10TH ANNUAL

CANADIAN SPONSORSHIP LANDSCAPE STUDY

NORM O'REILLY | OHIO UNIVERSITY & T1
ELISA BESELT & ADAM DEGRASSE | T1

SEPTEMBER 2016

IMI
SPONSORSHIP MARKETING COUNCIL CANADA

10TH ANNUAL CSLS EXECUTIVE SUMMARY

	2015	Change
Industry Size	$1.74 B	4.8%
Activation Spend	$0.87 B	27.9%
Total Spend	$2.62 B	12.0%

	Average	2015 Change
Sponsors Spending	$3,035,588	38%
Property Revenue	$2,767,983	26%
Agency Billing	$975,525	70%

236 Responses

92.7% English

7.3% French

Activation Ratio

0.51

For every dollar spent on rights fees, 42 cents is spent on activation

Sponsorship Marketing Budget

26.1%

As percentage of total marketing communication budget

Evaluation

3.25%

of overall sponsorship marketing budget is spent on sponsorship evaluation

ACKNOWLEDGEMENTS

CSLS Partners

IMI International's unique brand of research and consulting focuses on ensuring clients maximize the financial outcome of their marketing expenditure.

The Sponsorship Marketing Council of Canada aims to help brand marketers, agency partners and sponsorship sales teams to drive advancement in the field of sponsorship marketing.

T1 is a full service, independent creative agency in Toronto. T1 creates ideas that scale. Ideas that work. Everywhere. T1 puts thinking first.

Method & Historical Snapshots

ABOUT, METHOD & HISTORY

ABOUT

The Canadian Sponsorship Landscape Study (CSLS) is an annual survey of Canadian sponsors, properties, and agencies. The goal is to provide an overview of the sponsorship industry in Canada.

The study examines both academic and industry resources to provide information that is relevant for the sponsorship sector in Canada. Data is collected anonymously and ethically through a secure website. Over the years, the study has engaged several partners, including the Canadian Sponsorship Forum (now CSFX) and the Sponsorship Marketing Council of Canada (SMCC). Key research partners are IMI International and The T1 Agency.

METHOD

Origins

An Industry Need

- Following the 2005 Canadian Sponsorship Forum, there was clear feedback from participants:
    - Expressed interest in “Canada-specific” data
    - Reports of senior executive requests for better data and evaluation
    - Sponsorship evaluation and activation increasing in importance and sophistication
- A partnership resulted of T1, the Canadian Sponsorship Forum (now CSFX), IMI, the Institute for Sport Marketing (ISM) and Laurentian University

METHOD

Design

Industry Perspective

- Industry based studies where results are to be shared publicly must follow a strict methodology to maintain values
- The CSLS is based on the following:
  - Three views – sponsor, sponsee/property, agency
  - Anonymity – only summary results are shared
  - Protected, secure data collection – only the lead researcher sees the data/ protected by university ethics
  - Industry focused questions

Process

Ongoing Adjustments

- In the early days, CSLS data was collected by phone, mail and fax
  - For the first three years of the study, Laurentian University students at ISM made thousands of calls
- SMCC was a partner from 2010 to 2013 and starting again in 2015
- Today, with the help of partners and online data collection, data can be provided online, by email, by fax, by mail or direct to a researcher
- Web portal is bilingual and shares results freely from all years of the study

Analysis

Comparative & Trend-based

- As a longitudinal study, there are a battery of questions the have remained consistent over the 10 years of the study, allowing for comparisons and tracking analyses
- Each year, there are a series of special topics (e.g., women in sponsorship, pro sport sponsorship, festivals, etc.)
- Regularly, with the input of partners, questions are revisited
- Notable changes include a significant shortening of the survey instrument in 2014

SAMPLE

3,357 Respondents

2006 to 2015

22.7% Were CEOs/Executive Directors

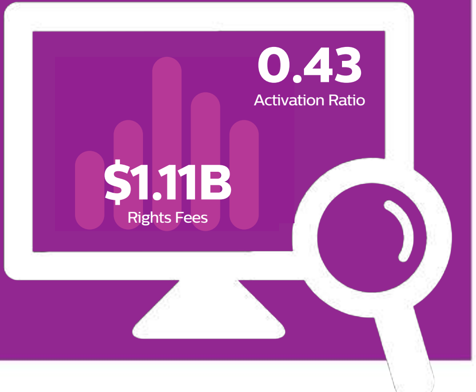
2006 to 2015

236 Respondents

Total in 2016

1ST ANNUAL CSLS (2007)

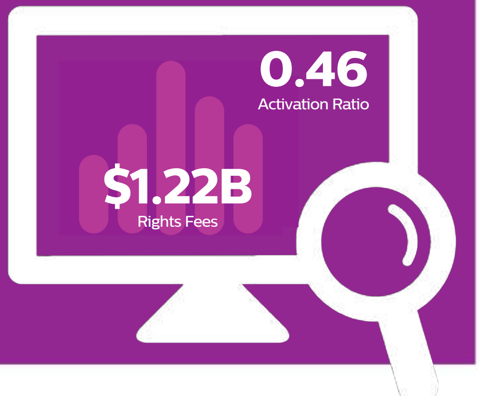
- New study driven by the sponsorship industry
- Surprise at low activation
- Development of the first CSLS, a 40,000 word report



2ND ANNUAL CSLS (2008)

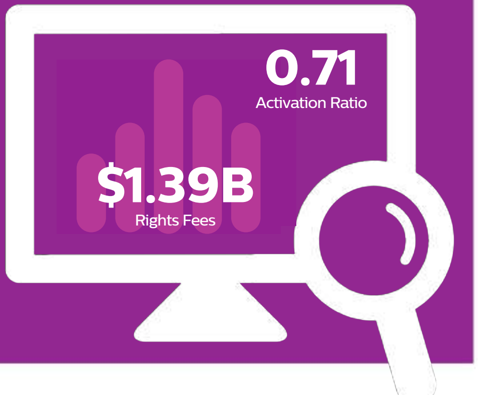
2008
IIHF
WORLD CHAMPIONSHIP
CANADA
Halifax•Québec City

- Results similar to 2007
- Added qualitative questions
- Demonstrating ROI was noted as the most important issue in Canadian sponsorship



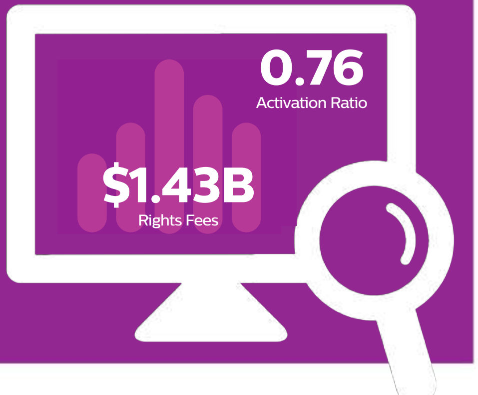
3RD ANNUAL CSLS (2009)

- Despite the recession, the sponsorship industry witnessed impressive growth in 2009
- Activation ratio spikes up
- Sponsors began to focus "festivalization"



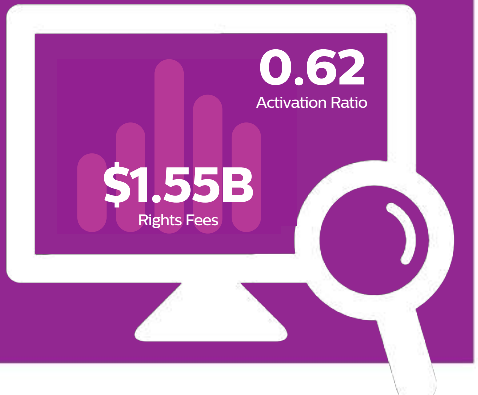
4TH ANNUAL CSLS (2010)

- Industry continues to see strong growth
- Highest respondent participation rate of all-time
- Collection of responses moved to online
- Industry concerns move from ROI to digital



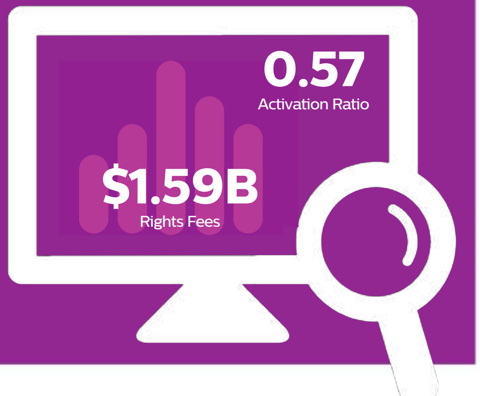
5TH ANNUAL CSLS (2011)

- Growth in sponsorship activity slows down
- Evaluation of sponsorships declines significantly
- Alignment surfaces between gap in service and the emergence of HR needs
- SMCC partners to aid in the development of the CSLS



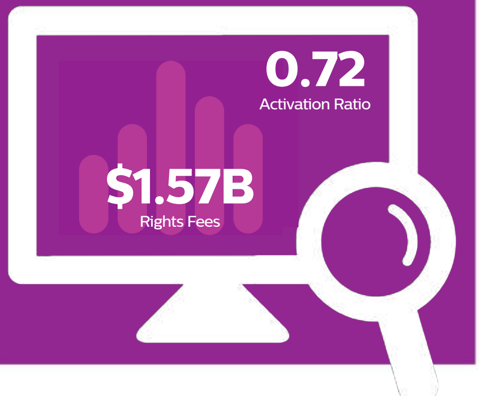
6TH ANNUAL CSLS (2012)

- Sponsorship evaluation continues to decline
- The gap between what sponsors want and what they are provided spreads further
- Top concern in the industry concern returns to ROI



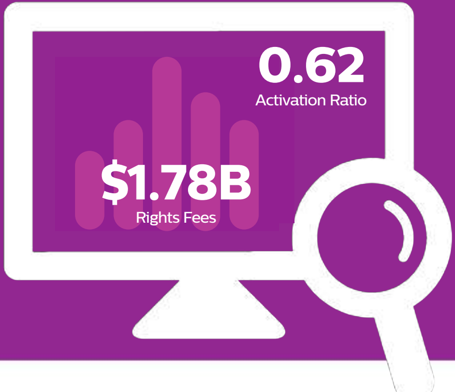
7TH ANNUAL CSLS (2013)

- Activation growth is a key trend
- Low participation rate from respondents
- Social media becomes the #1 activation investment and tactic
- Festivals see the same sponsorship investment as pro sport for the first time



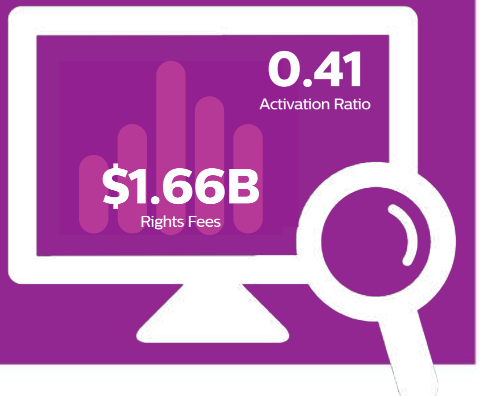
8TH ANNUAL CSLS (2014)

- The sponsorship industry begins to invest in evaluation
- The nature of pro sports sponsorship changes
- Less of a focus on social media as an activation tactic



9TH ANNUAL CSLS (2015)

- Investment in pro sport thrives
- All-time low for both activation and evaluation investment
- 1 in 4 marketing dollars is spent on sponsorship



10 YEARS OF CSLS

2007-2009
- New study driven by the industry
- Added qualitative questions
- Recession proof
- Activation jump

2010-2012
- Evaluation decline
- SMCC partnership
- Gap in service expands
- Industry concerns move from ROI to digital

2013-2015
- Activation rebound
- Festivals on par with pro sport
- Pro sport adapts
- 1 in 4 marketing $ is on sponsorship

GET THE RESULTS!

