

12th ANNUAL

**CSLS** 

CANADIAN SPONSORSHIP LANDSCAPE STUDY

***Final  
Report***

**NORM O'REILLY & ELISA BESELT**

**1. What is the evidence?**  
Background

**3. What is the big picture?**  
Industry

**5. How about the deal?**  
Agreement

**7. What is a strong relationship?**  
Servicing

**9. What is on the horizon?**  
Future

**2. Who are the players?**  
Stakeholders

**4. What are the key decisions?**  
Partnering

**6. How does it come to life?**  
Activation

**8. Where is the proof?**  
Evaluation

**1. What is the evidence?**

Background

**3. What is the big picture?**

Industry

**5. How about the deal?**

Agreement

**7. What is a strong relationship?**

Servicing

**9. What is on the horizon?**

Future

**2. Who are the players?**

Stakeholders

**4. What are the key decisions?**

Partnering

**6. How does it come to life?**

Activation

**8. Where is the proof?**

Evaluation

# EVIDENCE: FOUNDATION



## Origin

Need  
Share  
Bilingual



## Perspective

Spend  
Revenue  
Billing



## Process

Online  
Attribution



## Analysis

Themes  
Comparative  
Modelling



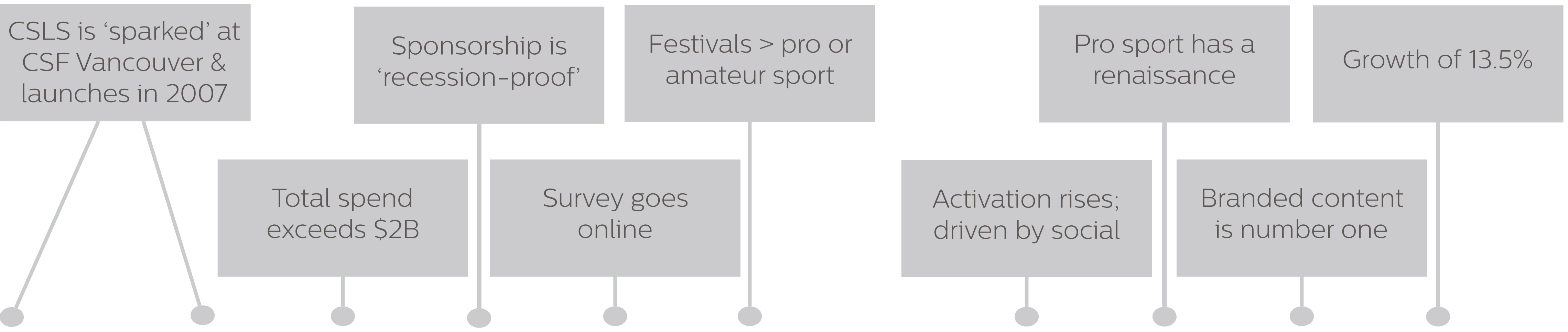
## Design

Longitudinal  
Deep Dives  
Trends



# EVIDENCE: TIMELINE

CSLS



2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

WORLD



**1. What is the evidence?**  
Background

**3. What is the big picture?**  
Industry

**5. How about the deal?**  
Agreement

**7. What is a strong relationship?**  
Servicing

**9. What is on the horizon?**  
Future

**2. Who are the players?**  
Stakeholders

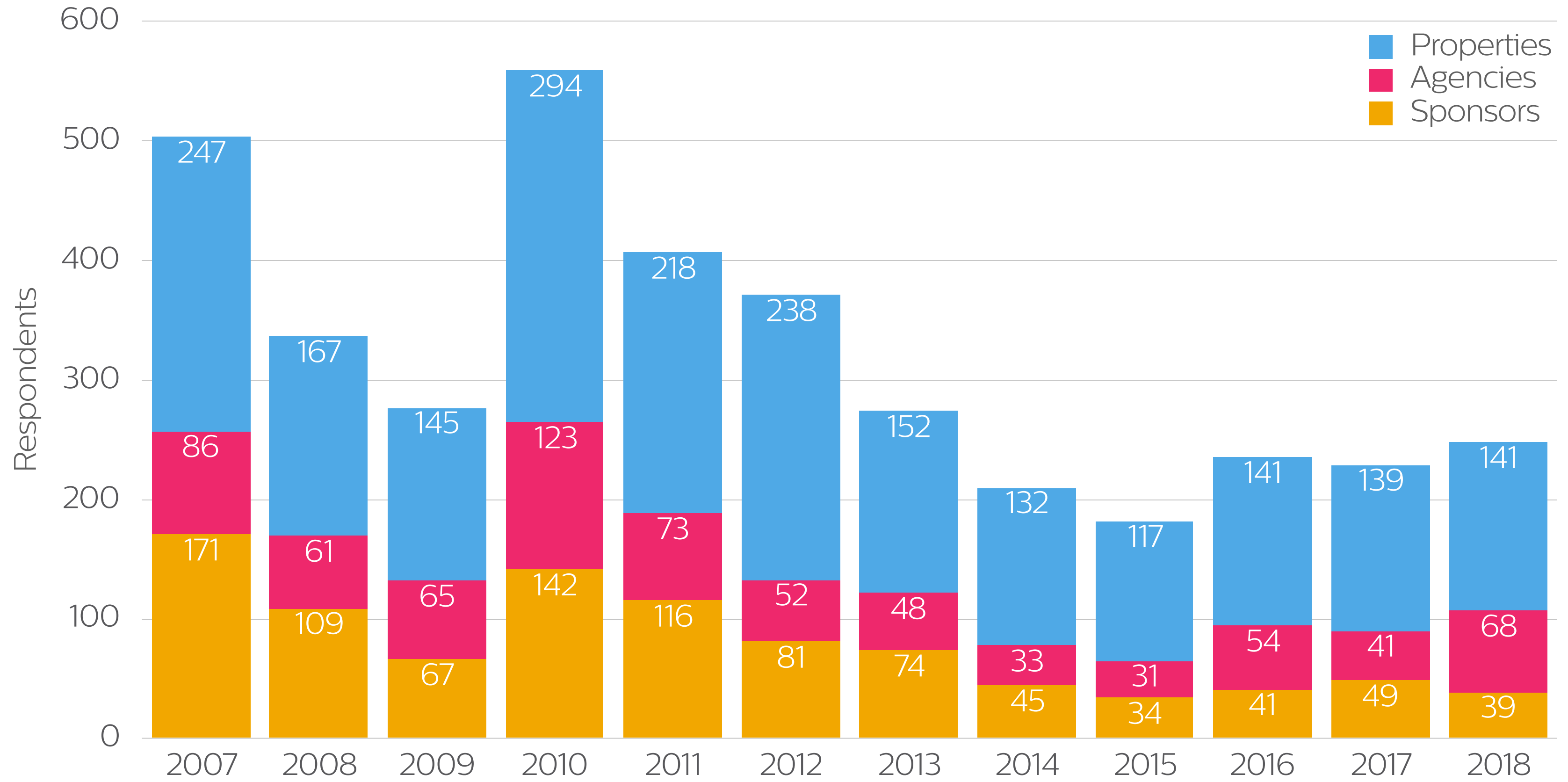
**4. What are the key decisions?**  
Partnering

**6. How does it come to life?**  
Activation

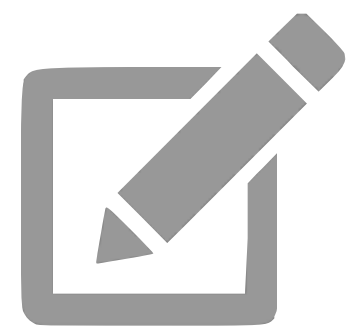
**8. Where is the proof?**  
Evaluation

# PLAYERS: RESPONDENTS

Historical CSLS Respondents by Type



DATA



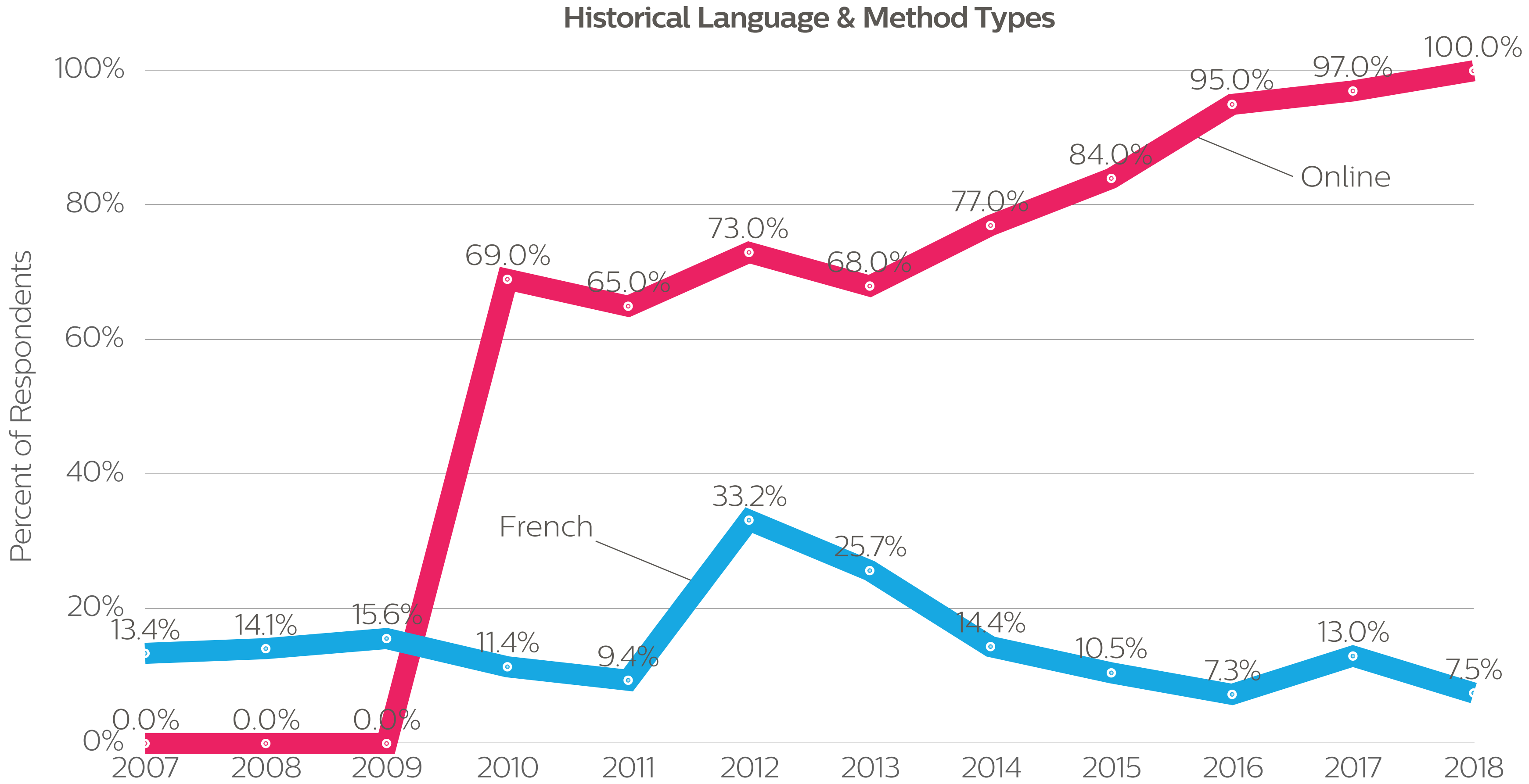
**3,854**  
Total Respondents

NOTE

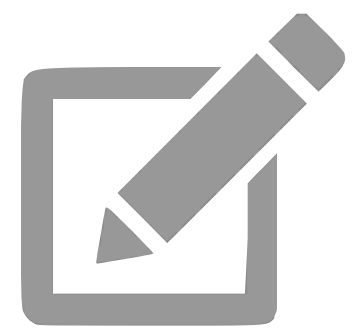
After going online in 2010, number of respondents continually declined until a survey redesign in 2016.



# PLAYERS: RESPONDENTS



DATA



**12 Years**

Language & Method of Response

NOTE

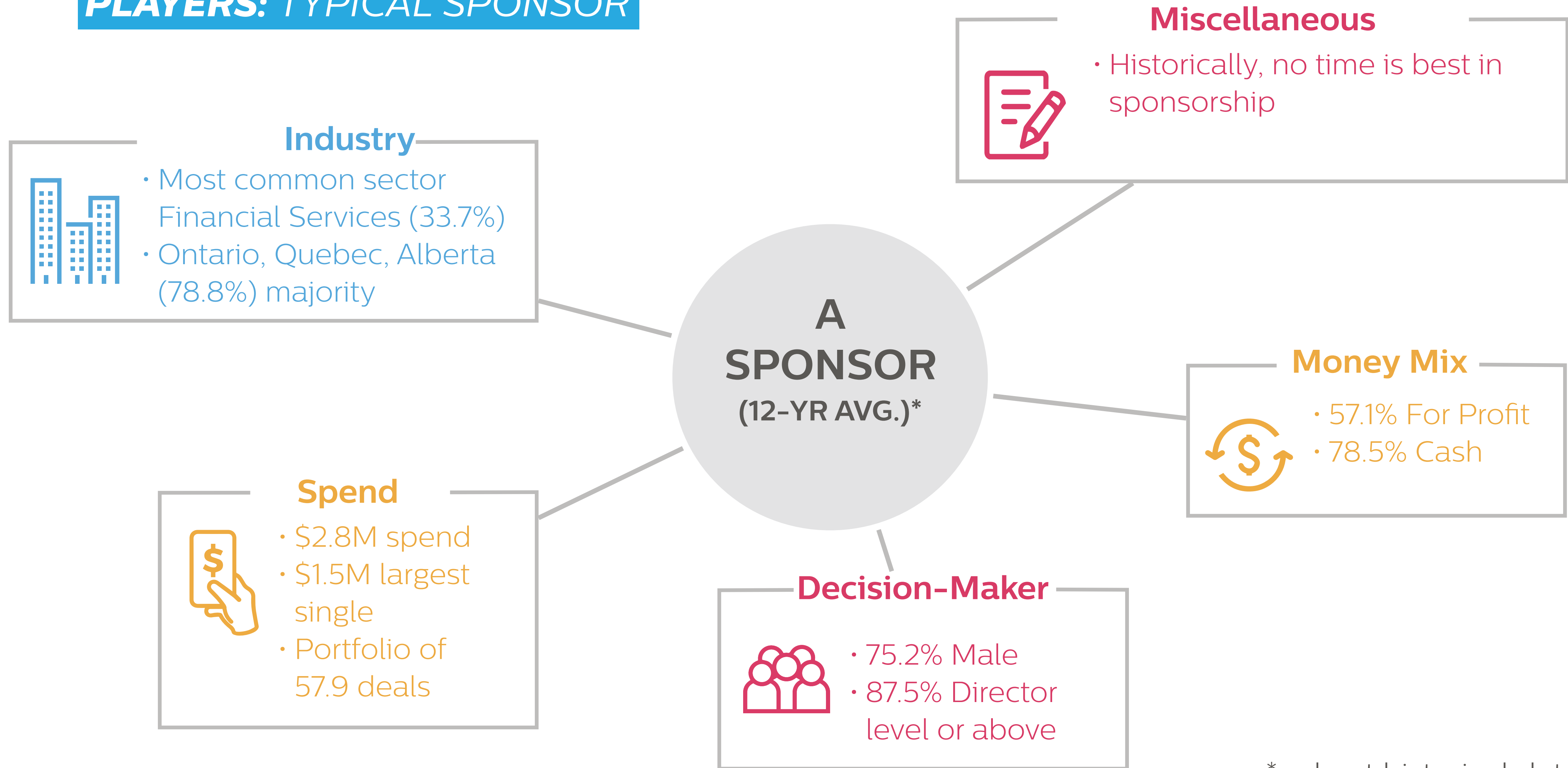
French rates rose around conference in Montreal; decline since.

