISTORY

A key overview of the history of the study.

Pg. 15-18

RESULTS

The results that describe and report specifically on sponsors (i.e., organizational profile of sponsors).

Pg. 35-48

SPONSORSHIP MIX

Sponsorship mixes are becoming more diverse and will have profound implications for sponsors.

Pg. 75-79

CURRENT & FUTURE CHALLENGES

Sponsors recognize and identify key challenges specific to this stakeholder.

Pg. 83, 84, 87, 89, 92

UNDER-SERVICING

Sponsors rarely receive the services they are promised.

Pg. 106-107

VALUE-IN-KIND

VIK is a useful tool for sponsorships and can offer a sponsor valuable options.

Pg. 100-103

EVALUATION

Evaluation is an often overlooked component of sponsorships.

Pg. 98-99

ACTIVATION

Activation is a vital component of a sponsorship, yet often poorly implemented.

Pg. 94-97

RENEWALS

Sponsors renew when there is brand perception, brand value and value alignment.

Pg. 113-114

FORECAST

Sponsors are moderately optimistic about spending in the next year.

Pg. 116, 119

DIGITAL WORLD

The digital world is a significant area of opportunity for sponsorship.

Pg. 120-122

INDUSTRY SIZE

The sponsorship industry in Canada is growing.

Pg. 123-126

VII. USER GUIDE: SPONSEES

HISTORY

A key overview of the history of the study.

Pg. 15-18

RESULTS

The results that describe and report specifically on sponsees (i.e., organizational profile of sponsees).

Pg. 49-62

SPONSORSHIP MIX

Sponsorship mixes are becoming more diverse and will have profound implications for sponsees.

Pg. 75-79

CURRENT & FUTURE CHALLENGES

Sponsees recognize and identify key challenges specific to this stakeholder.

Pg. 83, 85, 87, 90, 92

UNDER-SERVICING

Sponsors rarely receive the services they are promised by sponsees.

Pg. 106-107

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Evaluation is an often overlooked component of sponsorships.

Pg. 98-99

ACTIVATION

Activation is a vital component of a sponsorship, yet often poorly implemented.

Pg. 94-97

RENEWALS

Sponsors describe why they renew, offering key insight for sponsees.

Pg. 113-114

FORECAST

Sponsees are optimistic about revenue in the next year.

Pg. 117, 119

DIGITAL WORLD

The digital world is a significant area of opportunity for sponsorship.

Pg. 120-122

INDUSTRY SIZE

The sponsorship industry in Canada is growing.

Pg. 123-126

VII. USER GUIDE: AGENCIES

HISTORY

A key overview of the history of the study.

Pg. 15-18

RESULTS

The results that describe and report specifically on agencies (i.e., organizational profile of agencies).

Pg. 63-66

SPONSORSHIP MIX

Sponsorship mixes are becoming more diverse and will have profound implications for agencies.

Pg. 75-79

CURRENT & FUTURE CHALLENGES

Agencies recognize and identify key challenges specific to this stakeholder.

Pg. 83, 86, 87, 91, 92

AWARENESS

Awareness is a key component of sponsorship packages.

Pg. 109-110

UNDER-SERVICING

Sponsors rarely receive the services they are promised by sponsees and agencies.

Pg. 106-107

EVALUATION

Evaluation is an often overlooked component of sponsorships.

Pg. 98-99

ACTIVATION

Activation is a vital component of a sponsorship, yet often poorly implemented.

Pg. 94-97

RENEWALS

Sponsors describe why they renew, offering key insight for sponsees and agencies.

Pg. 113-114

FORECAST

Agencies are optimistic about billing in the next year.

Pg. 118-119

DIGITAL WORLD

The digital world is a significant area of opportunity for sponsorship.

Pg. 120-122

INDUSTRY SIZE

The sponsorship industry in Canada is growing.

Pg. 123-126

VIII. CONTACT INFORMATION

If you have any questions or concerns about the study or would like more information, please feel free to contact any of the following individuals:



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