CSLS
Canadian Sponsorship Landscape Study

Results of all 10 years are available at
www.sponsorshiplandscape.ca

Resultats disponible a
www.sondagecommandite.ca

Sponsorship in 2015

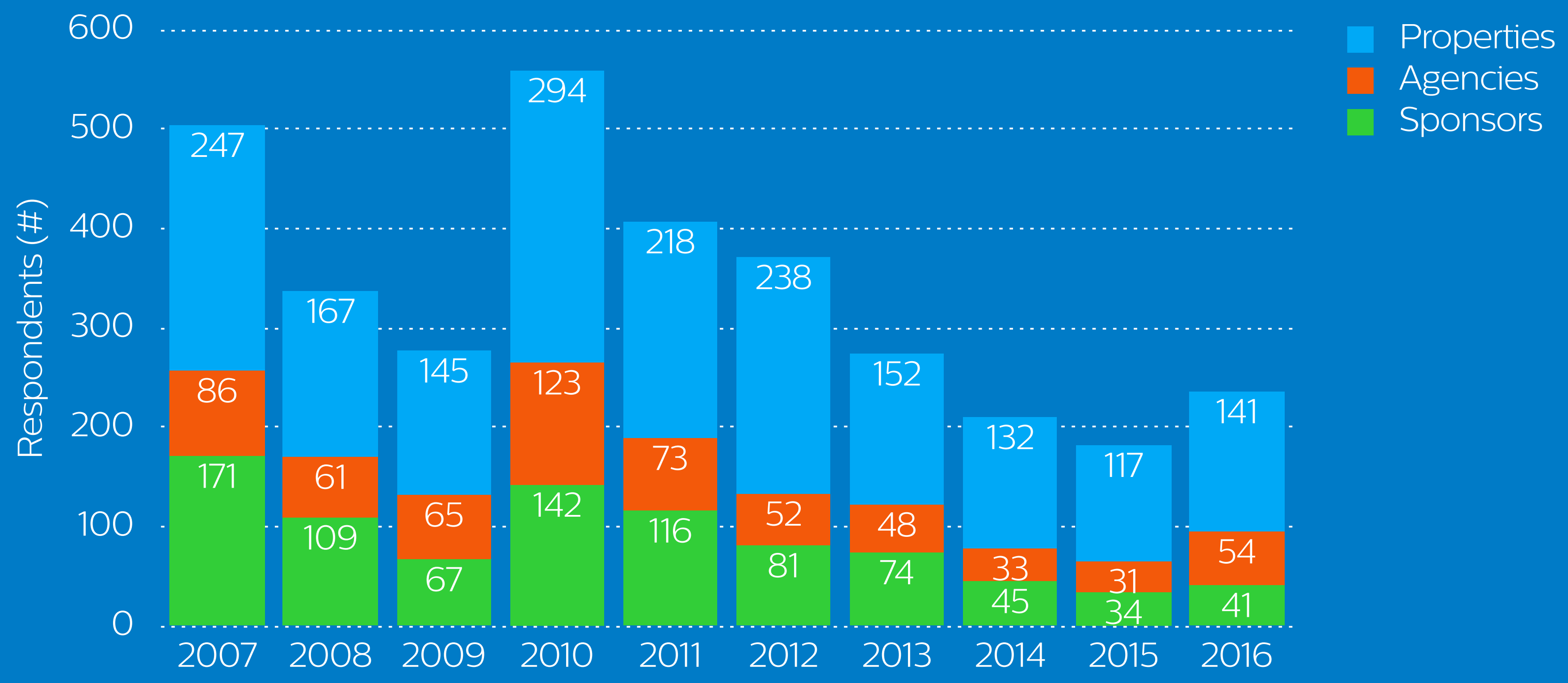
CURRENT REALITIES

SPONSORSHIP IN 2015

The 10th annual sponsorship study includes data from 236 respondents. Of those respondents, 89.5% responded in English and the remainder responded in French. There were also respondents from both not-for-profit (45.5%) and for-profit (55.5) organizations.

This section will discuss sponsorship decisions and trends from 2015 specifically. It evaluates the objectives and tactics that sponsors and properties believe make for a valuable sponsorship, as well as the concerns and potential threats to the industry.

CSLS RESPONDENTS



OPPORTUNITIES AND THREATS IN SPONSORSHIP TODAY

THREAT

Talent Gap

- Lack of implementation, evaluation and activation knowledge
- Limited professional development opportunities
- Succession planning

OPPORTUNITY

Co-Sponsorship

- Having sponsors work together instead of competing for attention
- Increased integration of sponsor brands

Opportunities

CONTENT AND DIGITAL OPPORTUNITIES

OPPORTUNITY

Digital & Content

- Integration across platforms, as well as enhanced digital activities
- Integrating apps with the sponsorship experience to enhance engagement
- Virtual reality to connect onsite and digital activations
- Part ownership of properties by brands

Opportunities

COMMON THEMES ON SMCC'S ROLE

1 The Sponsorship Marketing Councils of Canada currently operates out of Toronto. It should expand across the country to aid with sponsorship nationally.

2 Stewardship and sharing best practices should become industry standard.

3 SMCC should become an advocate for improved evaluation of sponsorships.

Opportunities

RECOMMENDATIONS ON SMCC'S ROLE

"Assist in the creation of guidelines/ best practices for cleaning up the sticker soup."

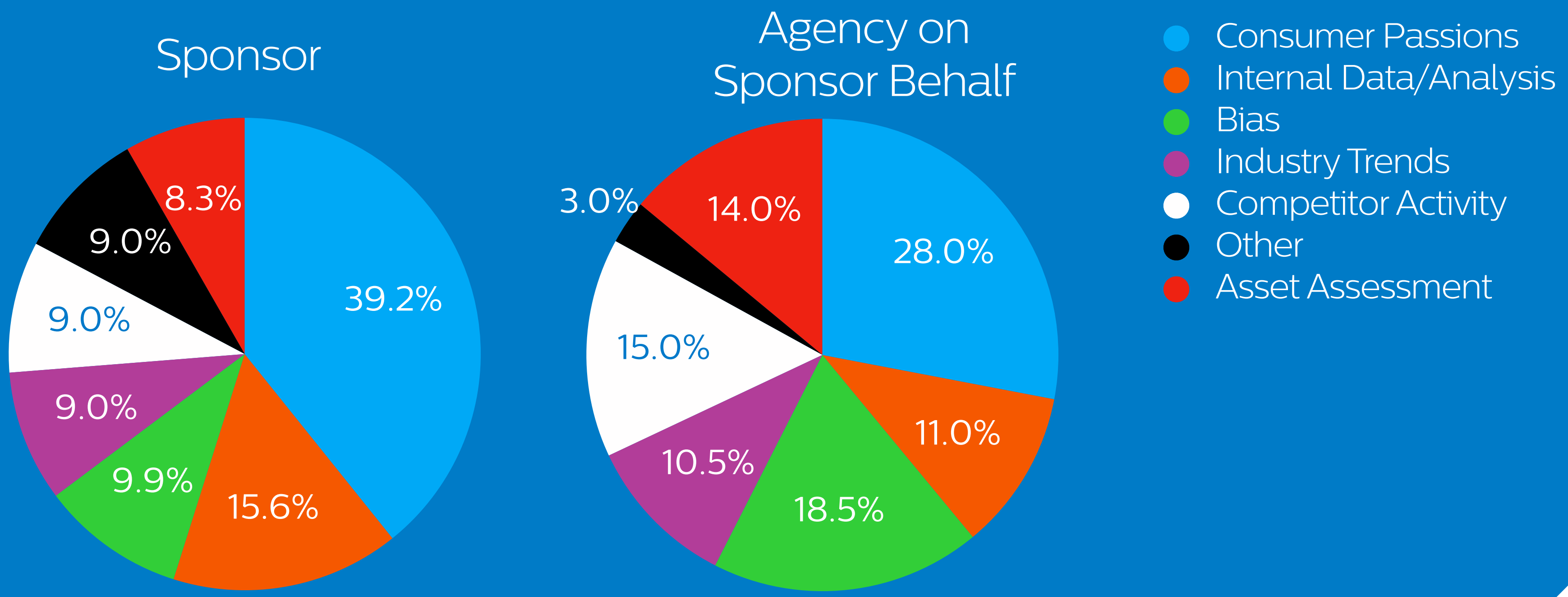
"Create 'industry standards' for sponsorship components such as fulfillment reports."

"Travailler conjointement avec les institutions universitaires pour offrir des cours et des formations en vente de commandite."

"Consult with schools to ensure they are churning out the right type of students & numbers."

Opportunities

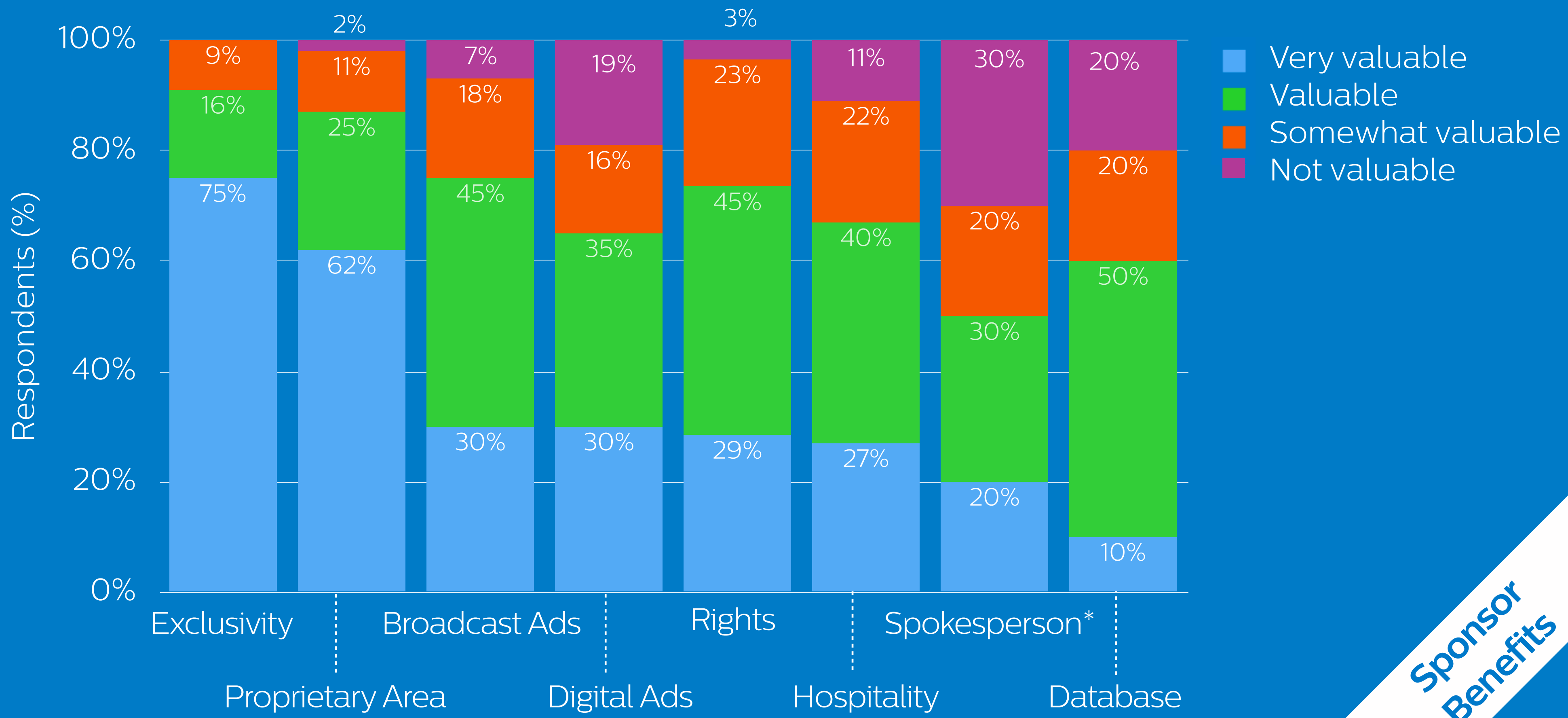
INFLUENCE ON SPONSORSHIP DECISIONS



39.2% of sponsors say that "Consumer Passions" influence their sponsorship decisions. 18.5% of agencies (on sponsors' behalf) say that "Bias" influences their sponsorship decisions.