Online at 100% for first time this year!





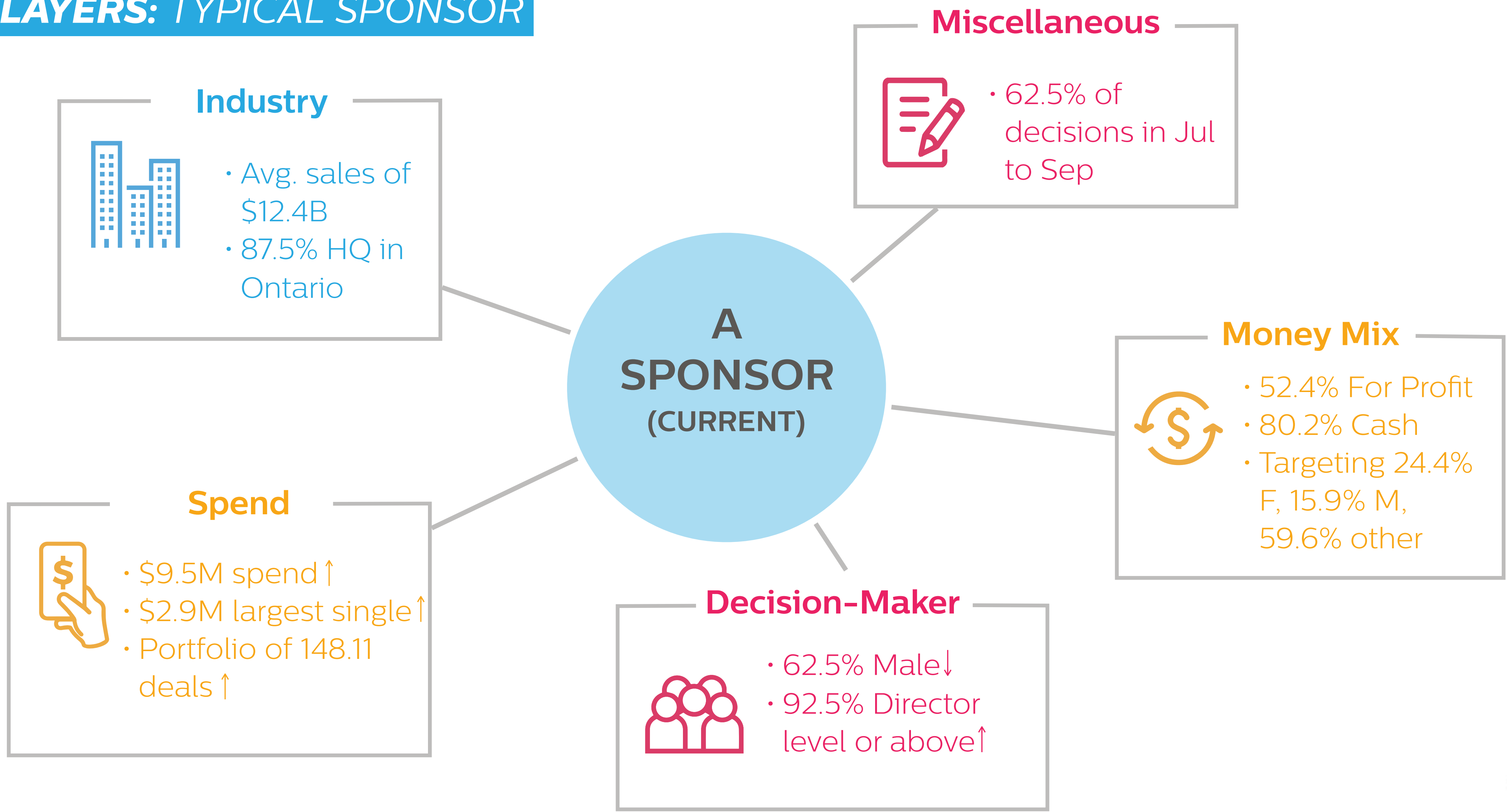
# PLAYERS: TYPICAL SPONSOR



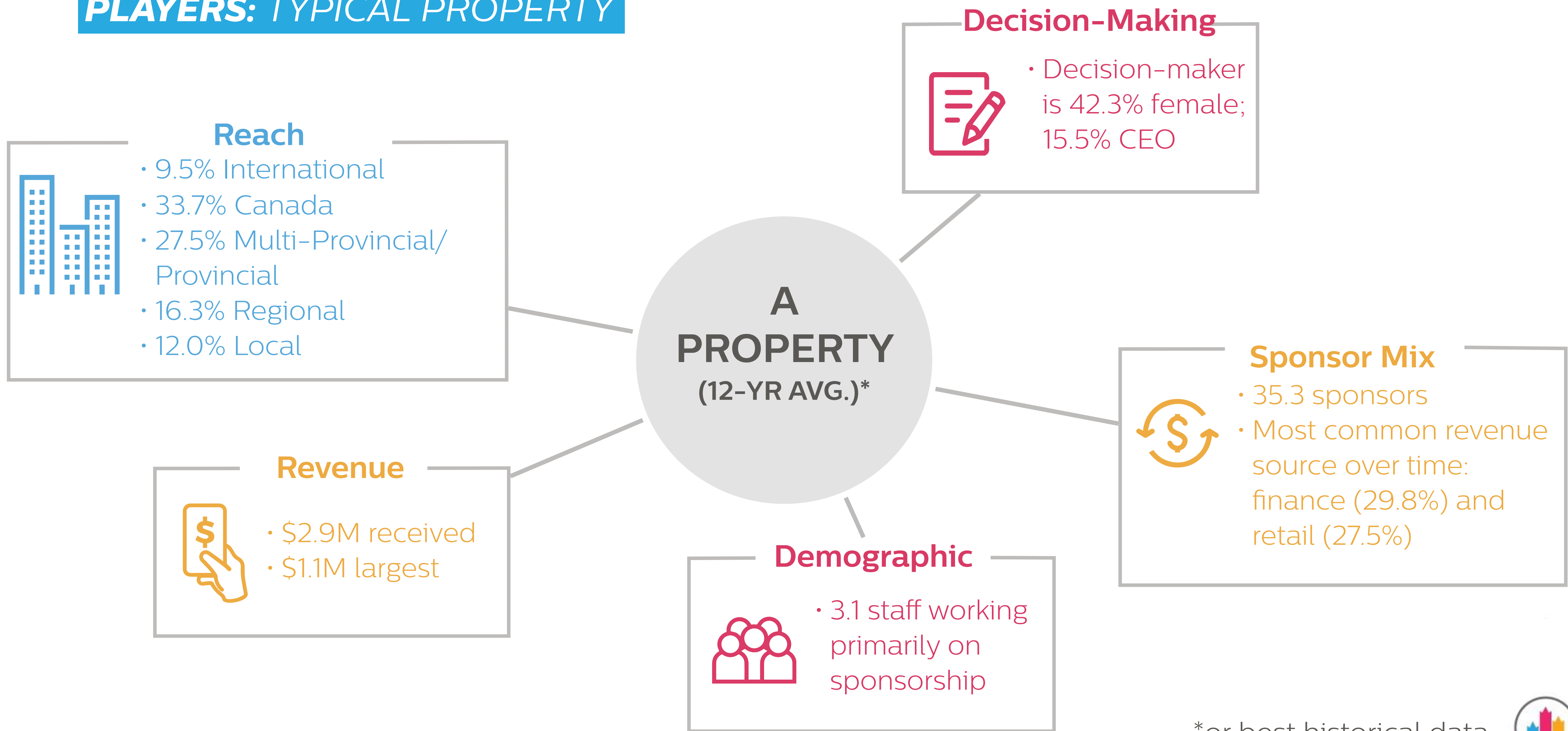
\*or best historical data



# PLAYERS: TYPICAL SPONSOR



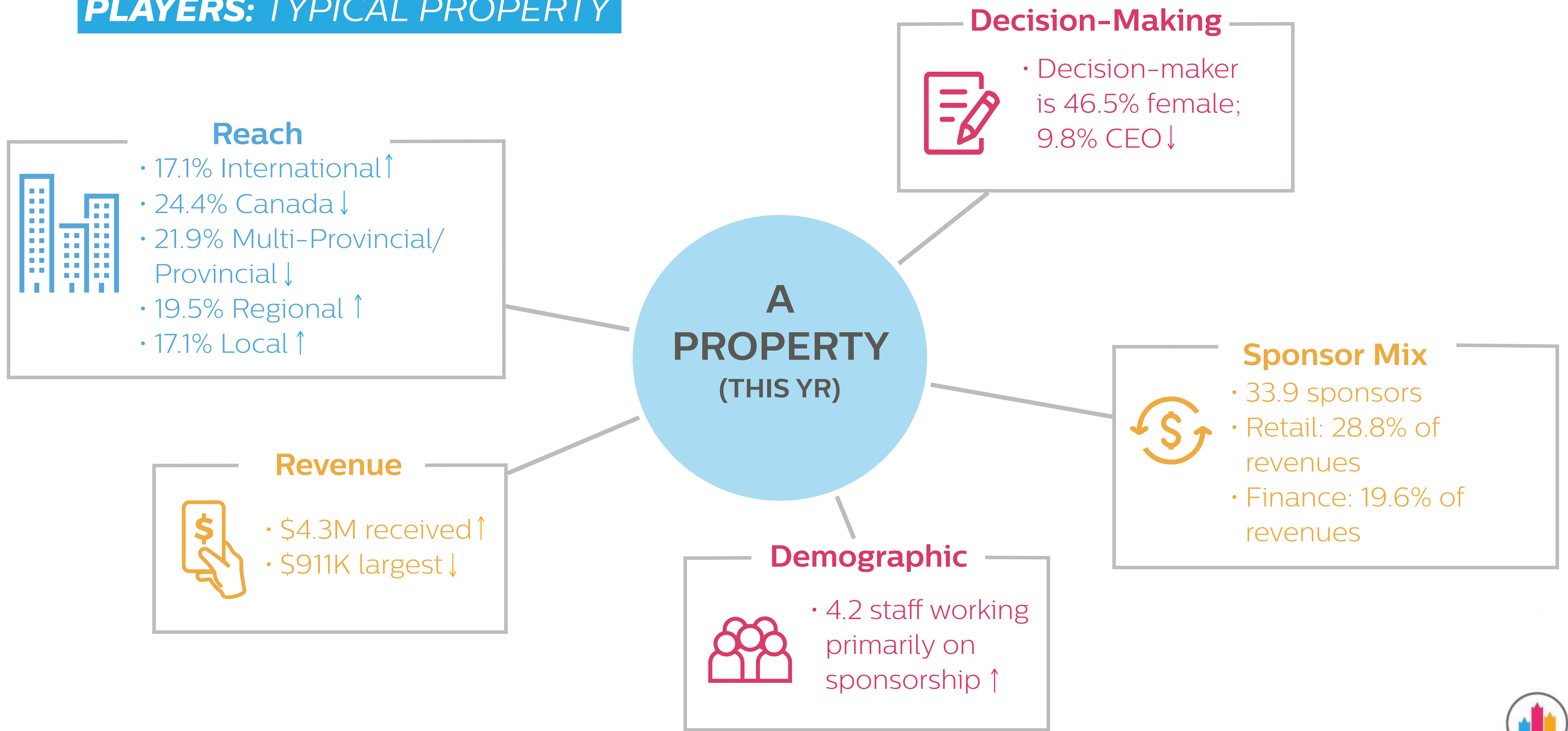
# PLAYERS: TYPICAL PROPERTY



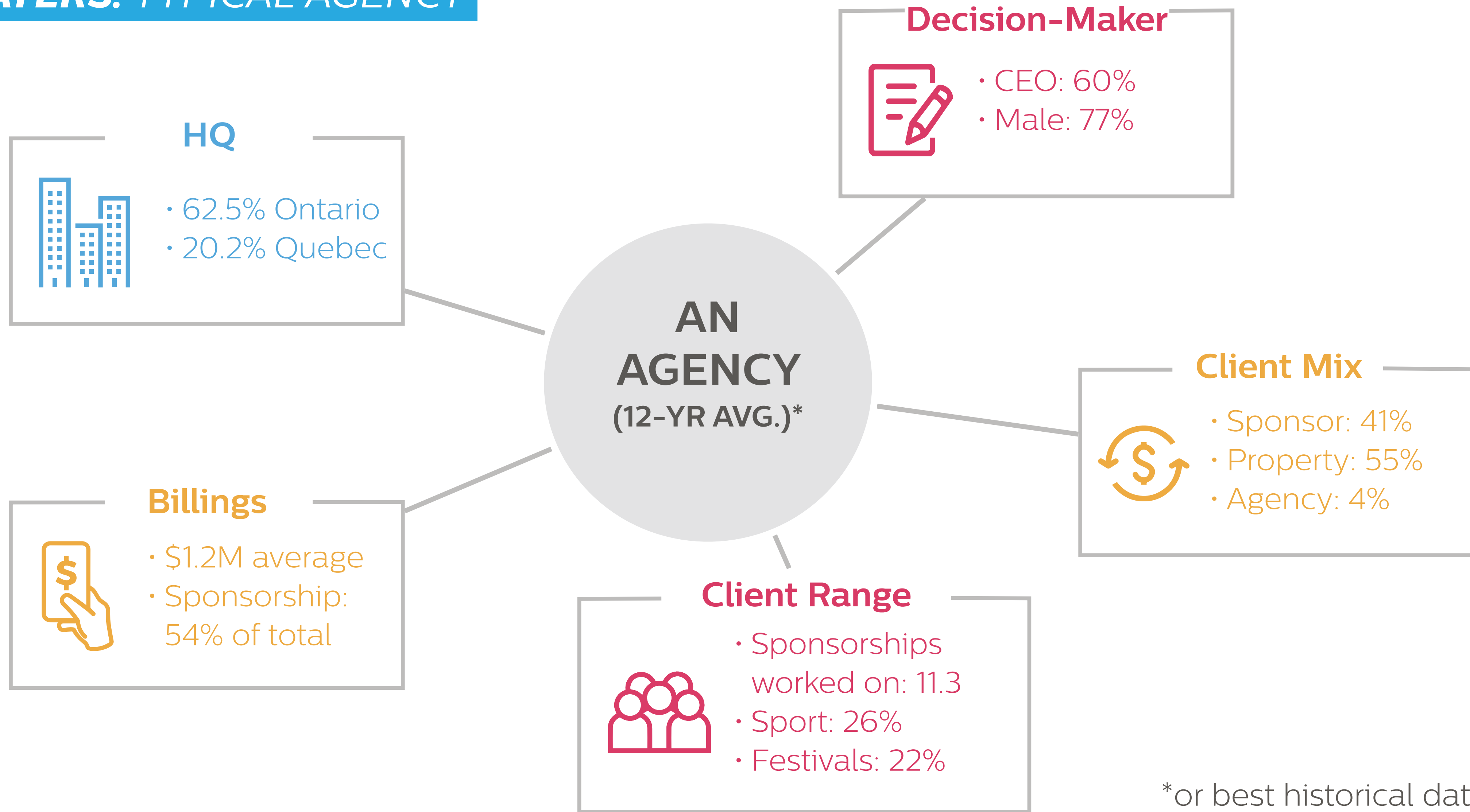
\*or best historical data



# PLAYERS: TYPICAL PROPERTY



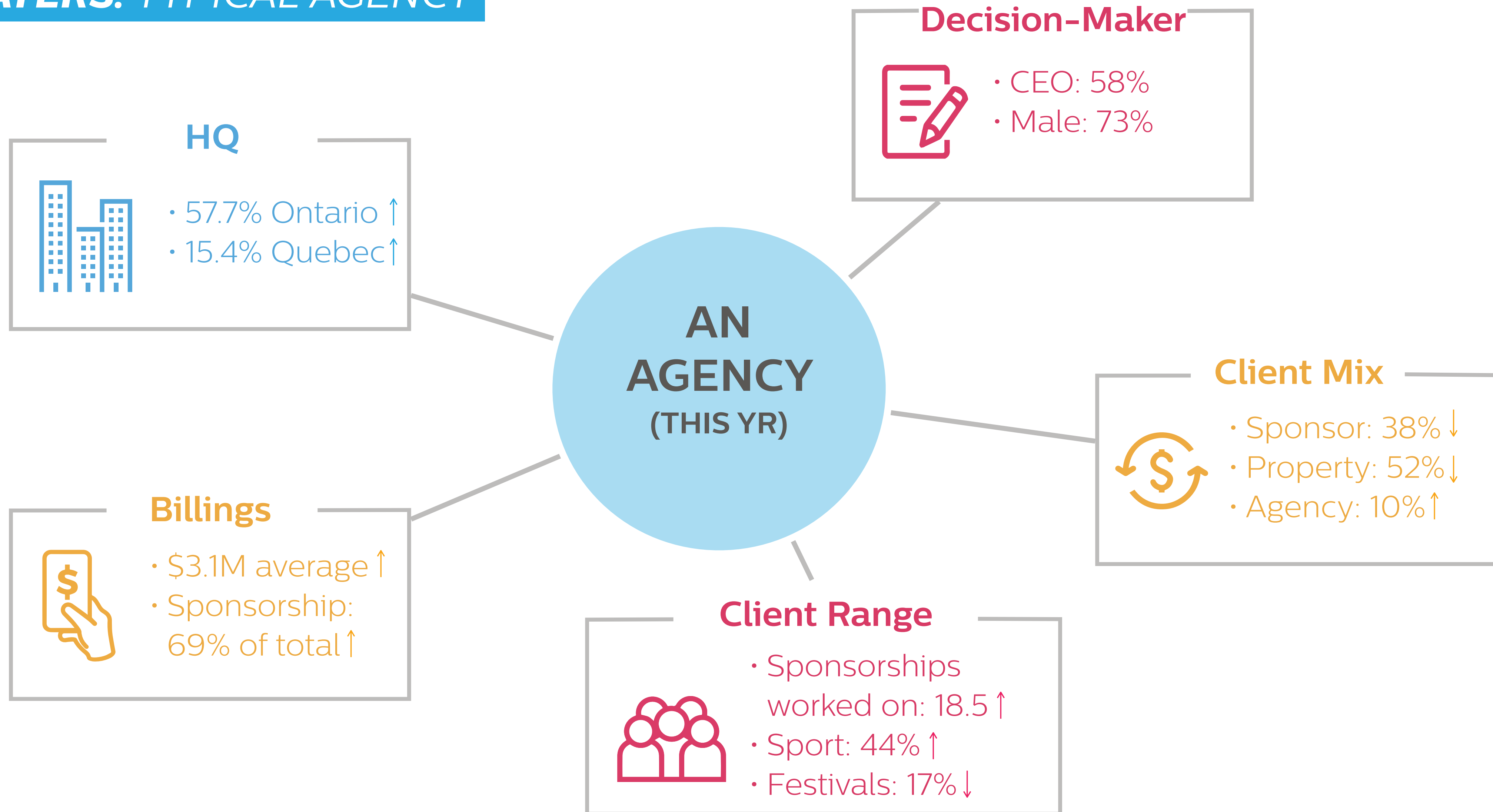
# PLAYERS: TYPICAL AGENCY



\*or best historical data



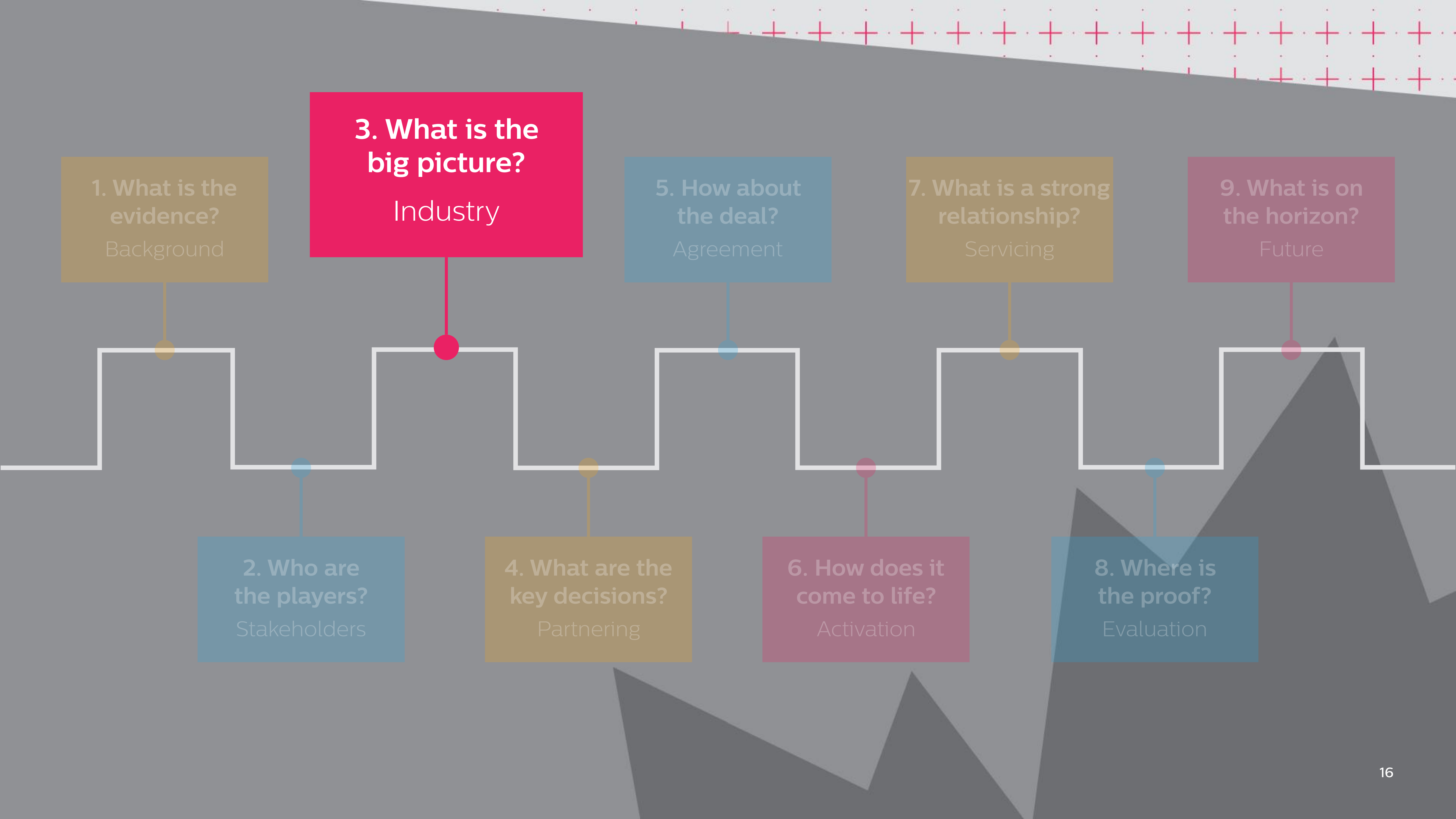
# PLAYERS: TYPICAL AGENCY



## **PLAYERS: SUMMARY & APPLICATION**

### ***As a sponsorship professional, why should I care about this data?***

- From senior respondents
- Both English and French
- Canadian
- Perspective of sponsors, properties and agencies