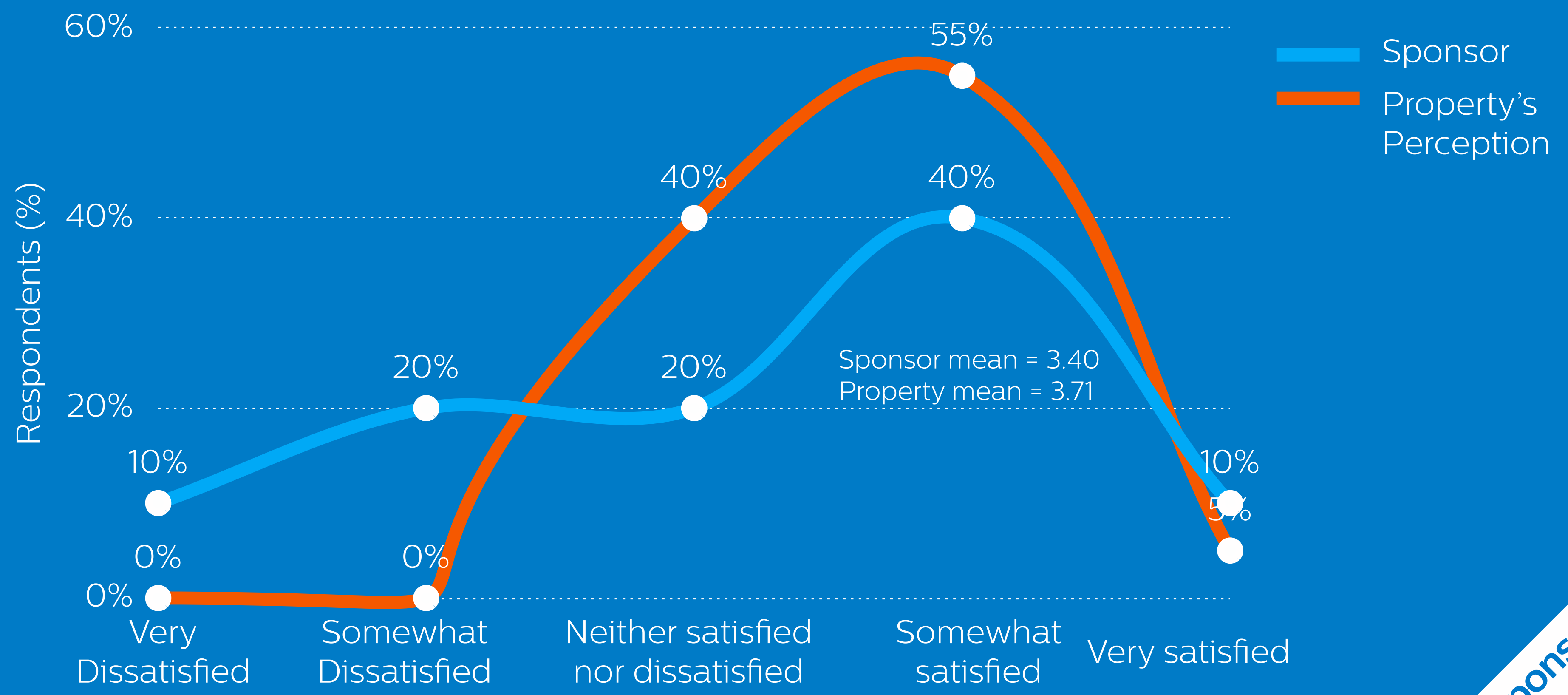
Sponsor Decisions

VALUABLE BENEFITS TO SPONSORSHIPS



Sponsor Benefits

ROI SATISFACTION



Sponsor ROI

SOURCE OF SPONSORSHIP REVENUE (FOR PROPERTIES)

Retail

2015 **34.5%**

2014 **20.5%**

2013 **22.1%**

Finance

2015 **20.7%**

2014 **15.9%**

2013 **12.3%**

Services

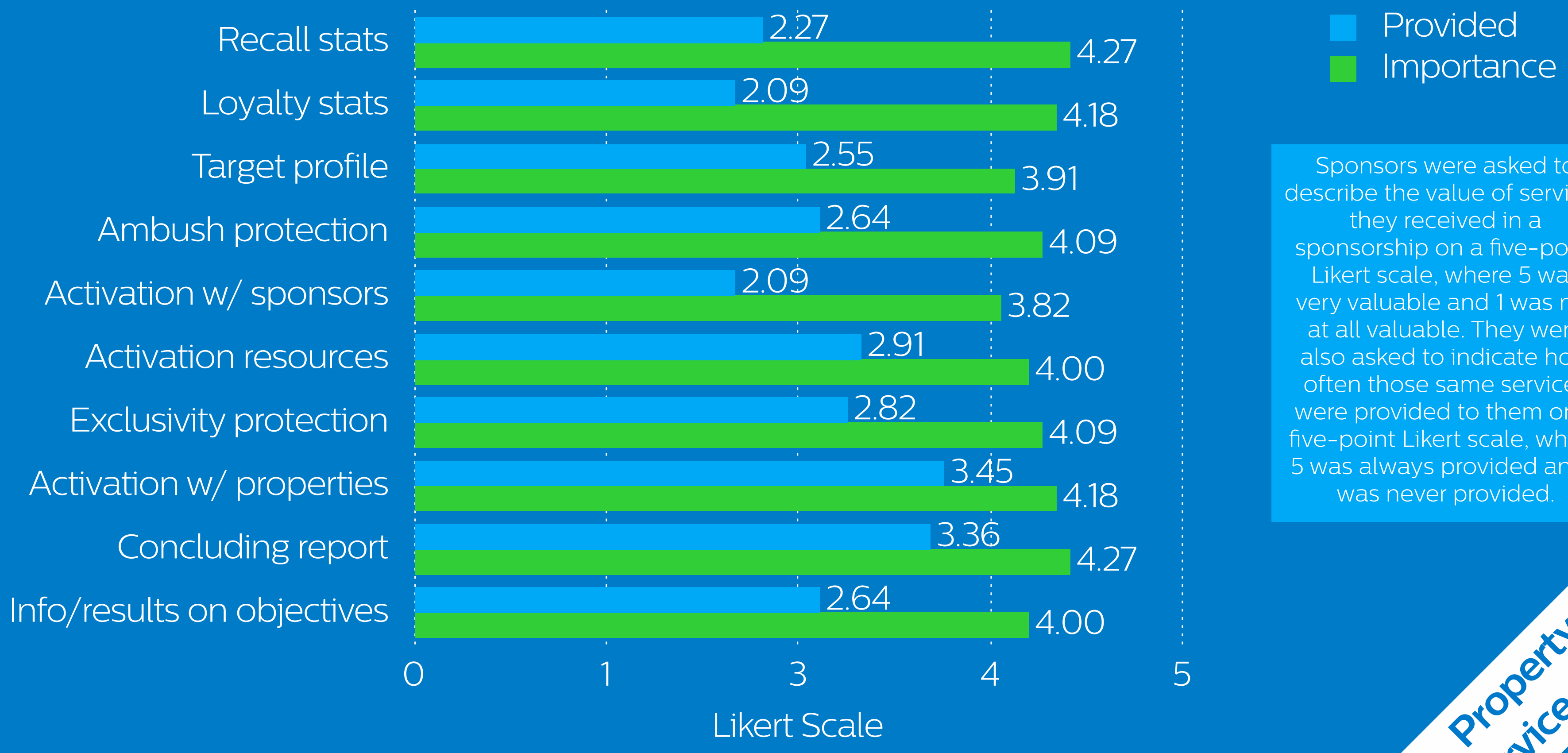
2015 **13.8%**

2014 **9.1%**

2013 **12.9%**

Property Revenue

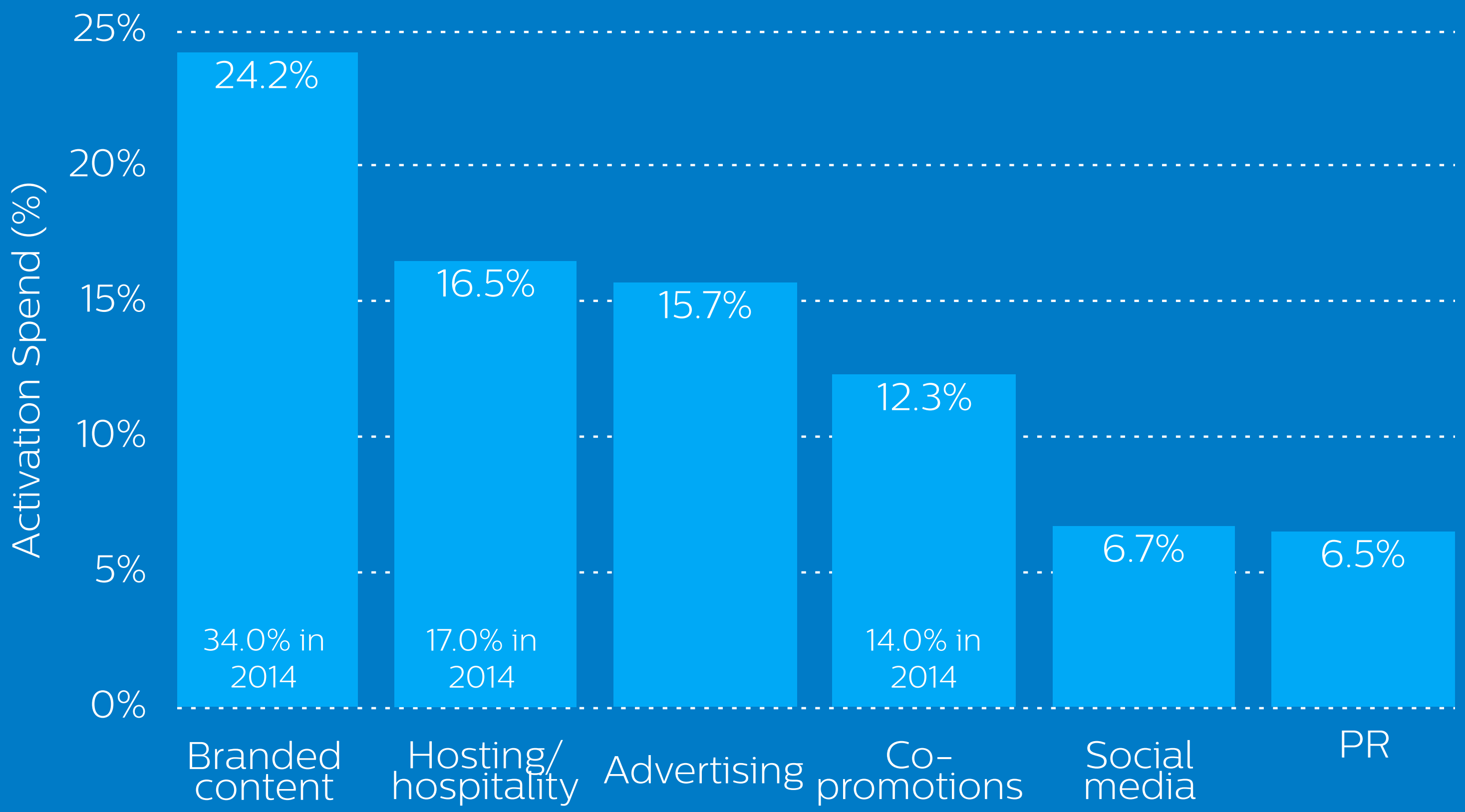
SPONSORSHIP DISSERVICE



Sponsors were asked to describe the value of services they received in a sponsorship on a five-point Likert scale, where 5 was very valuable and 1 was not at all valuable. They were also asked to indicate how often those same services were provided to them on a five-point Likert scale, where 5 was always provided and 1 was never provided.

Property Service Gap

PROPERTY ACTIVATION EXPANDS



Activation Ratio (Property)

2015 **3.35%**
2014 **0.98%**
2013 **0.29%**

Property Activation

RESPONDENTS CONCERNS ON ACTIVATION QUALITY

"Ensuring we deliver unique and innovative activations that break through the clutter."

"Are we telling our story effectively?"

"Inability/lack of budget from sponsors to spend on amplifying your investment."

"How do we extend sponsorship into the digital/social media realm."

Property Activation

PROFILE OF THE 2015 SPONSORSHIP AGENCY

56.9% for-profit clients
43.1% not-for-profit clients

23.8
avg. sponsorship clients

$975,525
avg. annual agency billings

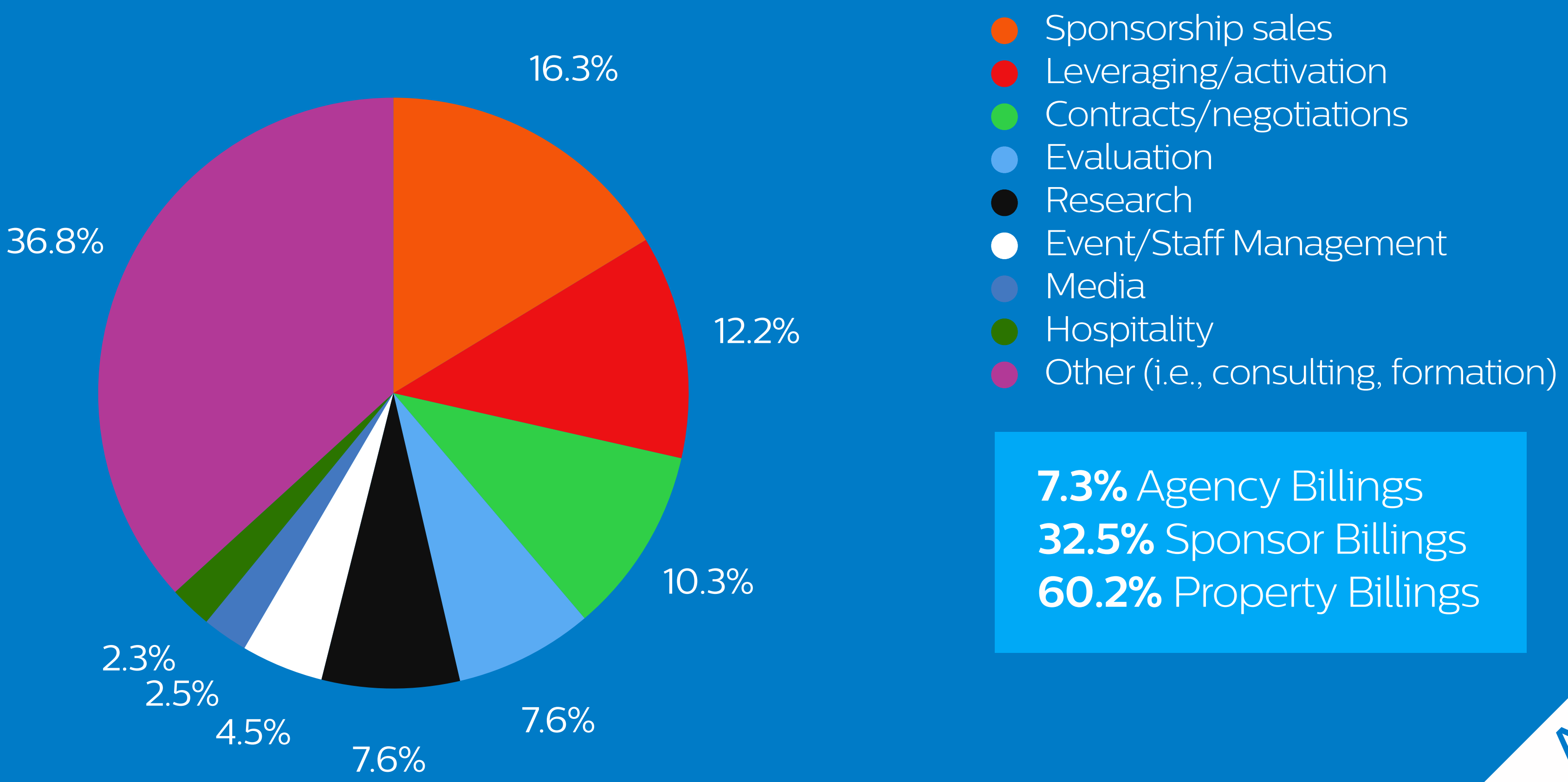
$107,100 Largest property client average billing

$205,400 Largest sponsor client average billing

$494,235 Average total sponsorship billings

Agency Billings

SPONSORSHIP AGENCY BILLING



7.3% Agency Billings
32.5% Sponsor Billings
60.2% Property Billings

Agency Billings

EVALUATION DECLINED...BUT WHY?

1 Properties are picking up the slack. In 2015, 2.72% of sponsorship revenue was invested by properties in evaluation.

2 Agencies are integrating more evaluation into their work.

3 A common theme amongst respondents was a doubt that current evaluation tactics were effective or reliable- it keeps people up at night.

Evaluation

EVALUATION HAS DECLINED...BUT WHY?

$494,235
average total agency sponsorship billings

7.6%
of sponsorship billings are invested in evaluation

$37,562
average annual sponsorship spend on evaluation

Evaluation

FORECASTING 2016

The following describes sponsors, properties and agencies forecasting how much sponsorship activity they intend on activating during 2016 as compared to 2015.

> Greater Activity	= Equal Activity	< Less Activity
Sponsor **28.5%**	Sponsor **21.5%**	Sponsor **50.0%**
Property **43.3%**	Property **38.4%**	Property **18.3%**
Agency **22.5%**	Agency **57.3%**	Agency **20.2%**

Forecast

A Decade of Data: 2006-2015

FINDINGS & TRENDS

FINDINGS & TRENDS

This section will discuss the sponsorship landscape in Canada over the past ten years. This includes an in-depth analysis of where sponsorship dollars are being spent and the preferred activation tactics of companies. Over the past ten years, the industry has seen a consistent rise in overall sponsorship spending. However, the data has shown year-to-year fluctuations regarding the how and where sponsorship dollars are being spent.

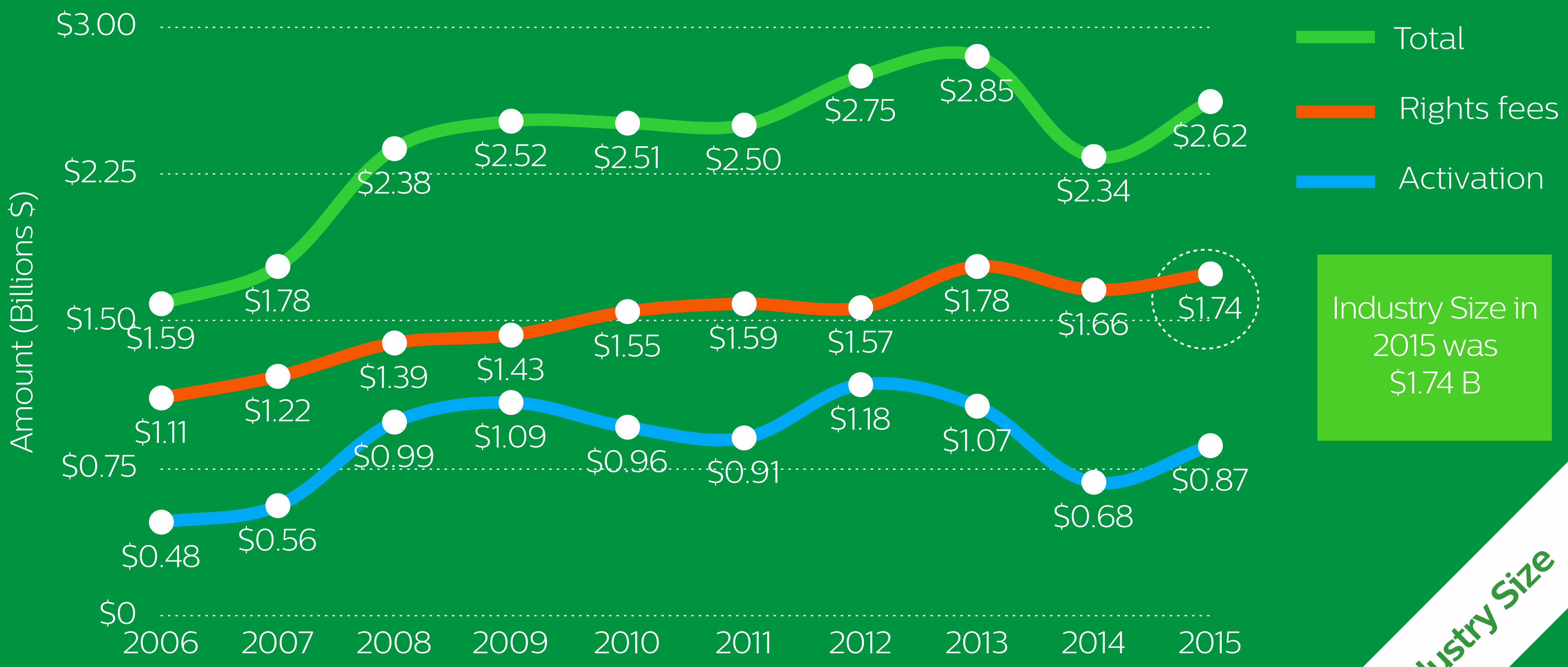
2015 was a year of recovery for the sponsorship industry, as 2014 was the weakest year since 2008 in terms of rights fees and activation spends.