- Representative of all sizes of organizations
- Covers various industries and sectors
- Illustrative of YOY trends



1. What is the evidence?  
Background

**3. What is the big picture?**  
Industry

5. How about the deal?  
Agreement

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

4. What are the key decisions?  
Partnering

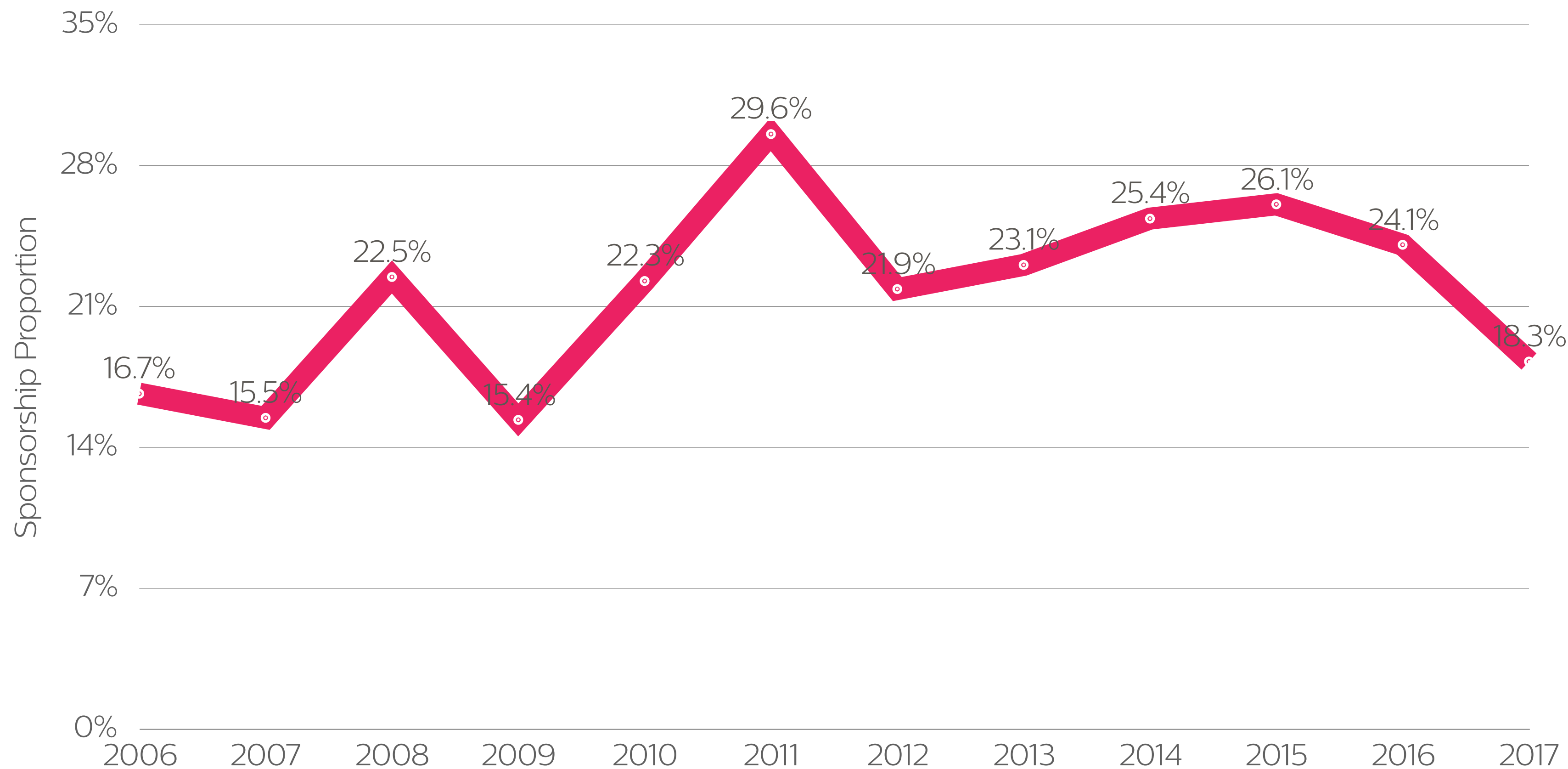
6. How does it come to life?  
Activation

8. Where is the proof?  
Evaluation



# BIG PICTURE: MARKETING BUDGET

## Sponsorship as a Percentage of Marketing Communications Budget



DATA



**21.7%**  
12-Year  
Average

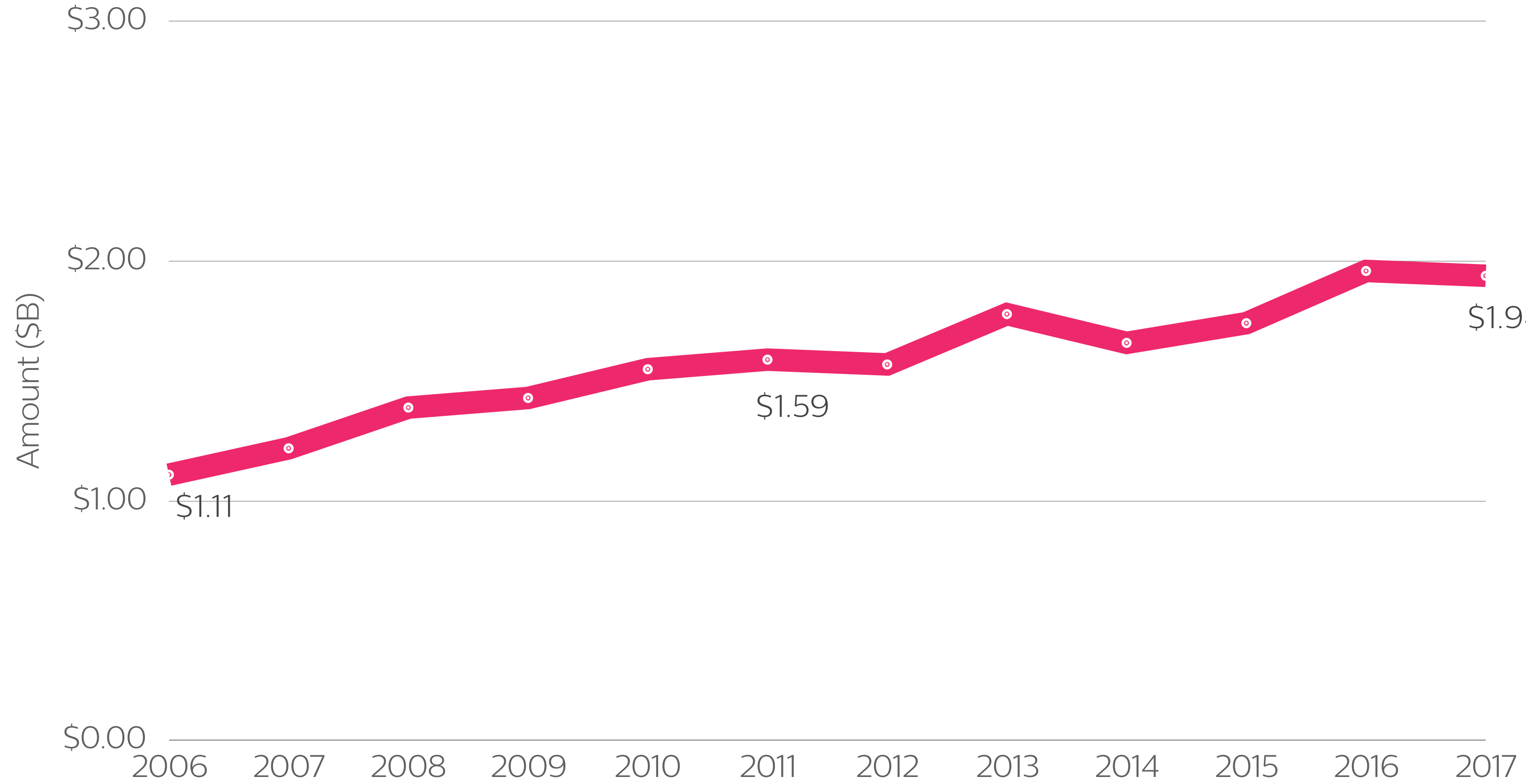
NOTE

Among those corporations that use sponsorship as a channel, they spend a substantial portion of their marcom budget on it.