GLOBAL SPONSORSHIP INDUSTRY

Sourced from IEG

Industry Size

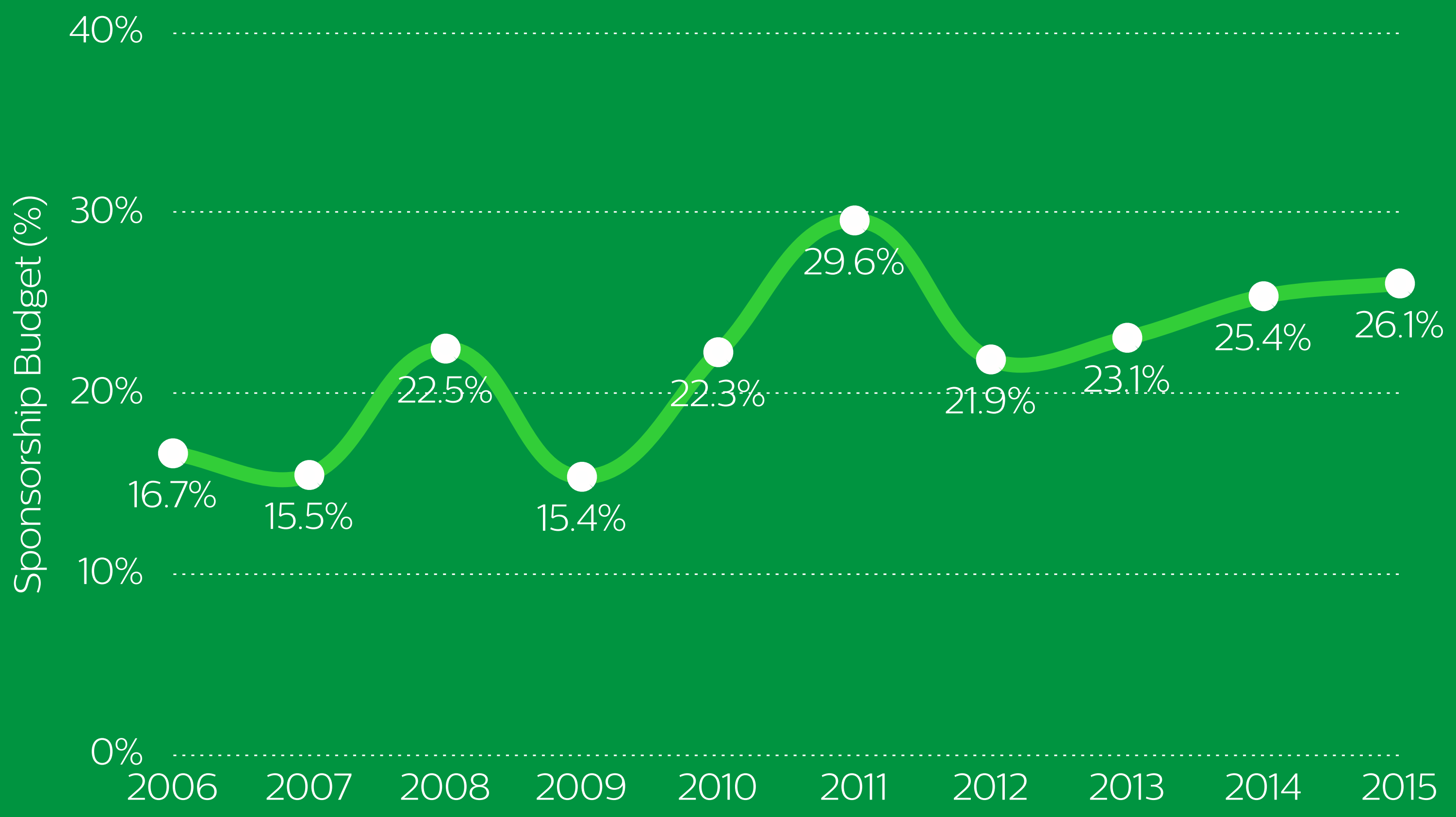
CANADIAN SPONSORSHIP INDUSTRY



Industry Size in 2015 was $1.74 B

Industry Size

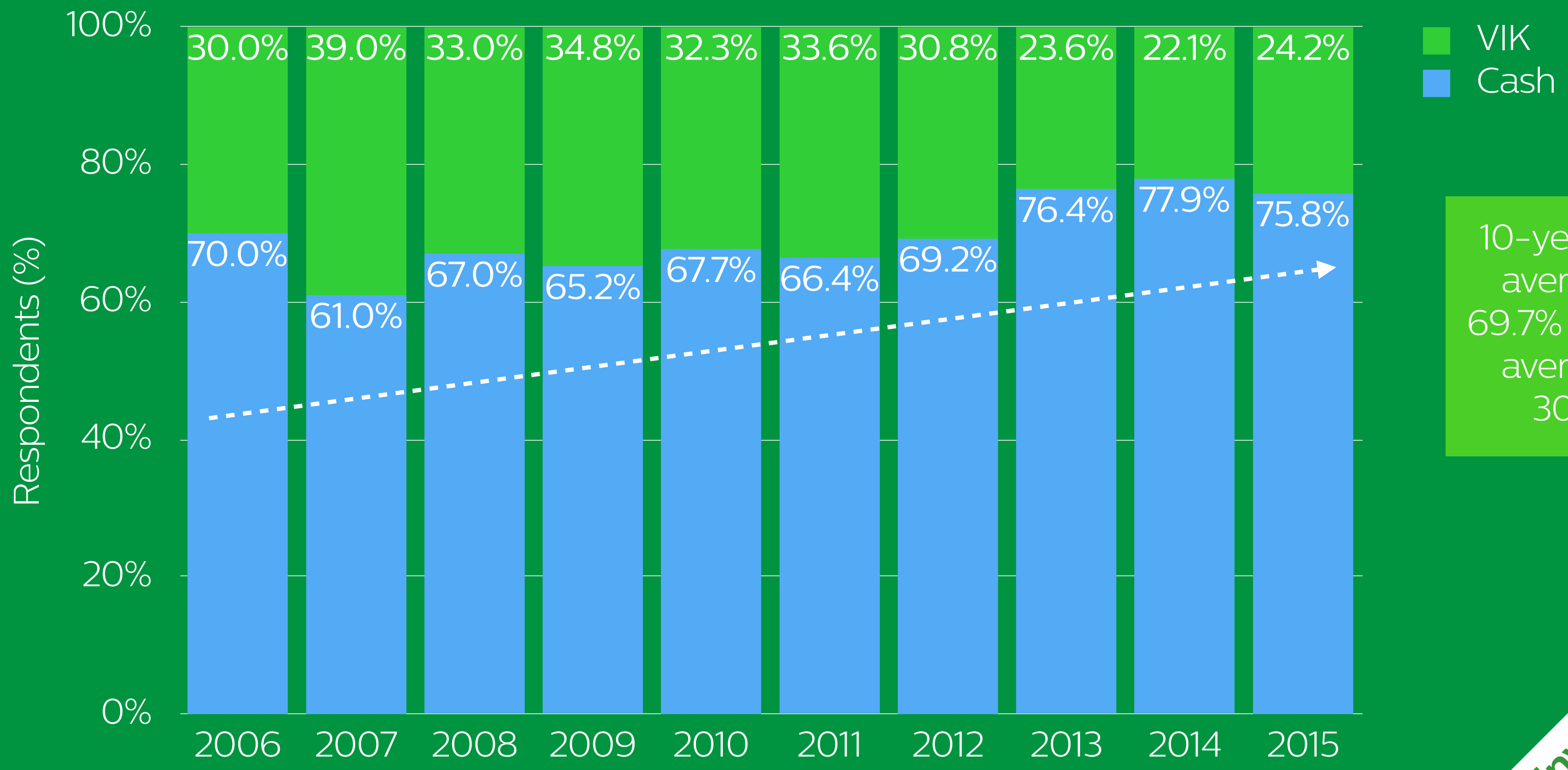
MARKETING COMMUNICATIONS BUDGET



10-year average is 21.9%

Investment Structure

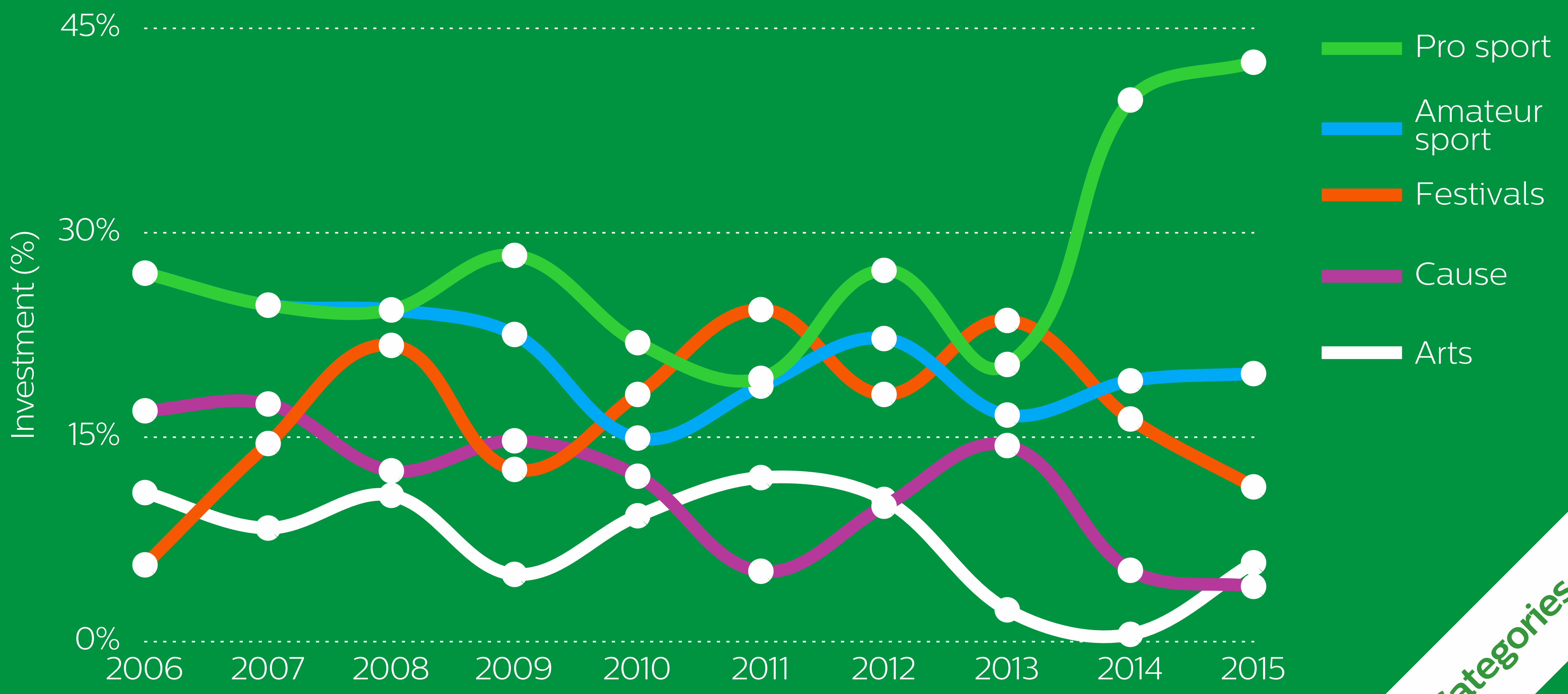
CASH VS. VALUE-IN-KIND REVENUE



10-year cash average is 69.7% and VIK average is 30.3%

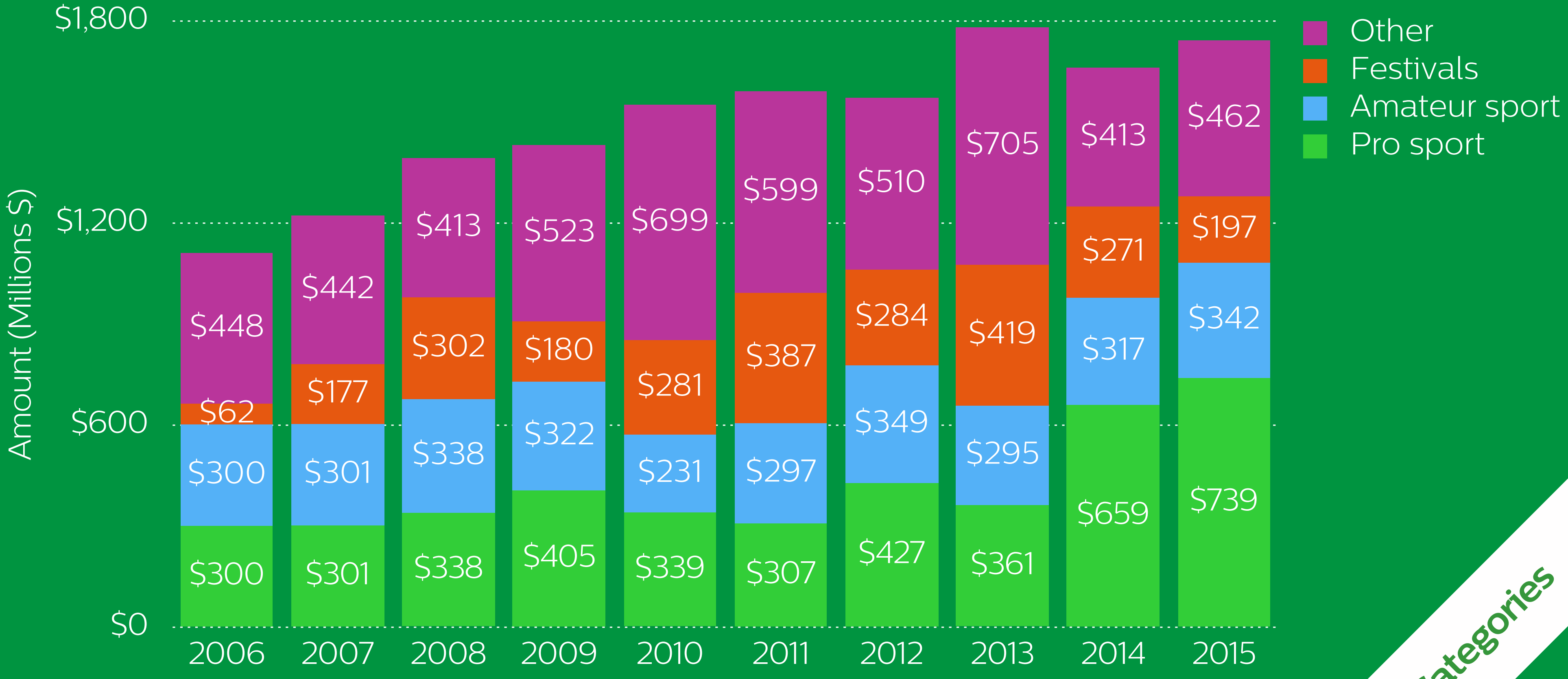
Investment Structure

SPONSORSHIP SPEND (BIG 5)



Categories

SPONSORSHIP SPEND



Categories

PRO SPORT SPONSORSHIP SPEND

Categories

AMATEUR SPORT SPONSORSHIP SPEND

Categories

FESTIVAL SPONSORSHIP SPEND

Categories

OTHER (NON-SPORT OR FESTIVAL) SPONSORSHIP SPEND

Categories

GEOGRAPHIC FOCUS OF SPONSORSHIP SPEND

International **8.6%**

National **30.6%**

Multi-Provincial **8.5%**

2006 - 2015 average by region

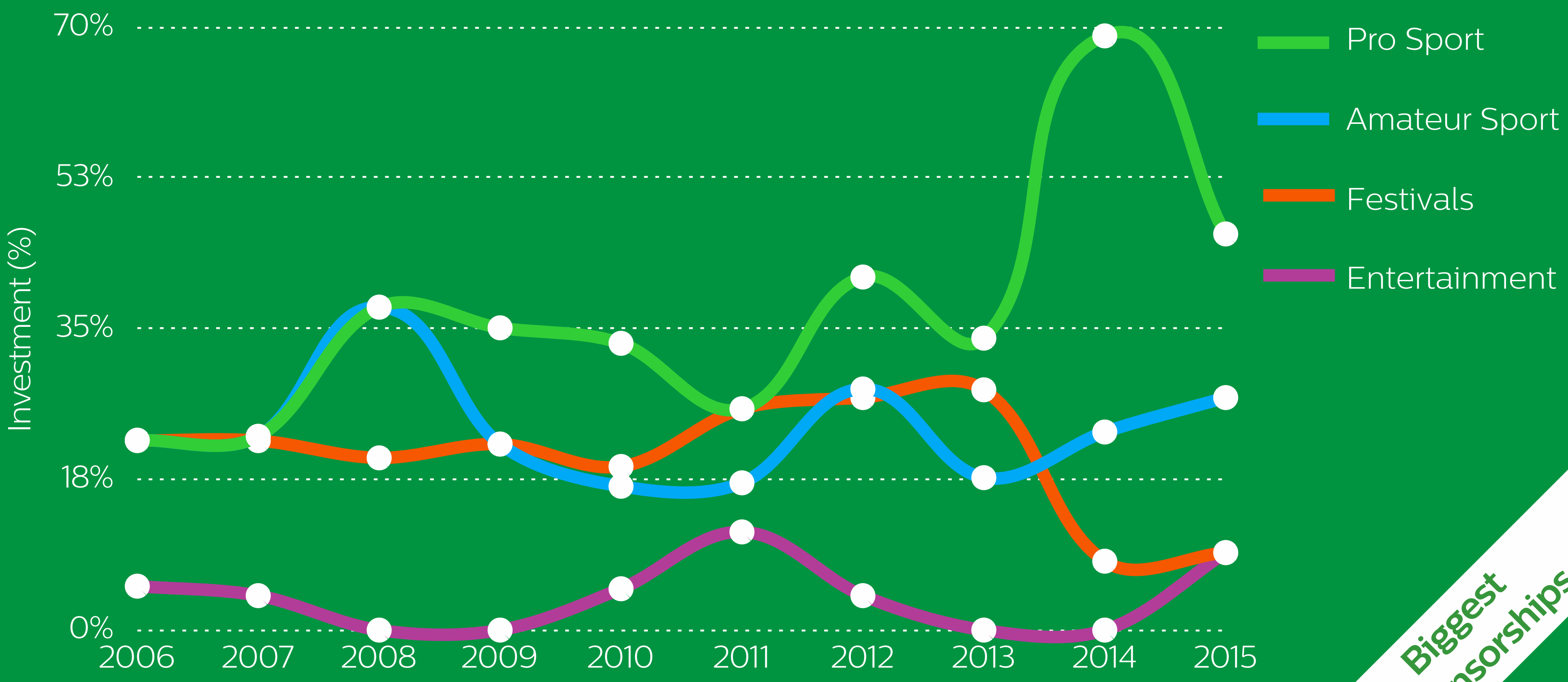
Provincial **20.3%**

Regional **13.9%**

Local **17.1%**

Geography

CATEGORY OF SPONSOR'S LARGEST SINGLE RIGHTS FEE SPEND



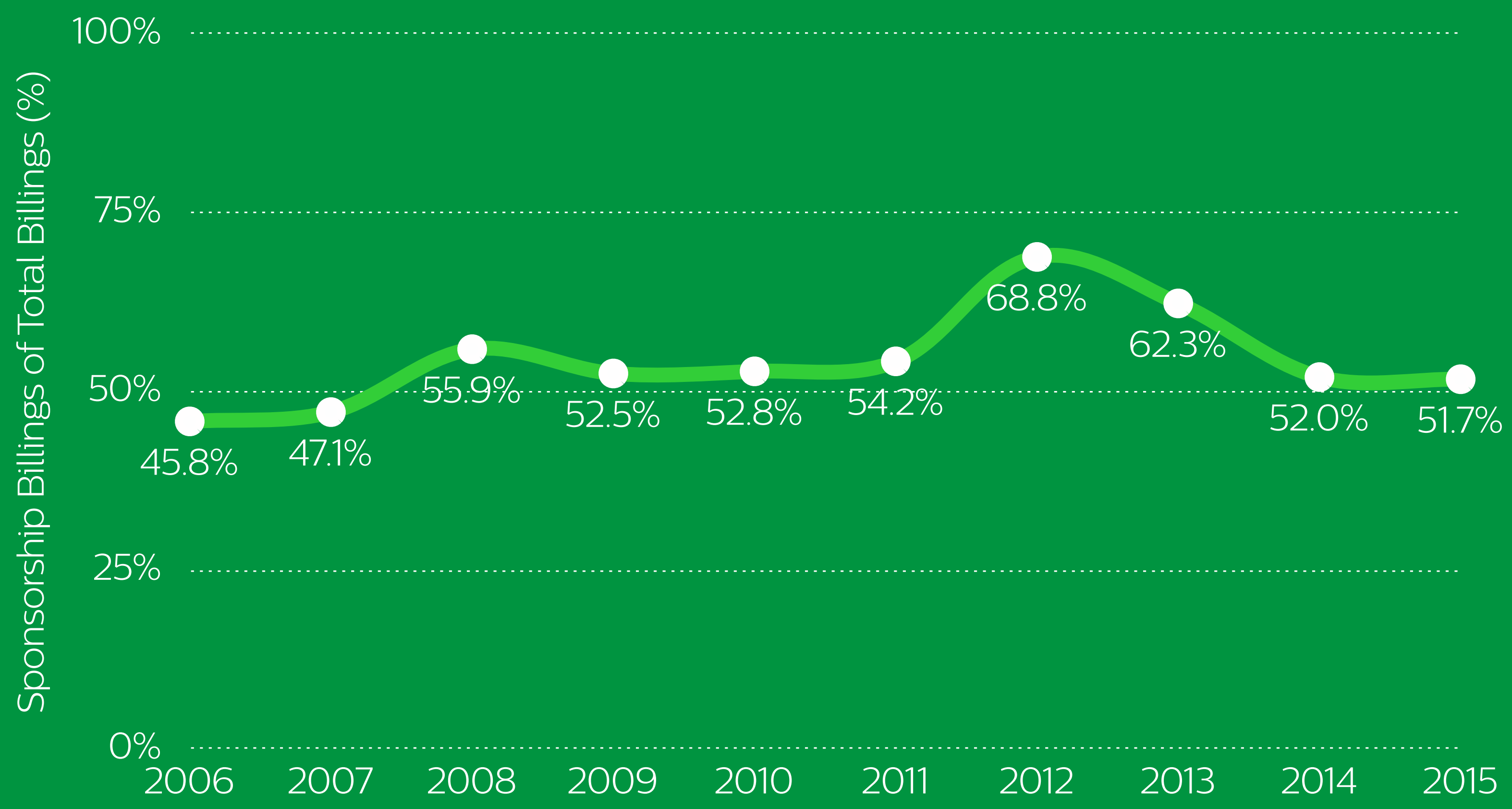