# BIG PICTURE: CANADIAN INDUSTRY SIZE

## Historical Canadian Sponsorship Industry Size: Rights Fees



DATA



**\$1.94B**  
Rights Fee

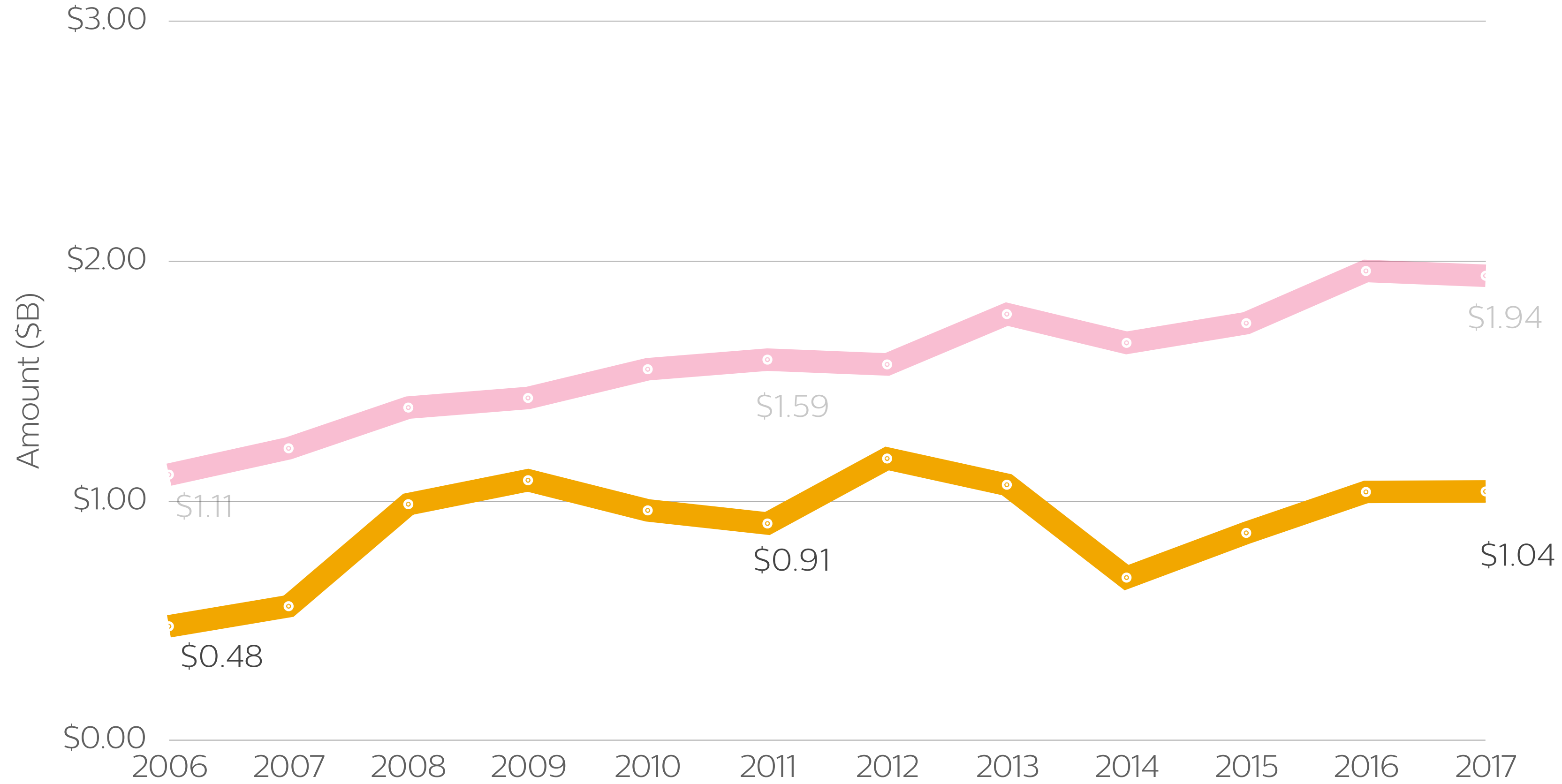
NOTE

CAGR of **4.76%**.



# BIG PICTURE: CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Activation



**DATA**



**0.53**

Activation to Rights Fee in 2018

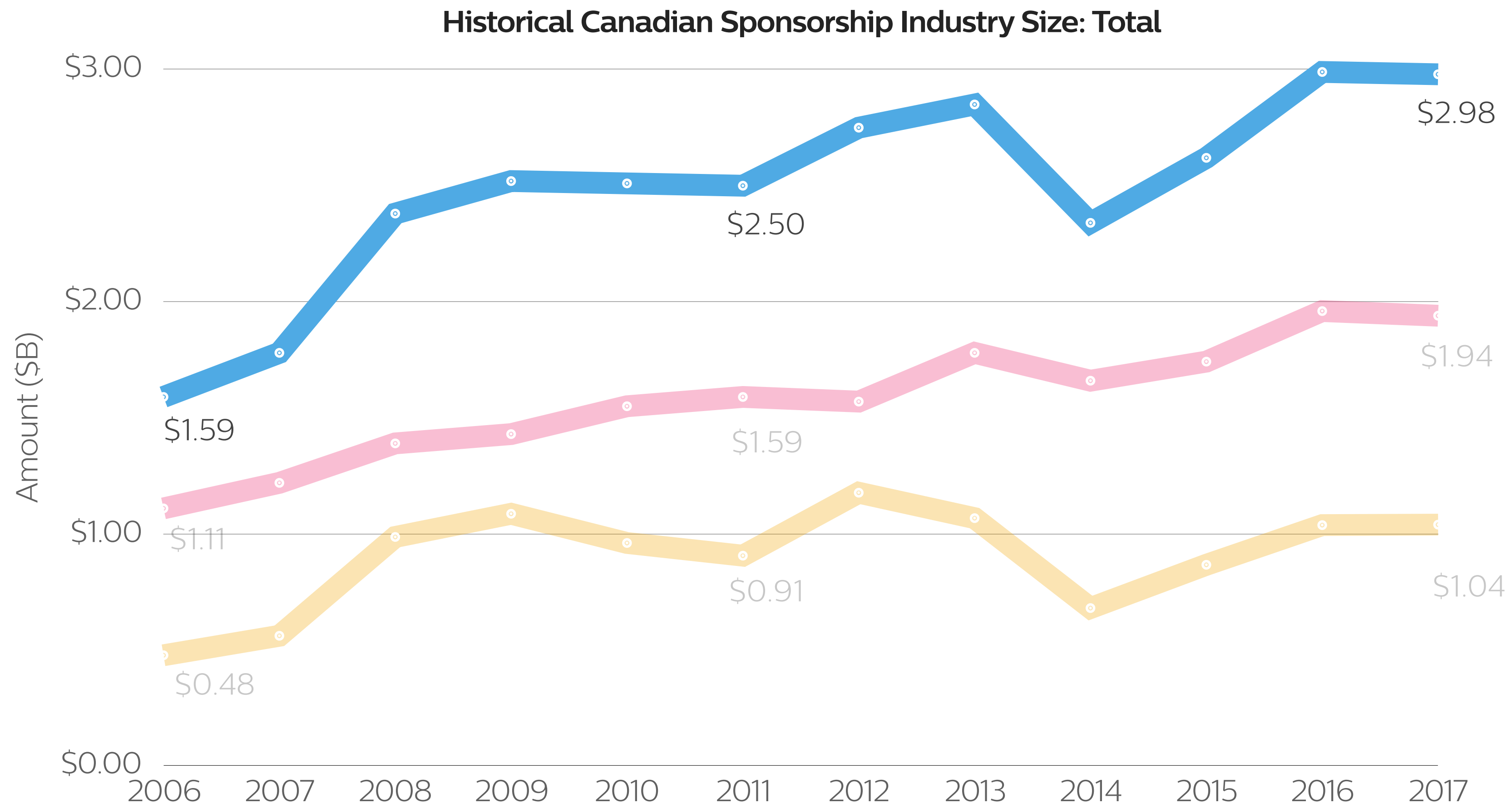
**NOTE**

CAGR is **6.66%**.

Historically, activation spend has fluctuated considerably more than rights fee spend.



# BIG PICTURE: CANADIAN INDUSTRY SIZE



DATA



**\$2.98B**  
in Total  
Industry Spend

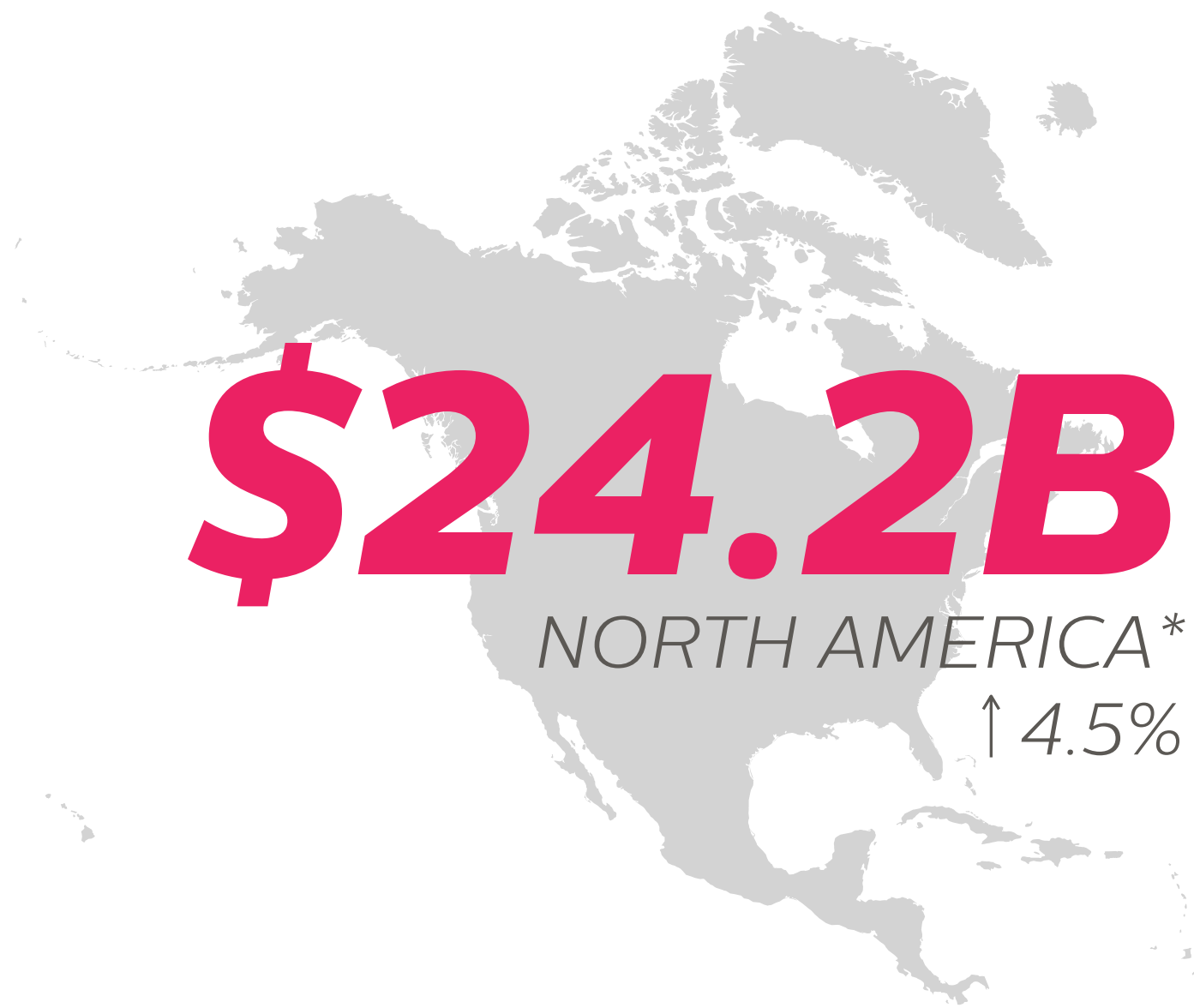
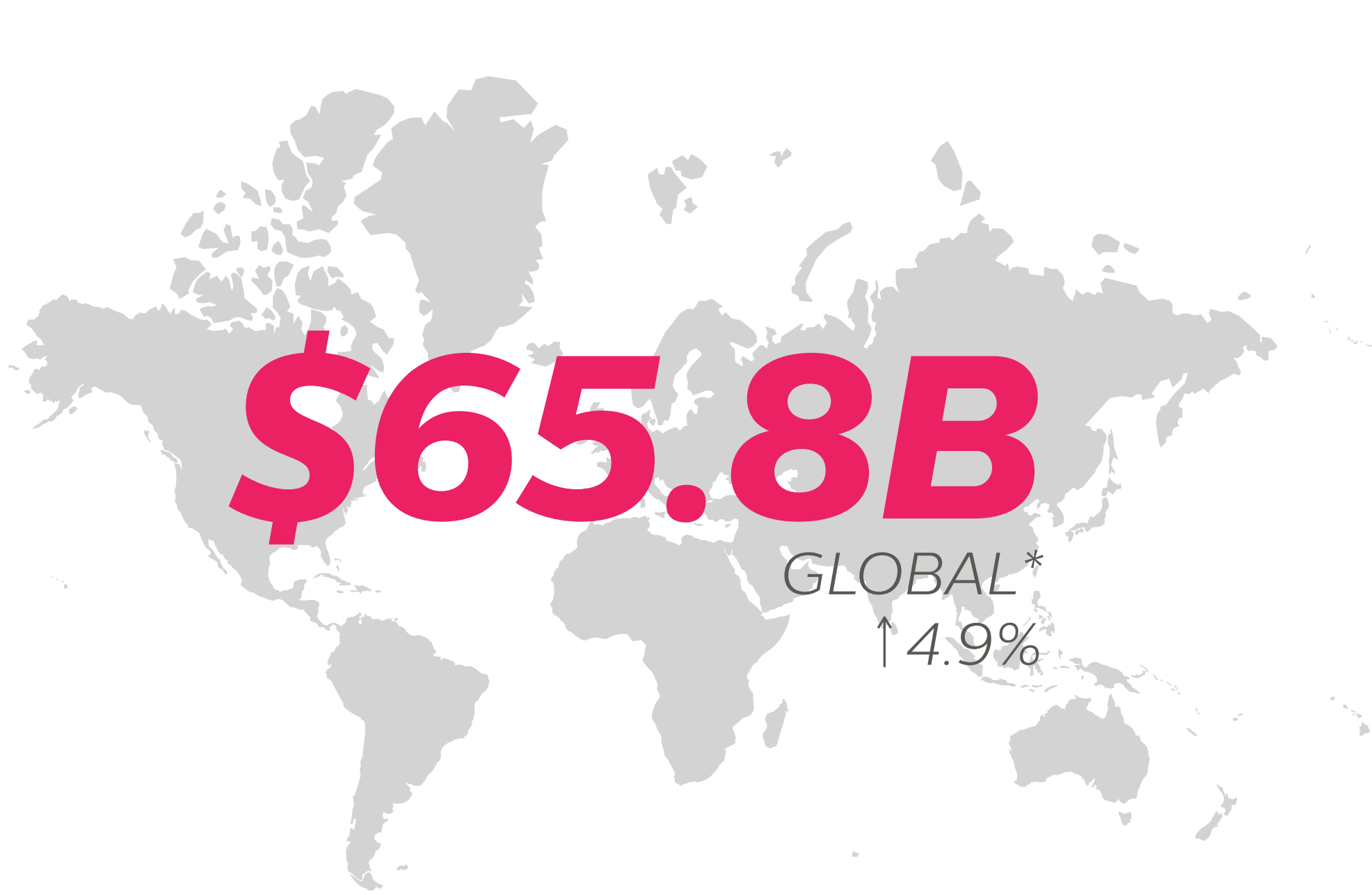
NOTE

CAGR of **5.37%**.

After substantial growth over the past two years, the industry has stabilized with a very small retraction.



**BIG PICTURE: GLOBAL INDUSTRY SIZE**



\*ESP; USD

\*\*CSLS; CAD



# BIG PICTURE: SLEEPLESS NIGHTS

Top Concerns	Meeting Targets*	Demonstrating ROI	Demonstrating ROI	Other*	Demonstrating ROI	Demonstrating ROI
Year	2012	2013	2014	2015	2016	2017

“Quantifying ROI on my sponsorships.”  
~ Sponsor

“Demonstrating ROI so that partners will re-sign for future years.”  
~ Property

“Ensuring that the strategies we create for properties will help them to earn the sponsorship revenue that they need.”  
~ Agency

“Getting Canadian companies to “think big” and embrace more innovative methods to connect with consumers and/or their target demo.”  
~ Agency

\*Demonstrating ROI #2



**BIG PICTURE: SLEEPLESS NIGHTS**

*“Demonstrating ROI. Internally we’re all vying for the same \$, so we need to ensure we can make a strong case for it in sponsorship.”*

*~ Sponsor*

## **BIG PICTURE: SUMMARY & APPLICATION**

**21.7%**

average (12-yr) of marcom  
budget on sponsorship

**\$1.94B**

in sponsorship  
rights fees

**\$2.98B**

in total  
sponsorship spend

***What is one thing I can do tomorrow?***

### **As a SPONSORSHIP PROFESSIONAL?**

---

- Ask your property/sponsor/client what keeps them up at night about sponsorship and/or about your sponsorship with them



1. What is the evidence?  
Background

3. What is the big picture?  
Industry

5. How about the deal?  
Agreement

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

4. What are the key decisions?  
Partnering

6. How does it come to life?  
Activation

8. Where is the proof?  
Evaluation

# DECISIONS: WHO MAKES THEM?

## SPONSORS

CEO	0%
VP	50.0%
Director	42.5%

## PROPERTIES

CEO	9.8%
VP	26.8%
Director	48.7%

## AGENCIES

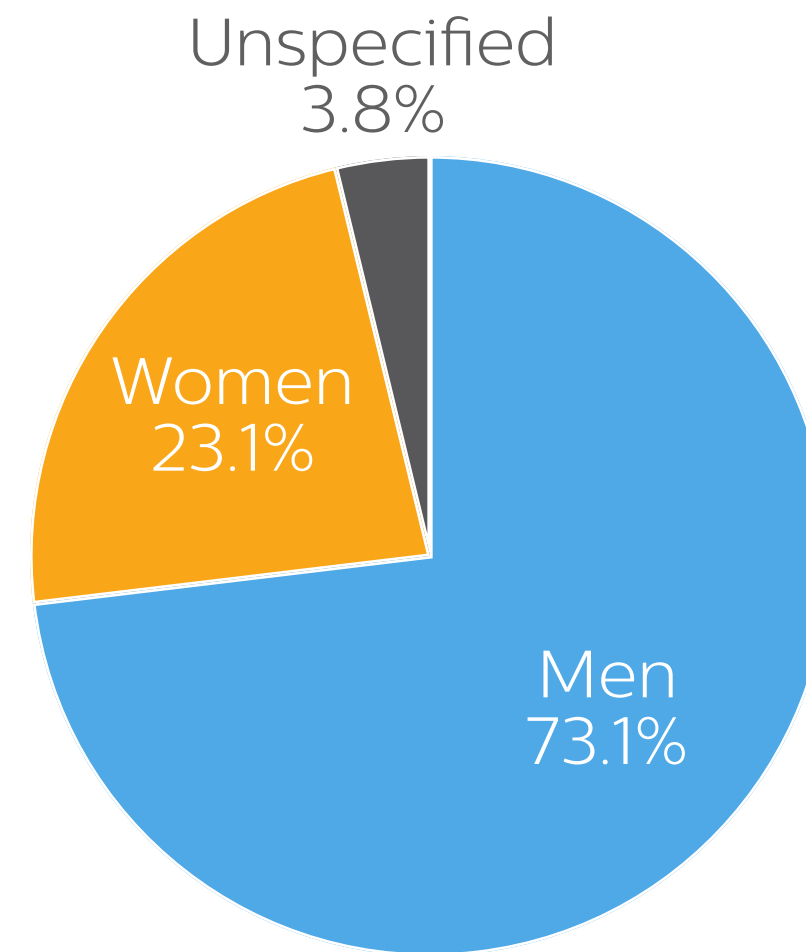
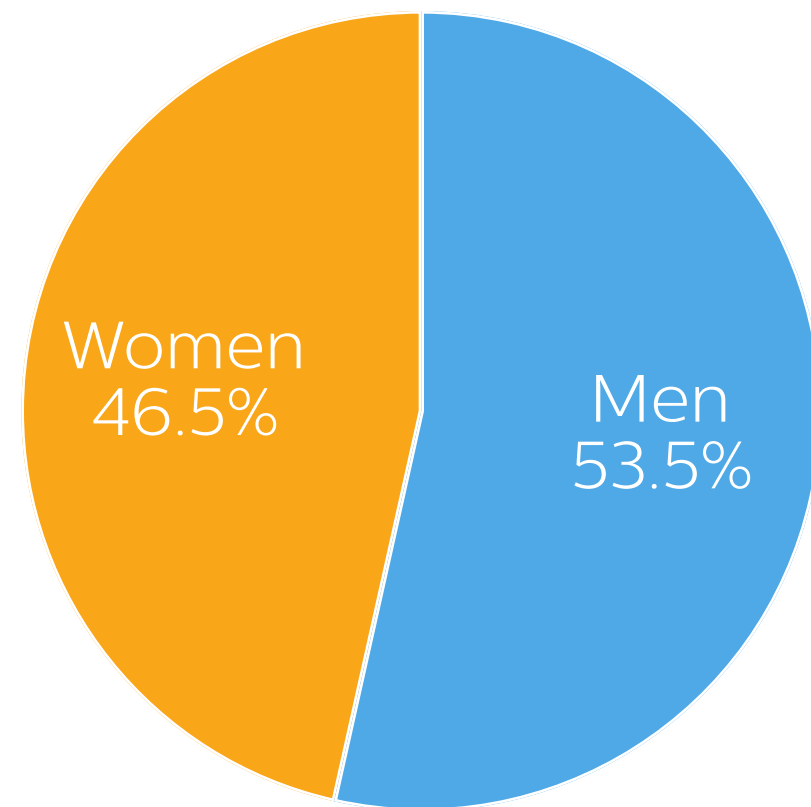
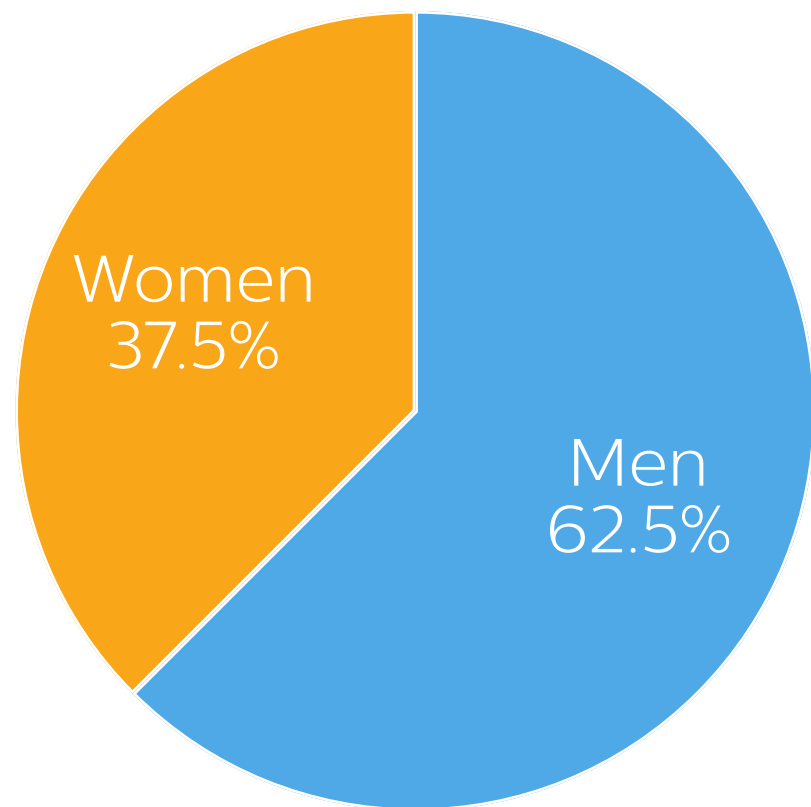
CEO	57.7%
VP	19.2%
Director	7.7%

**NOTE**

Agencies have the most senior and most male decision-makers.

Title

Gender



## DECISIONS: IDENTIFYING OBJECTIVES



**20%**

Engagement  
(35% in 2016)

**2**



**31%**

Brand Building  
(28% in 2016)

**1**



**22%**

Awareness  
(24% in 2016)

**3**

**DATA**



**1 in 3**

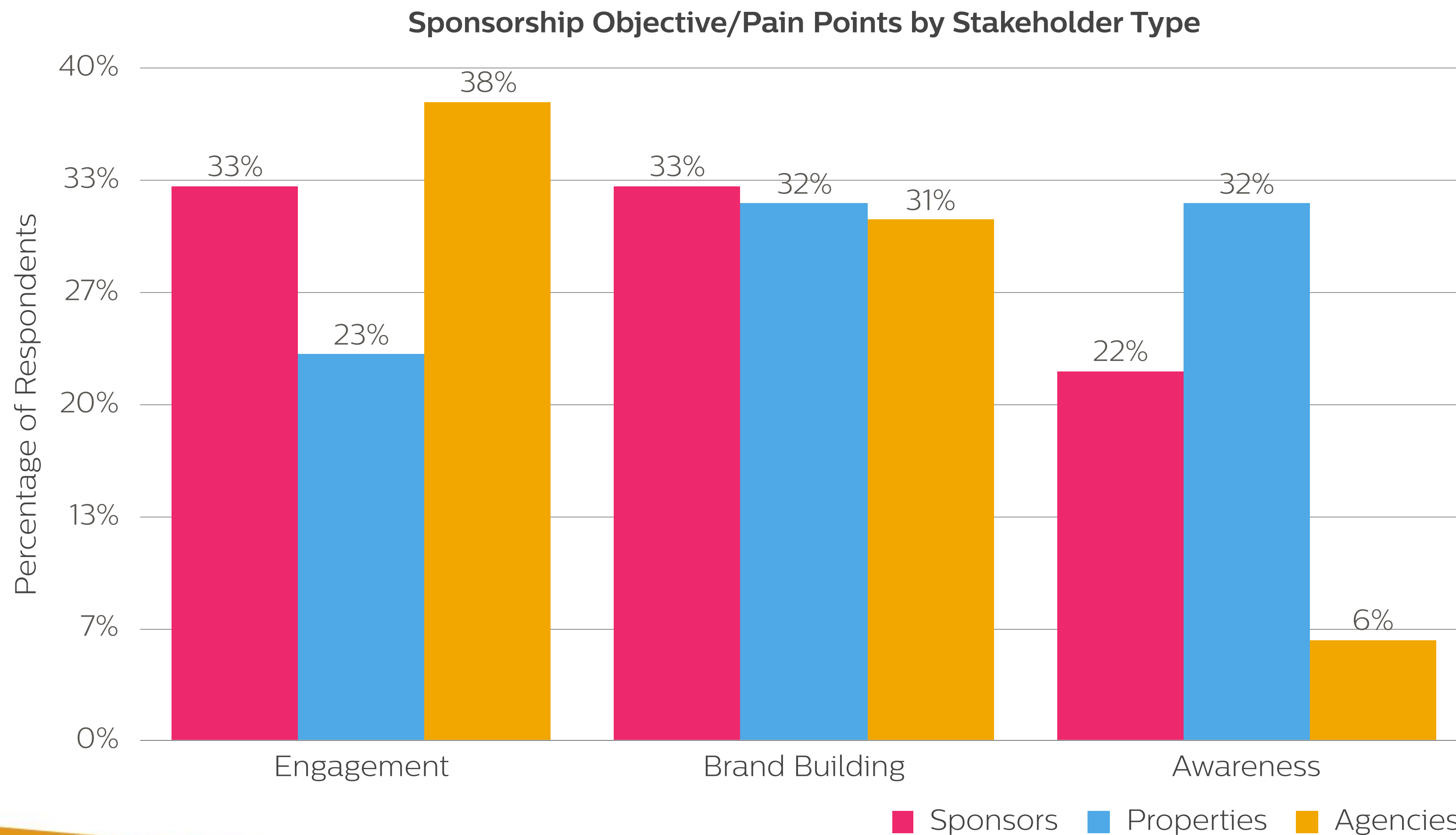
Identify Brand Building  
as the Key Objective

**NOTE**

Compared to last year, there were a number of “other” objectives listed beyond the “Big 3” such as revenue generation and education.



# DECISIONS: IDENTIFYING OBJECTIVES



DATA



**1 in 3**

Identify Brand Building as the Key Objective

NOTE

Properties are more concerned with awareness and less with engagement.

Agencies are more concerned with engagement and less with awareness.



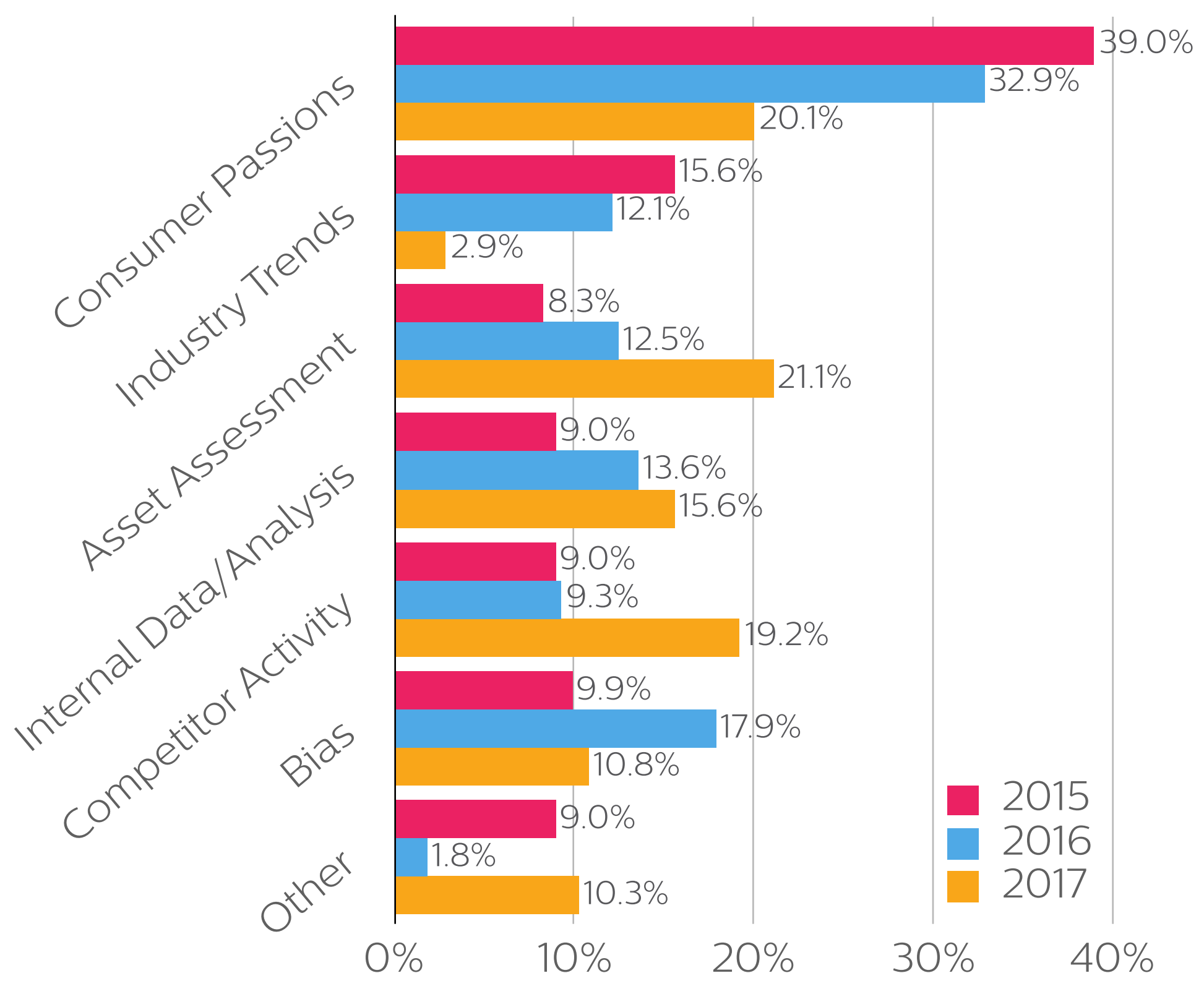
**DECISIONS: IDENTIFYING OBJECTIVES**

*“[In] corporate Canada, the lion’s share of companies invest in sponsorship without a cohesive strategy.”*