Biggest Sponsorships

LARGEST SINGLE RIGHTS FEE

10-year average is $774,000

Biggest Sponsorships

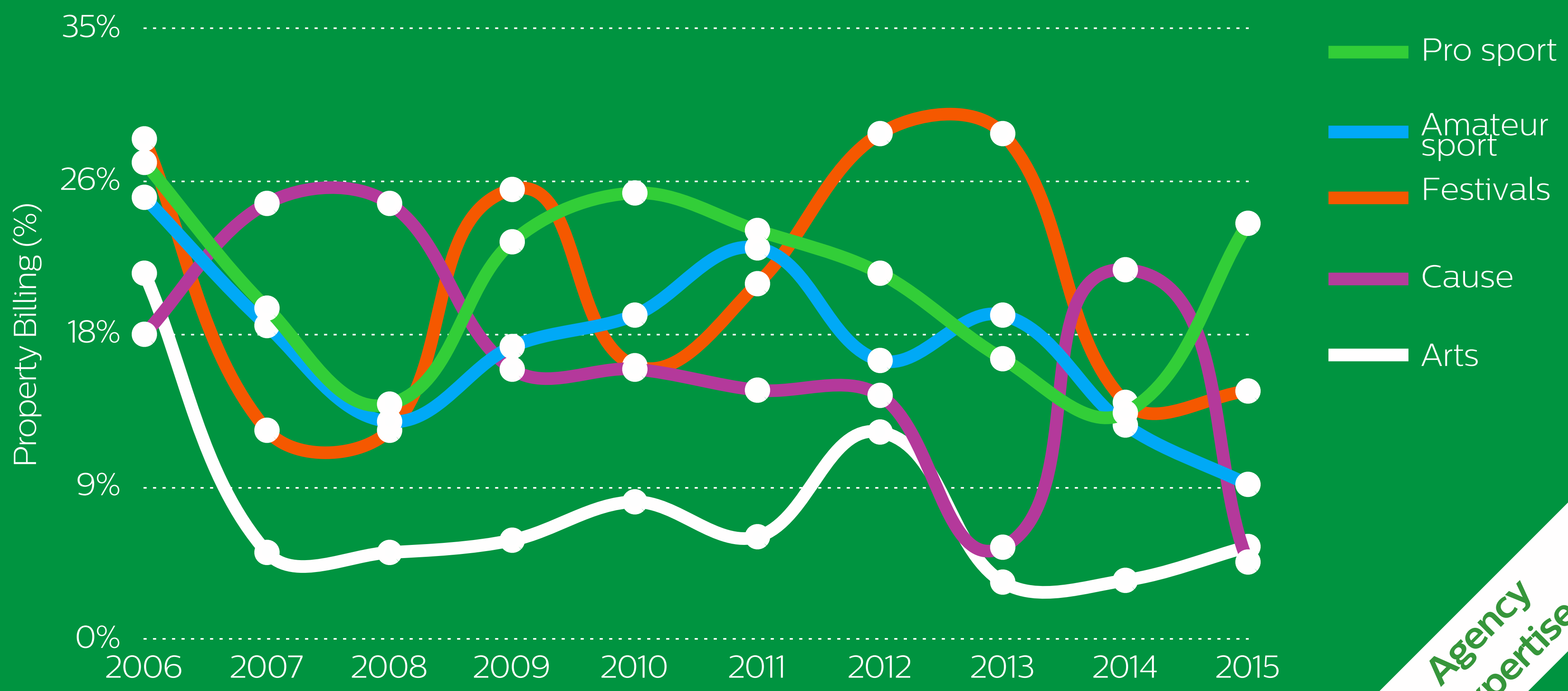
SPONSORSHIP IS INTEGRATED IN AGENCY WORK



10-year average is 54.2%

Agency Expertise

SPONSORSHIP AGENCIES ARE PROPERTY NEUTRAL



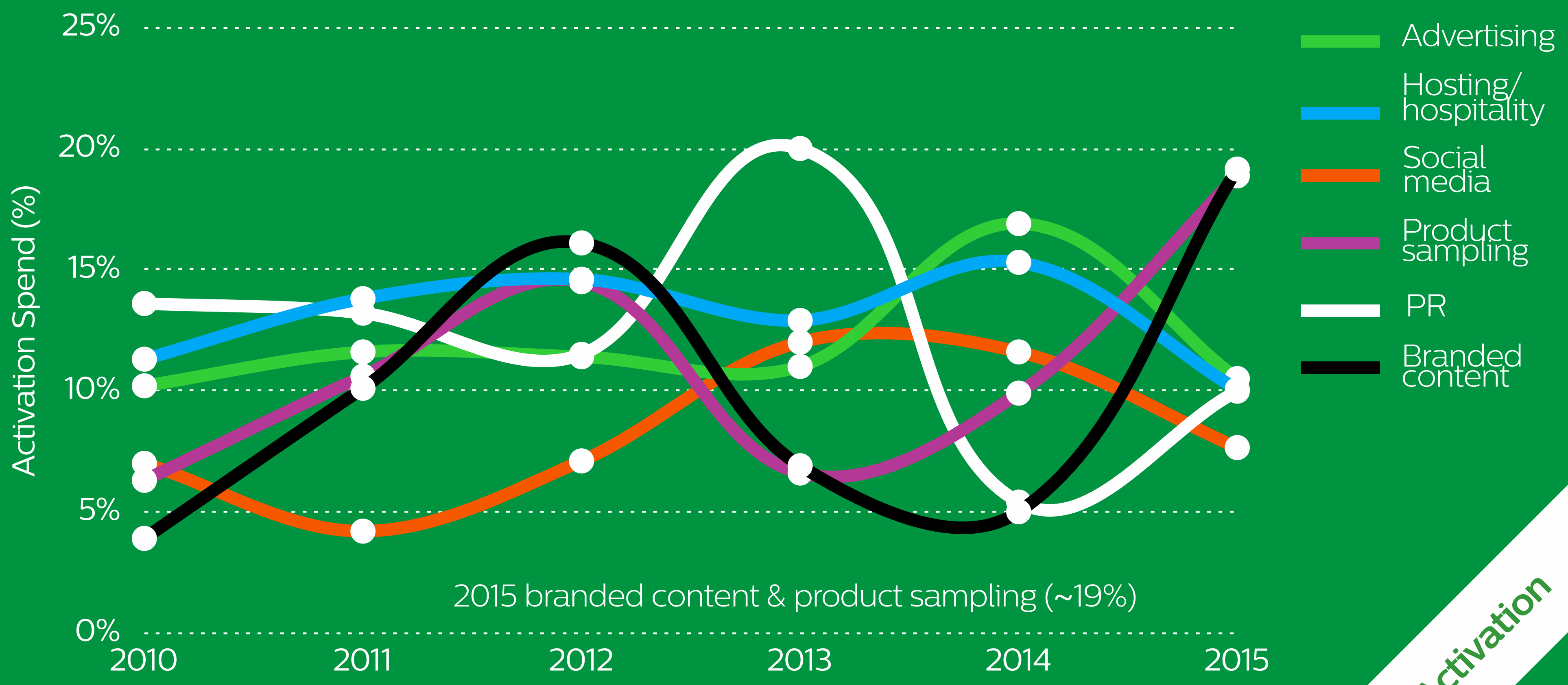
Agency Expertise

ACTIVATION RATIO

10-year average is 0.58; US is consistently near 1.70 (per IEG)

Activation

SPONSOR ACTIVATION SPEND BY TACTIC

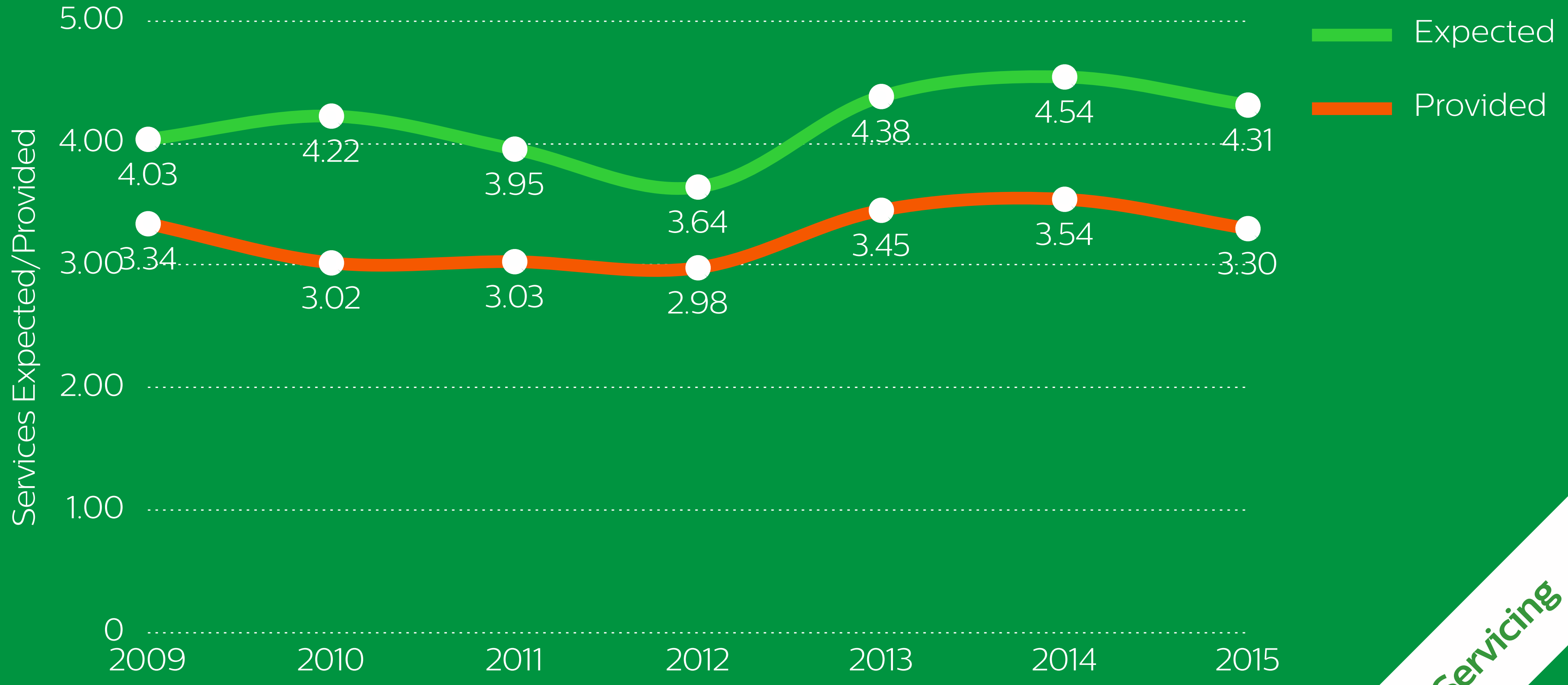


Activation

SPONSOR SERVICING GAP (ACTIVATION RESOURCES)