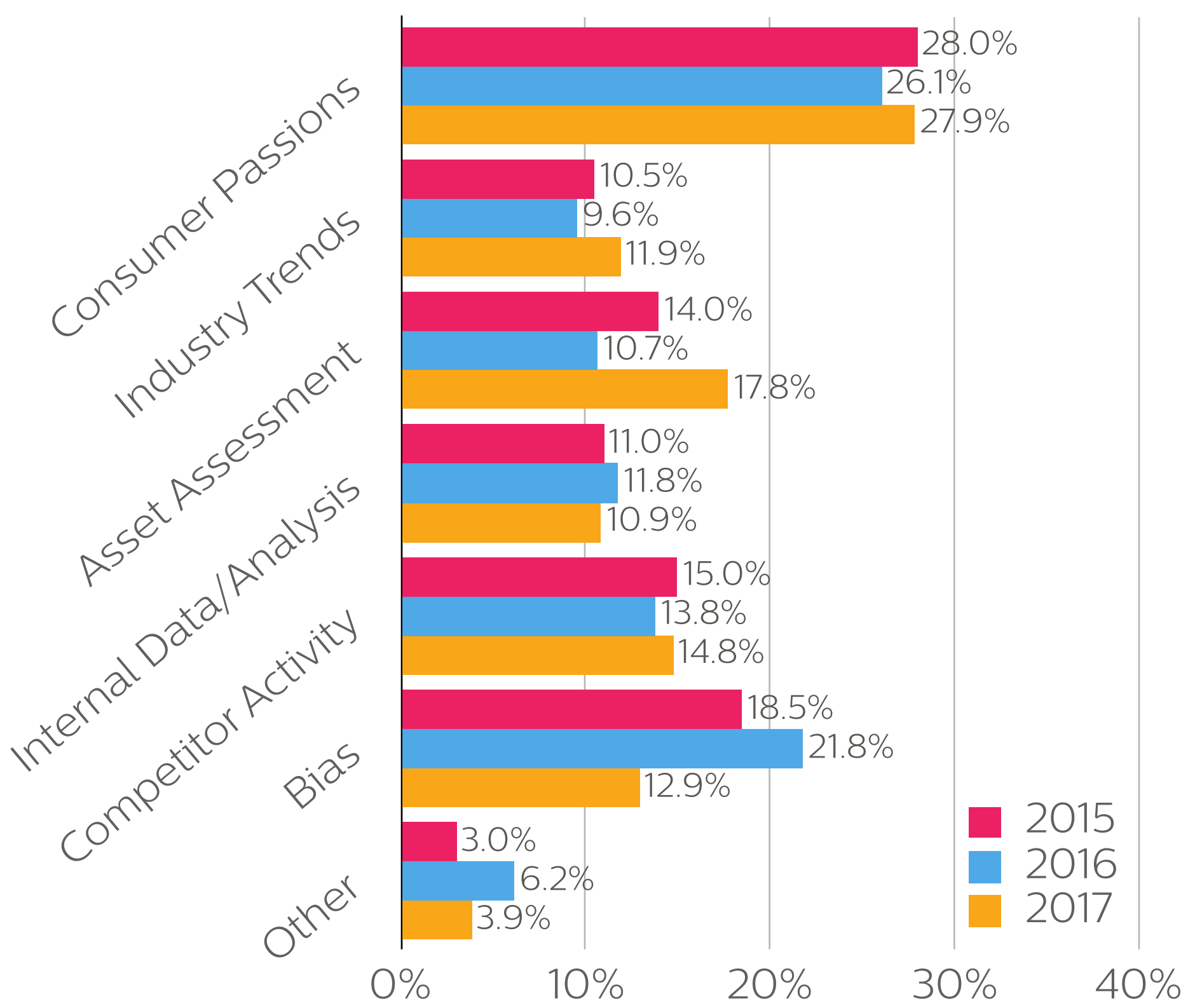
*~ Agency*

# DECISIONS: GATHERING INFORMATION

Criteria in Decision-Making: Sponsors



Criteria in Decision-Making: Agencies on Sponsors Behalf



DATA



**1 in 4**

Decisions are About Consumer Passions

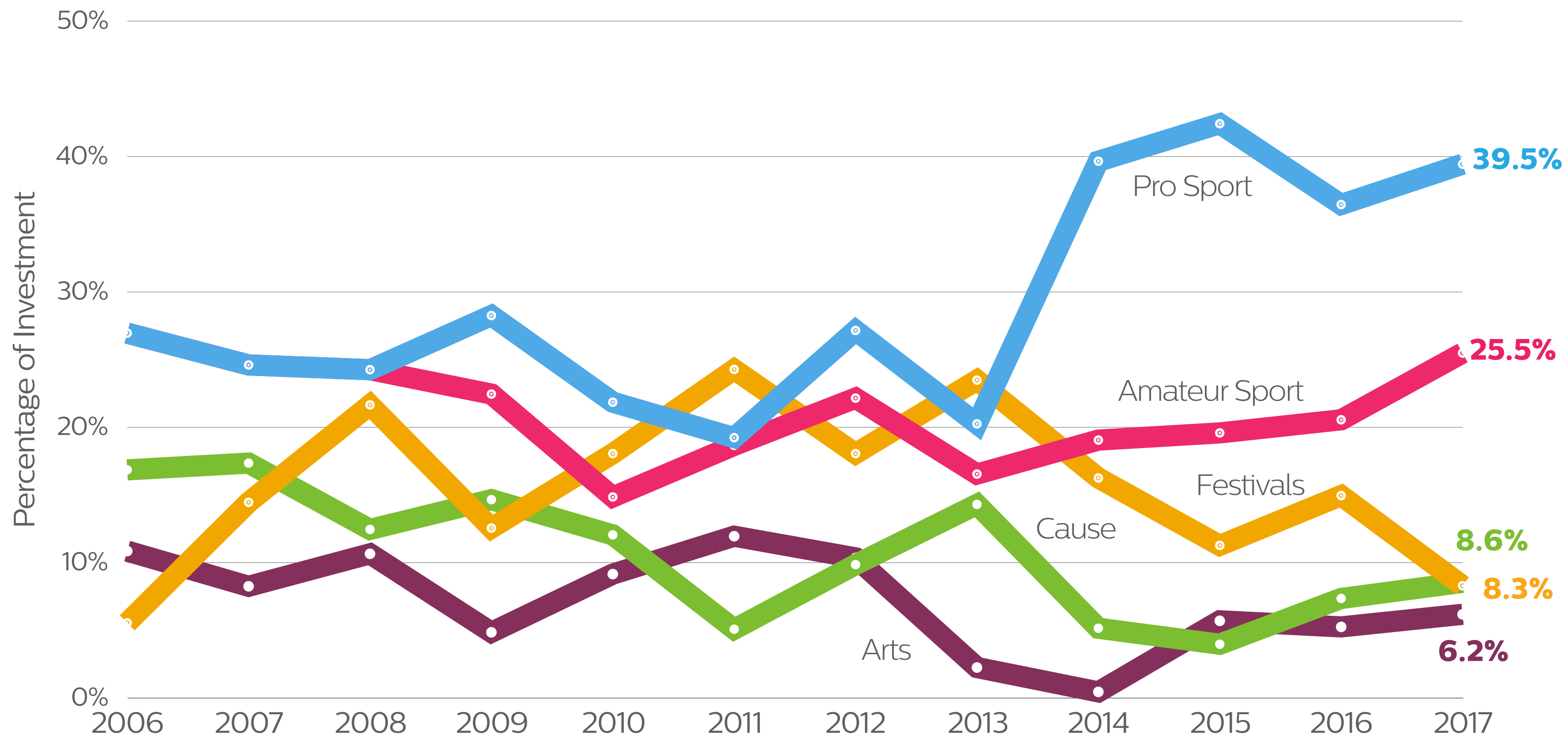
NOTE

The percentage of decisions that are admittedly biased have declined in the past few years.

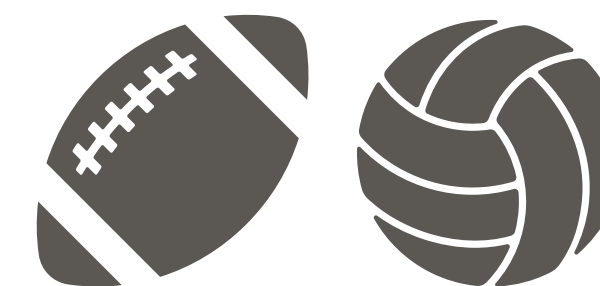


# DECISIONS: PICKING PARTNERS

Historical Sponsorship Investment by Property Type



DATA



**65.0%**  
of Investment is  
in Sports

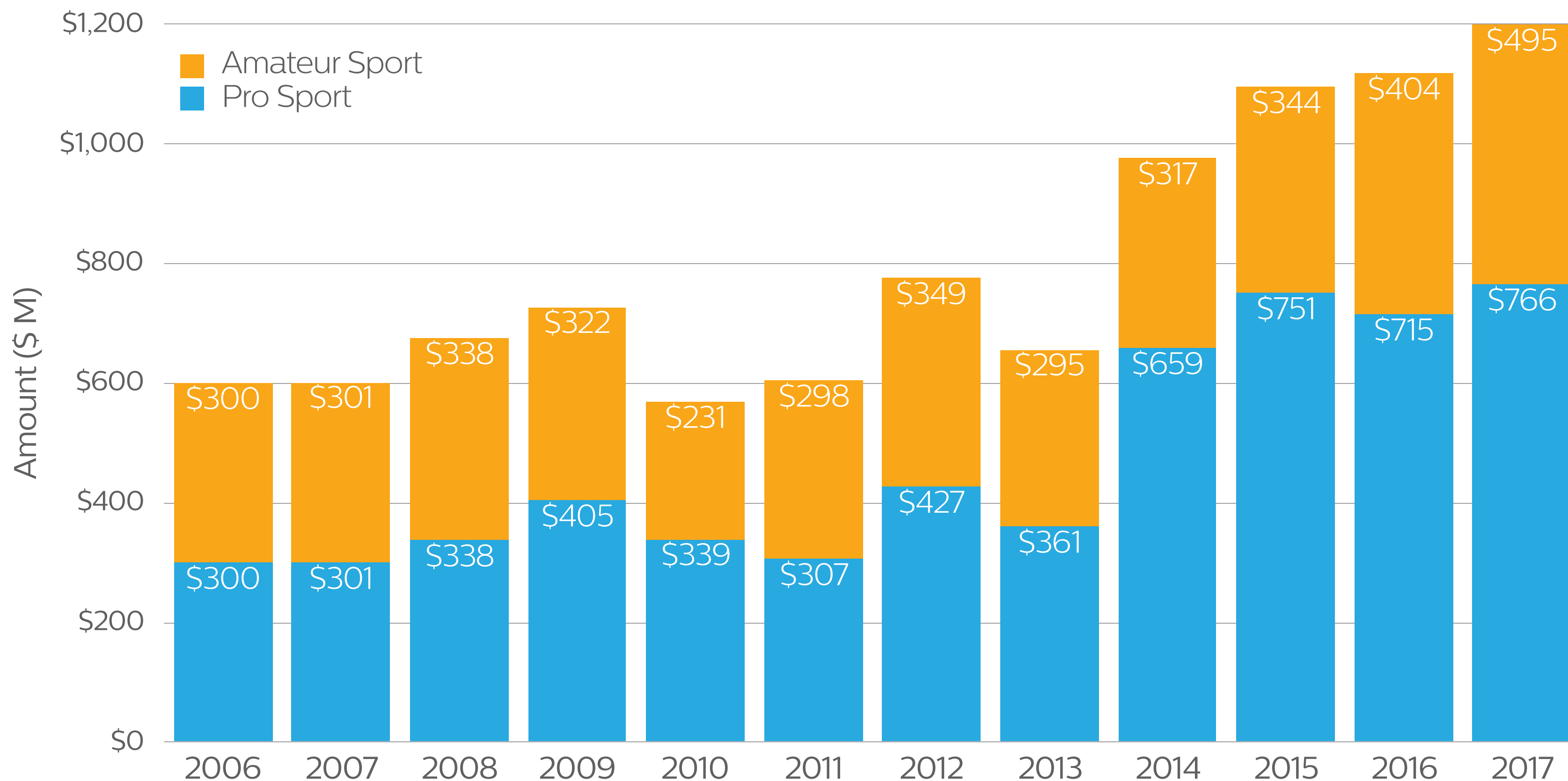
NOTE

In the US, **70%** of sponsorship investment is in sport properties.



# DECISIONS: PICKING PARTNERS

Historical Sponsorship Investment in Sport



DATA



**\$1.26B**  
in Sports

NOTE

Since 2013, both pro sport and amateur sport have seen substantial growth.





# DECISIONS: PICKING GEOGRAPHY

## 12-YR AVG | THIS YR



**9.5%** | **19.2%**  
International



**33.7%** | **27.0%**  
National



**10.1%** | **9.3%**  
Multi-Provincial



**17.4%** | **8.9%**  
Provincial



**16.3%** | **16.2%**  
Regional



**12.0%** | **19.4%**  
Local



## **DECISIONS: SUMMARY & APPLICATION**

**35.0%**

of investment  
is non-sport

**\$766M**

invested in  
professional sport

**1 in 4**

decisions are around  
consumer passions

**73.1%**

of agency decisions-  
makers are men

*What is one thing I can do tomorrow?*

### **As a SPONSOR?**

---

- Assess the criteria used in your last decision
- Share your overarching sponsorship objectives with your property

### **As a PROPERTY?**

---

- Question and consider modelling what makes sport so attractive for sponsorship

### **As a AGENCY?**

---

- Assess the opportunity to develop diverse decision-makers

## 5. How about the deal? Agreement

1. What is the evidence?  
Background

3. What is the big picture?  
Industry

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

4. What are the key decisions?  
Partnering

6. How does it come to life?  
Activation

8. Where is the proof?  
Evaluation

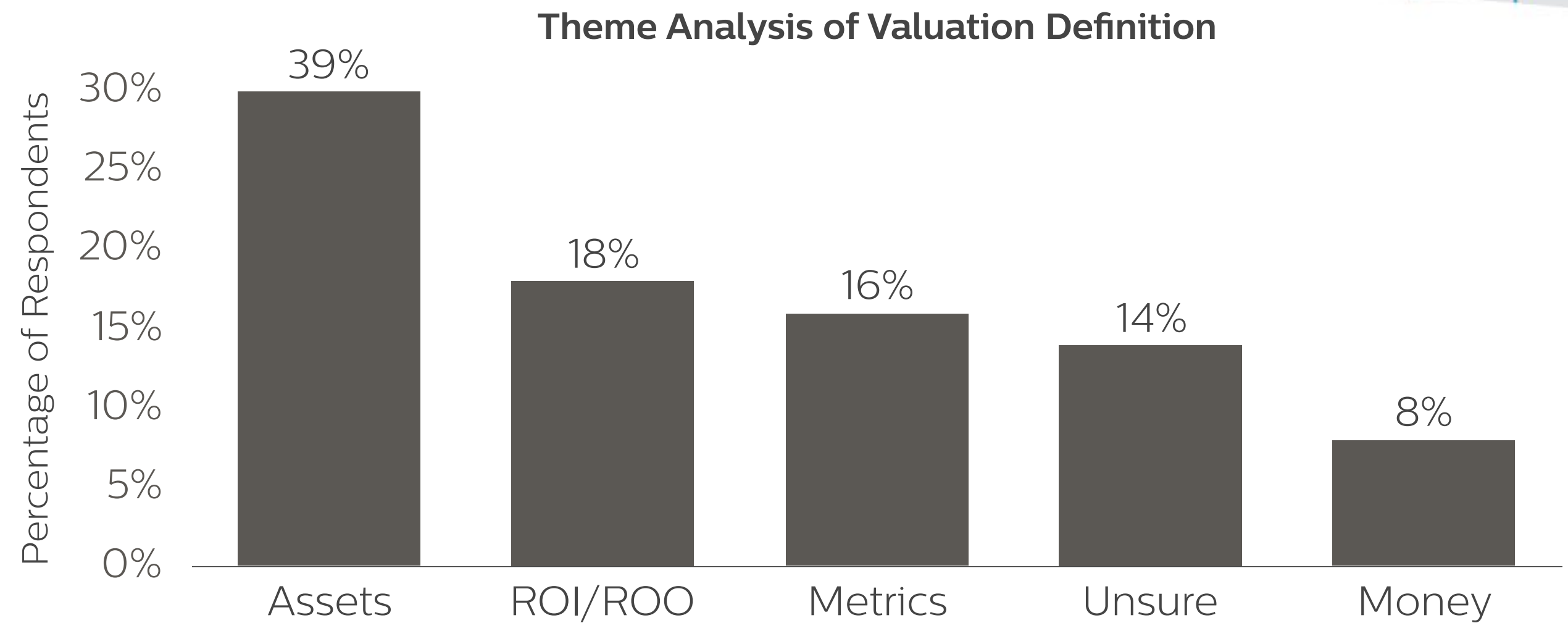
## DECISIONS: DEFINING VALUATION

"Lack of clarity around this, something we're working on right now."  
~ Property

"Measurement of benefits of a sponsorship opportunity before an agreement is reached to determine the level of investment required to meet the organization's objectives."  
~ Sponsor

"The value of a proposition/property that determines ROI."  
~ Property

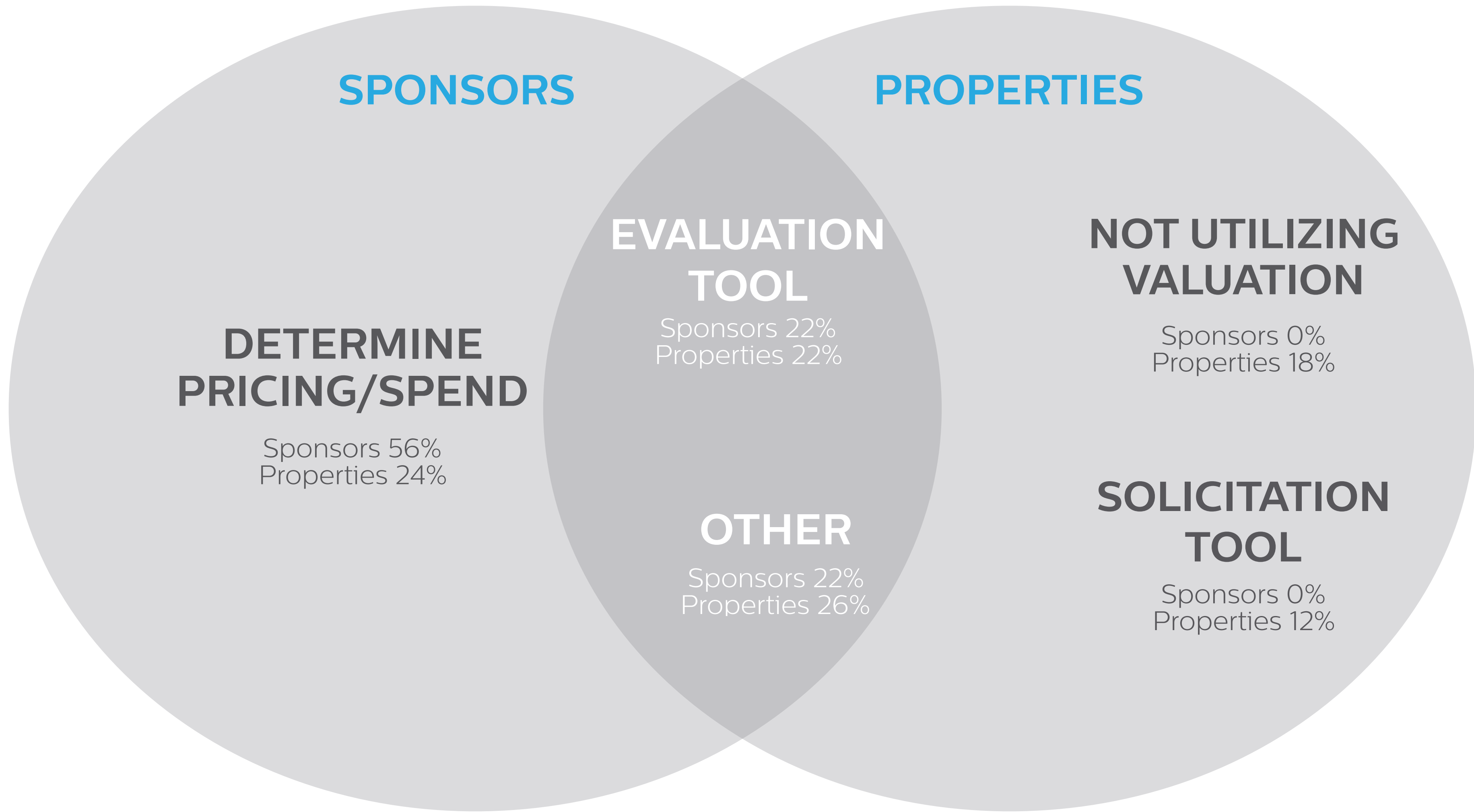
"Sponsorship valuation is a way to measure the level of success of a partnership. Does it meet client ROO, did the partnership hit all the targets and metrics set out at the onset of the partnership."  
~Property



"Return on media value provided by assets within the deal, plus activations."  
~ Property



# DECISIONS: UTILIZING VALUATION



## DATA



**1 in 2**

Sponsors Don't Use Valuation for Determining Spend

## NOTE

Properties and sponsors are using sponsorship valuation differently.

Some don't utilize it at all.



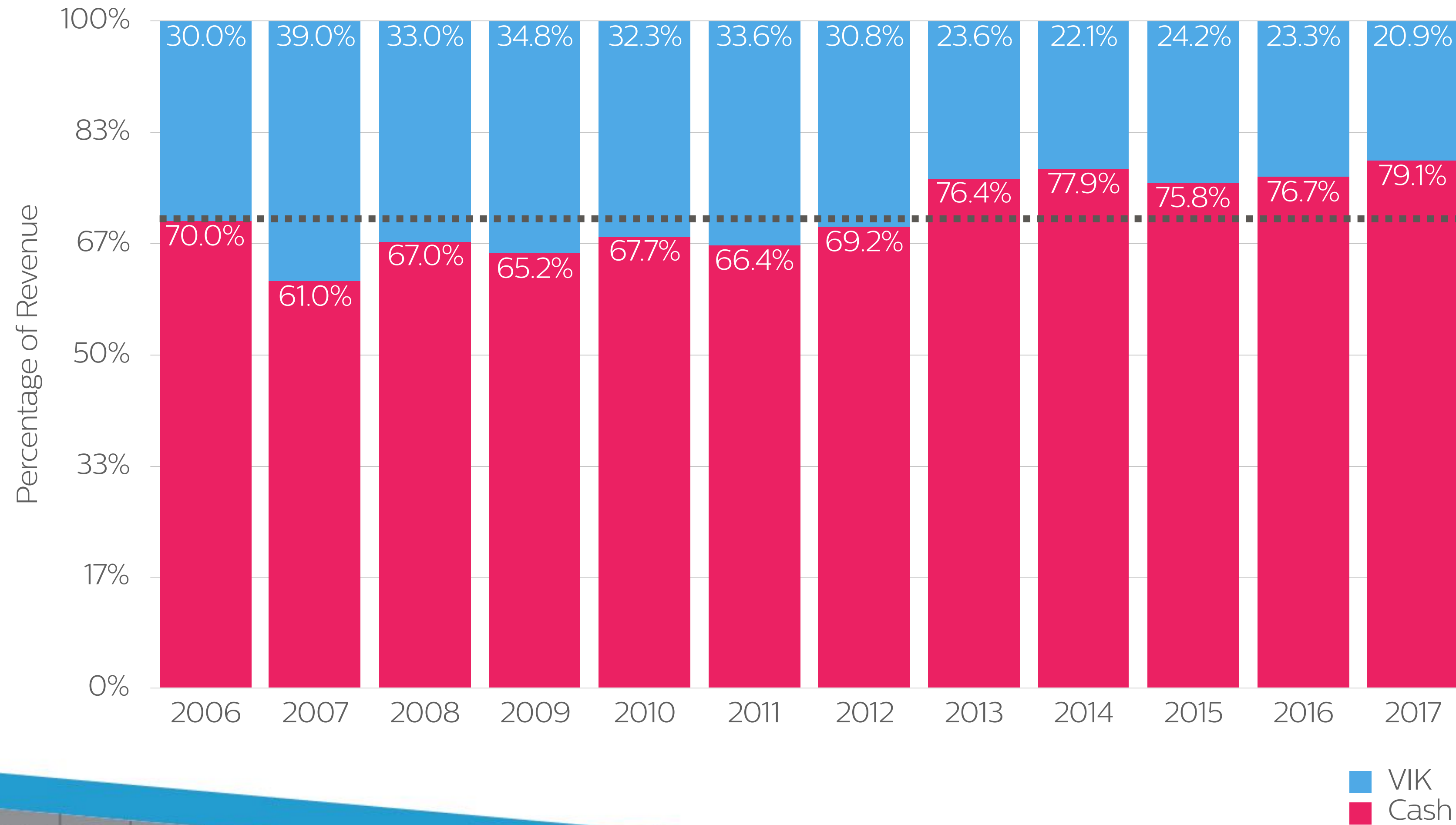
## **DECISIONS: UTILIZING VALUATION**

*“[Sponsorship valuation is] a nice to have, not a need to have.”*

*~ Property*

# DEALS: CASH OR VIK

Historical Cash vs. VIK Mix for Properties



DATA



**4 in 5**  
Dollars  
are Cash

NOTE

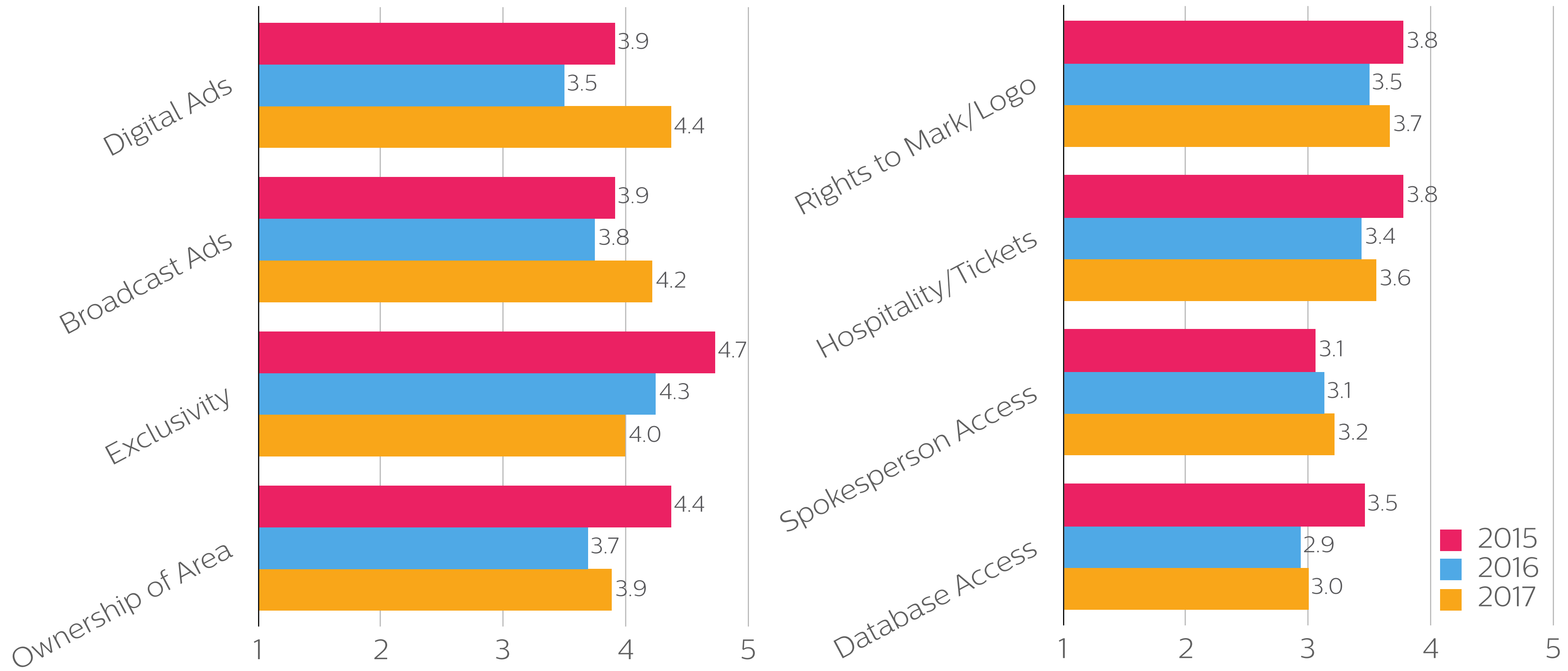
The 12-year average of cash to VIK is **71.0%** to **29.0%**.

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



# DEALS: VALUABLE BENEFITS

Most Valuable Benefits Identified by Sponsors



## DATA & NOTE

Some of the most valuable benefits for sponsors are related to content.

A property's most easily provided benefits are viewed as the least valuable for sponsors.