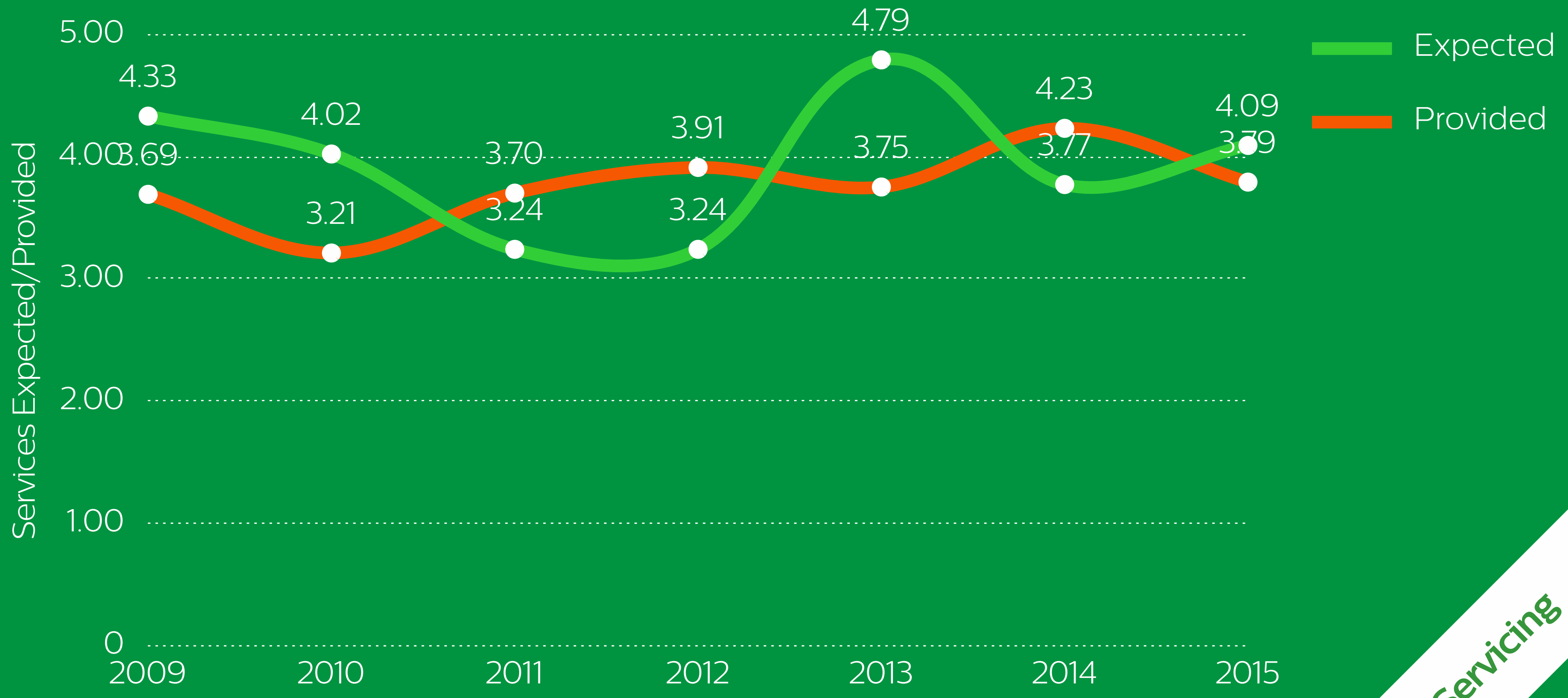
Servicing

SPONSOR SERVICING GAP (CONCLUDING REPORT)



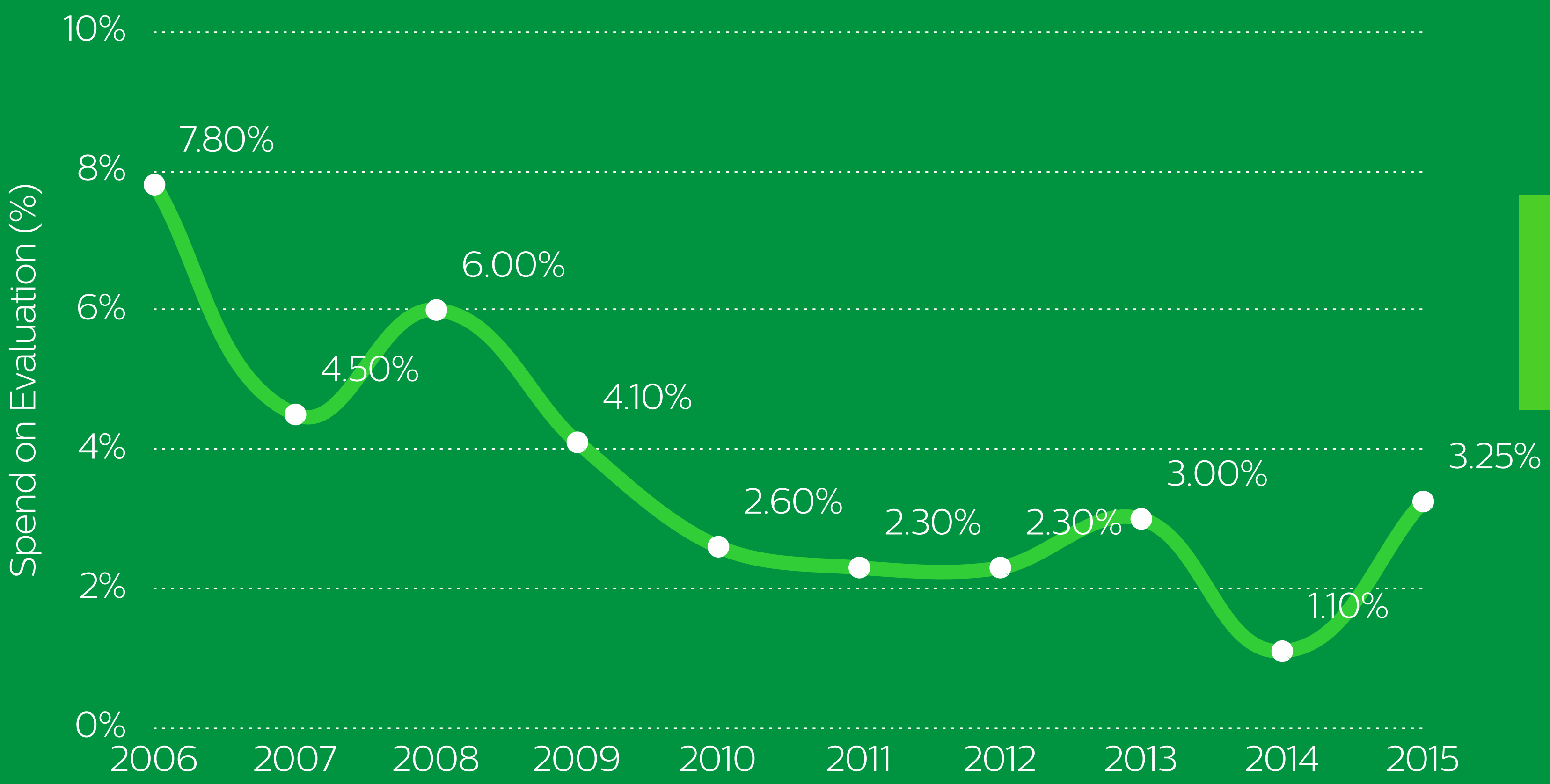
Servicing

SPONSOR SERVICING GAP (EXCLUSIVITY)



Servicing

EVALUATION



10-year average is 3.70%

Evaluation

FORECASTING EVERY YEAR (2006-2015)

The following is the average forecast by sponsors, properties and agencies over the last 10 years.

> Greater Activity	= Equal Activity	< Less Activity
Sponsor **23.8%**	Sponsor **46.1%**	Sponsor **30.1%**
Property **50.2%**	Property **32.7%**	Property **17.1%**
Agency **43.5%**	Agency **35.9%**	Agency **20.7%**

Forecast

SUMMARY

1ST | 2007	2ND | 2008	3RD | 2009	4TH | 2010	5TH | 2011
LAUNCH & LEARNING	BIGGEST ISSUE: ROI	WHAT RECESSION?	ROI TO DIGITAL CONCERNS	RETRACTION
6TH | 2012	7TH | 2013	8TH | 2014	9TH | 2015	10TH | 2016
"FESTIVALIZATION"	ACTIVATION RISES	RISE OF SOCIAL MEDIA SPEND	PRO SPORT RENAISSANCE	BRANDED CONTENT

What’s Next?

OUR EXPECTATIONS

OUR EXPECTATIONS

This section will discuss predictions for the sponsorship industry. Predictions are based on industry trends and forecasted data.

Overall, the industry is expected to grow at a moderate but steady rate. What will change over the few next years is how sponsors and properties are using their sponsorship dollars to make them more effective. This means companies will focus on educating themselves on their sponsorships and how they can integrate them not only externally, but internally as well. They will trend towards finding or creating new activation tactics that help them reach their target market in meaningful and engaging ways.

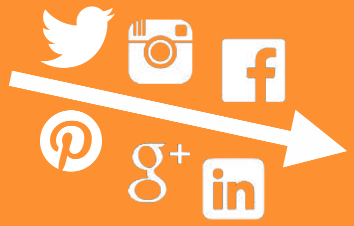
OUR EXPECTATIONS

1 The industry spend on both rights fees and activation will hold steady. However, the nature of how sponsors and properties activate will change.

2 Organizations will move towards integrating sponsorships more internally.

OUR EXPECTATIONS

3 Social media will fall as a target of activation investment.



4 Companies will integrate traditional platforms for sponsorship with new platforms.

OUR EXPECTATIONS

5 Live content will continue its reign as a driver of sponsorship investment.

6 Festivalization is a fundamental activation platform that will see a lot of growth and diversification in the coming years.

OUR EXPECTATIONS

7 Cause will need to be an integral component of all great sponsorships.

8 Sponsorship marketers will become more strategic about who they want to interact with. Target markets will become more defined.

OUR EXPECTATIONS

9 The industry will see a change in how sponsorship activations and interactions are measured.

10 Training, education, and resources to aid with sponsorship practices will become more formalized.

THANK YOU!

We thank you for reading the 2016 Canadian Sponsorship Landscape Study. If you have any questions regarding the data or information found in this report, please do not hesitate to reach out to any of the authors. We encourage you to share the CSLS with your networks and complete the survey as it is made available each year.

Dr. Norm O'Reilly
oreillyn@ohio.edu

Elisa Beselt
elisa.beselt@thet1agency.com

Adam DeGrasse
adam.degrasse@thet1agency.com

CSLS
Canadian Sponsorship Landscape Study

IMI

SPONSORSHIP MARKETING COUNCIL CANADA

AUTHORS

Dr. Norm O'Reilly, Lead Researcher

Dr. Norm O'Reilly holds a PhD, is a Partner of T1 Consulting and Chair for the best sport business graduate program, globally. In his spare time, he's published hundreds of Sports Marketing books and articles combined. Norm is recognized internationally as one of the foremost scholars on sport business, sponsorship and marketing strategy, he leverages his academic experience as a senior advisor to the T1 Consulting Group.

Norm is Chair of the Department of Sports Administration in the College of Business at Ohio University and holds the Richard P. and Joan S. Fox Professor of Business. The Department is home to the world #1 ranked Masters of Sports Administration program and the world #2 ranked Bachelor of Sport Management program. Norm taught previously at the University of Ottawa, Stanford University, Laurentian University, Ryerson University, and Syracuse University. As lead researcher on the Canadian Sponsorship Landscape Study, the author of seven books, more than 90 management journal articles and a dozen published business case studies, Norm brings a broad perspective on nationwide trends and best practices to all client projects.

AUTHORS

Elisa Beselt, Researcher

Elisa has been a co-author of the annual Canadian Sponsorship Landscape Study for over five years, playing a critical role in shaping the shared knowledge of the Canadian sponsorship industry.

In Elisa's role at T1, her analytical and strategic development skills have allowed her to lead some of the Consulting team's largest and most high profile projects. She works on both sides of the table to ensure properties and corporations reach their overall marketing and business objectives through sponsorship. Specializing in sponsorship analysis, strategy development, and research, her clients have included the Habitat for Humanity Canada, Ottawa Sports and Entertainment Group, and Nike Canada.

Adam DeGrasse, Researcher

A graduate of Queen's University, Adam has a passion for learning, research and creative thinking. Having grown up playing competitive team sports established a foundation of collaborative teamwork and the drive towards reaching an end goal - qualities that Adam brings to life with his colleague and clients every day. Now he instills these same principles in Toronto youth as a community football coach alongside Mark Harrison, the T1 Agency's president and CEO.

Adam has experience working with a number of not-for-profit organizations and sponsorship projects. Recently, Adam has been an integral part of sponsorship consulting projects for clients such as Esso, OLG, National Capital Commission, Dairy Farmers of Canada, Kids Help Phone and Heart & Stroke Foundation. Adam has been a key contributor to the Canadian Sponsorship Landscape Study and the Most Valuable Property (MVP) Study, done in partnership with Ipsos Reid.