## DEALS: SUMMARY & APPLICATION

**1 in 2**

sponsors don't use valuation  
to determine spend

**18%**

of properties don't  
use valuation

**79.1%**

of revenue is cash

*What is one thing I can do tomorrow?*

### As a SPONSOR?

---

- Prioritize benefits that are important to you
- Assess the role of VIK

### As a PROPERTY?

---

- Assess any budget-offsetting need for VIK
- Review your compensation structure

### As a AGENCY?

---

- Ask what clients mean by "valuation"

1. What is the evidence?  
Background

3. What is the big picture?  
Industry

5. How about the deal?  
Agreement

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

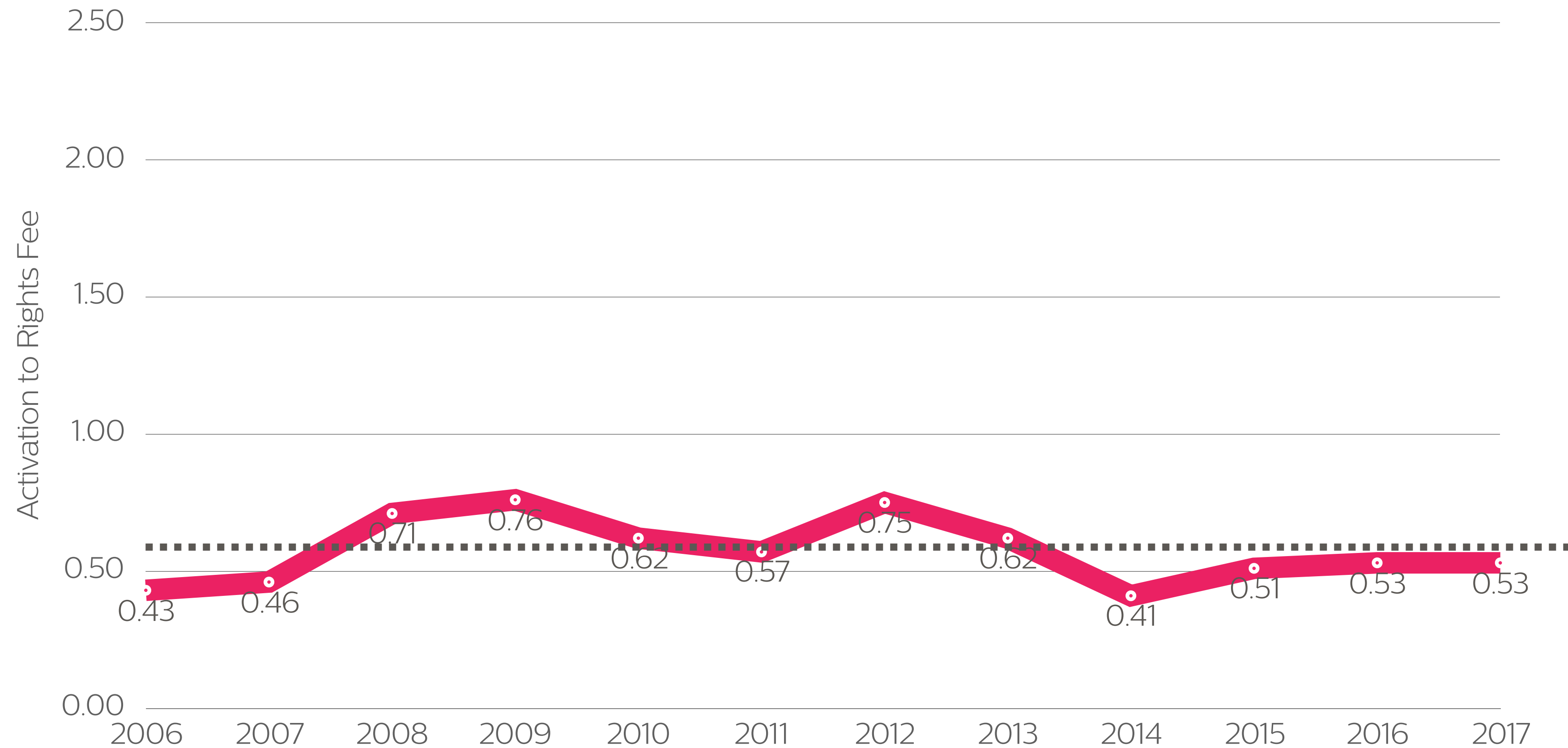
4. What are the key decisions?  
Partnering

6. How does it come to life?  
Activation

8. Where is the proof?  
Evaluation

# ACTIVATION: RATIO

## Historical Activation Ratio: Canada



**DATA**



Activation to Rights Fee in Canada

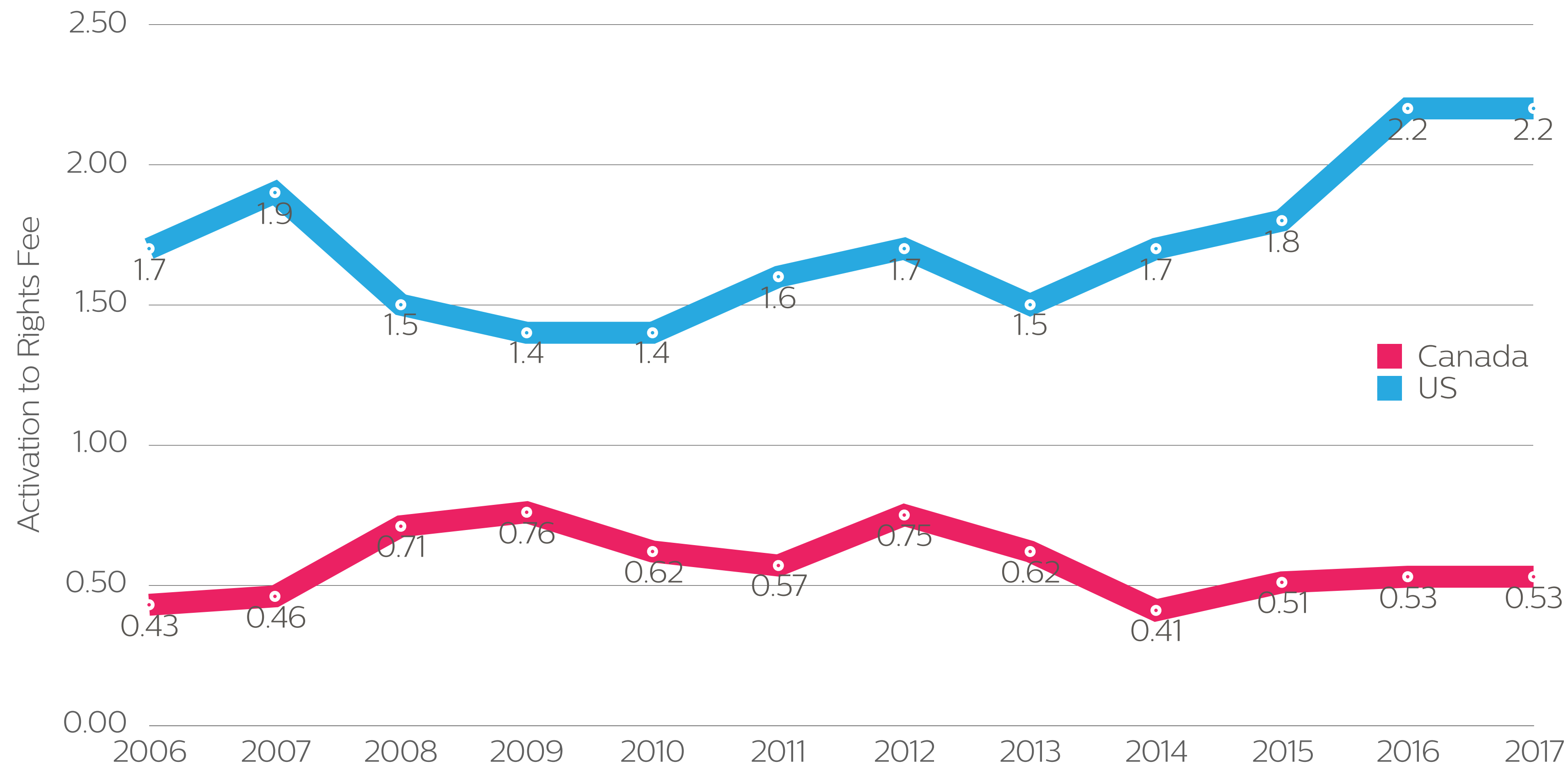
**NOTE**

The 12-year average activation ratio in Canada is **0.58**.



# ACTIVATION: RATIO

### Historical Activation Ratio: Canada & US



### DATA



# 2.2

Activation to Rights Fee in US

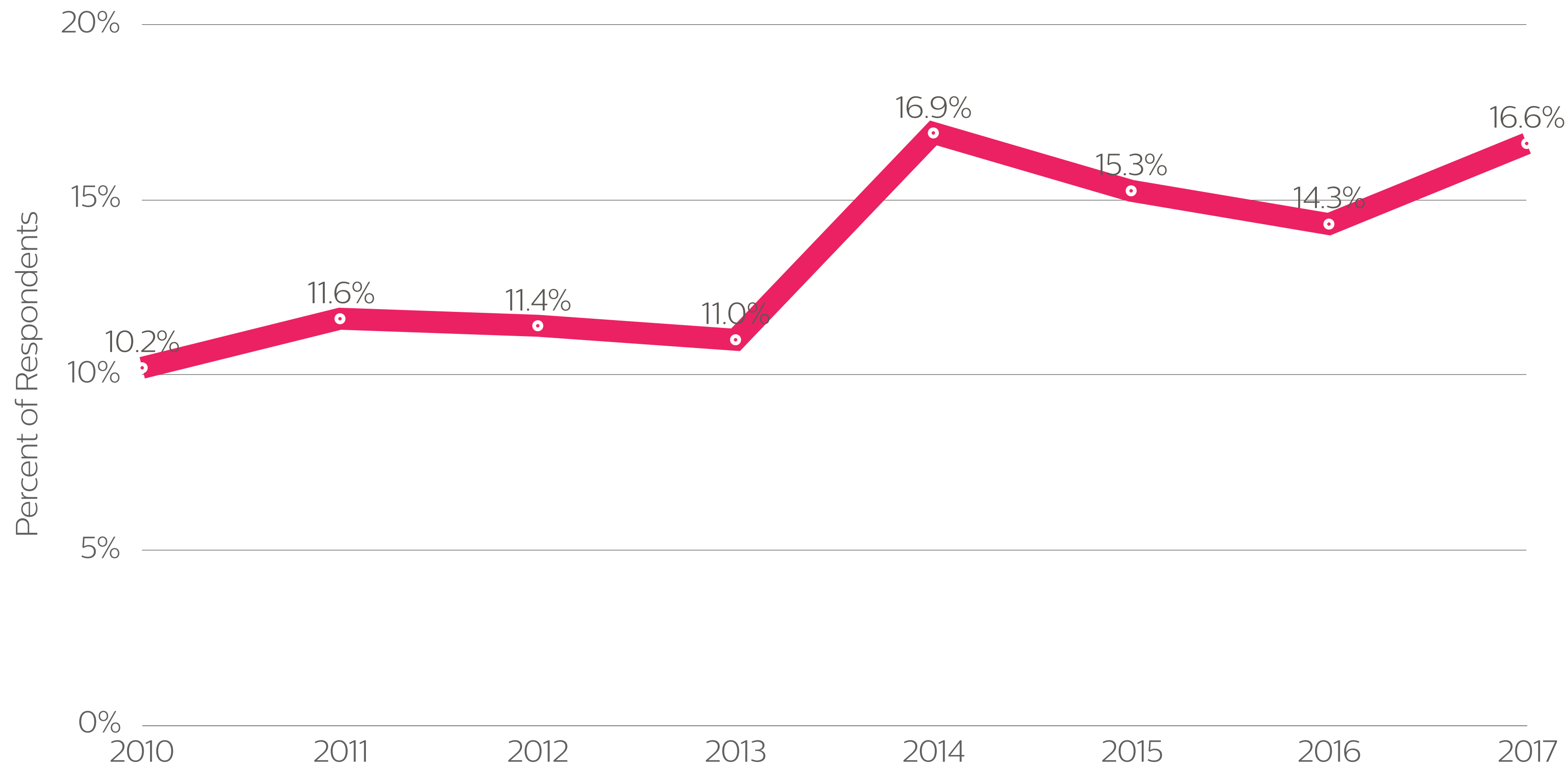
### NOTE

The activation ratio in the US is now more than **4X higher** than in Canada. Historically, it's been as low as 2X as high.



# ACTIVATION: BRANDED CONTENT

### Historical Sponsor Activation Spend on Branded Content



DATA



#1

Highest Spend of Any Activation Tactic

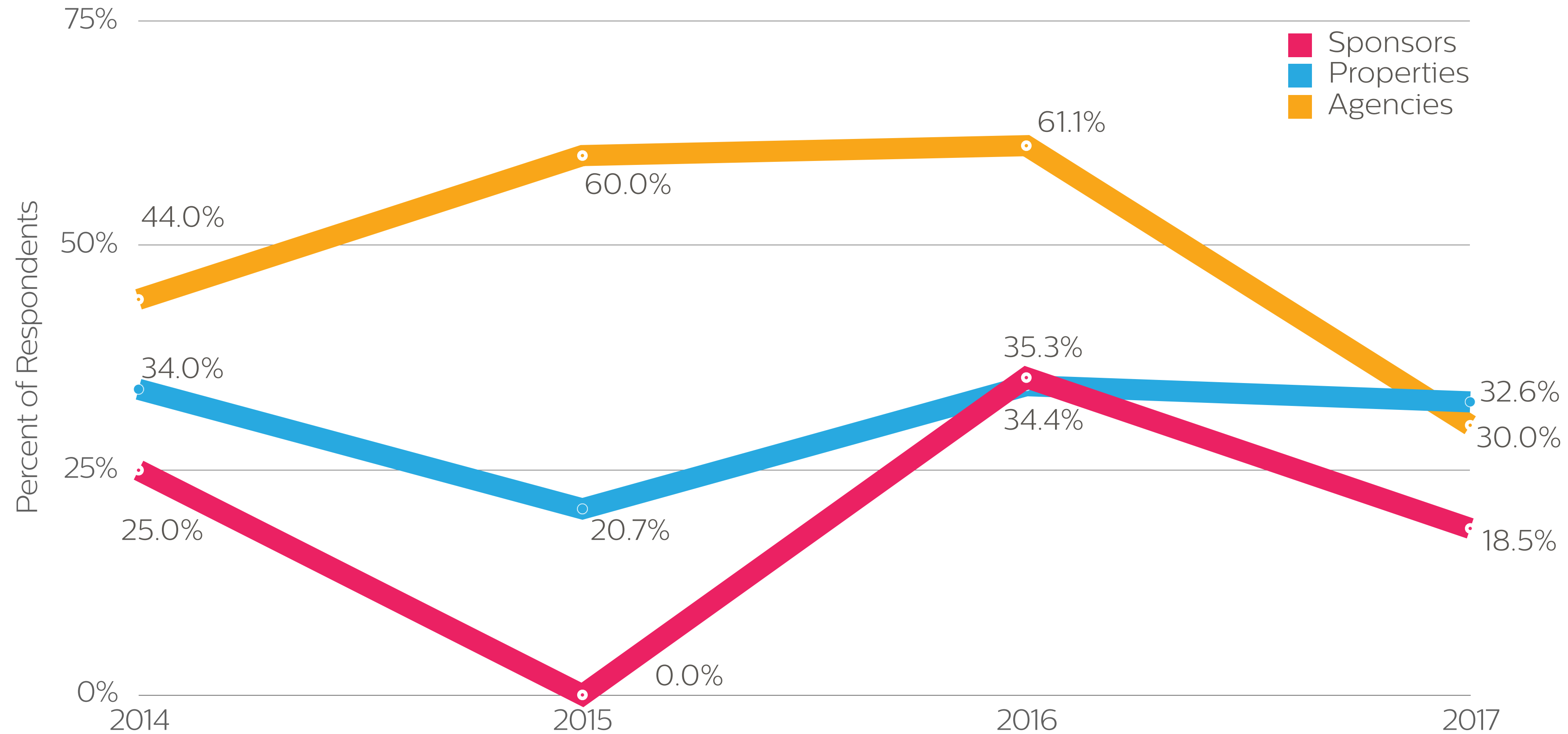
NOTE

Branded content has grown steadily as an activation tactic sponsors invest in.



# ACTIVATION: BRANDED CONTENT

Historical Activation Tactic that Best Drives Business Results



DATA



1<sup>ST</sup>

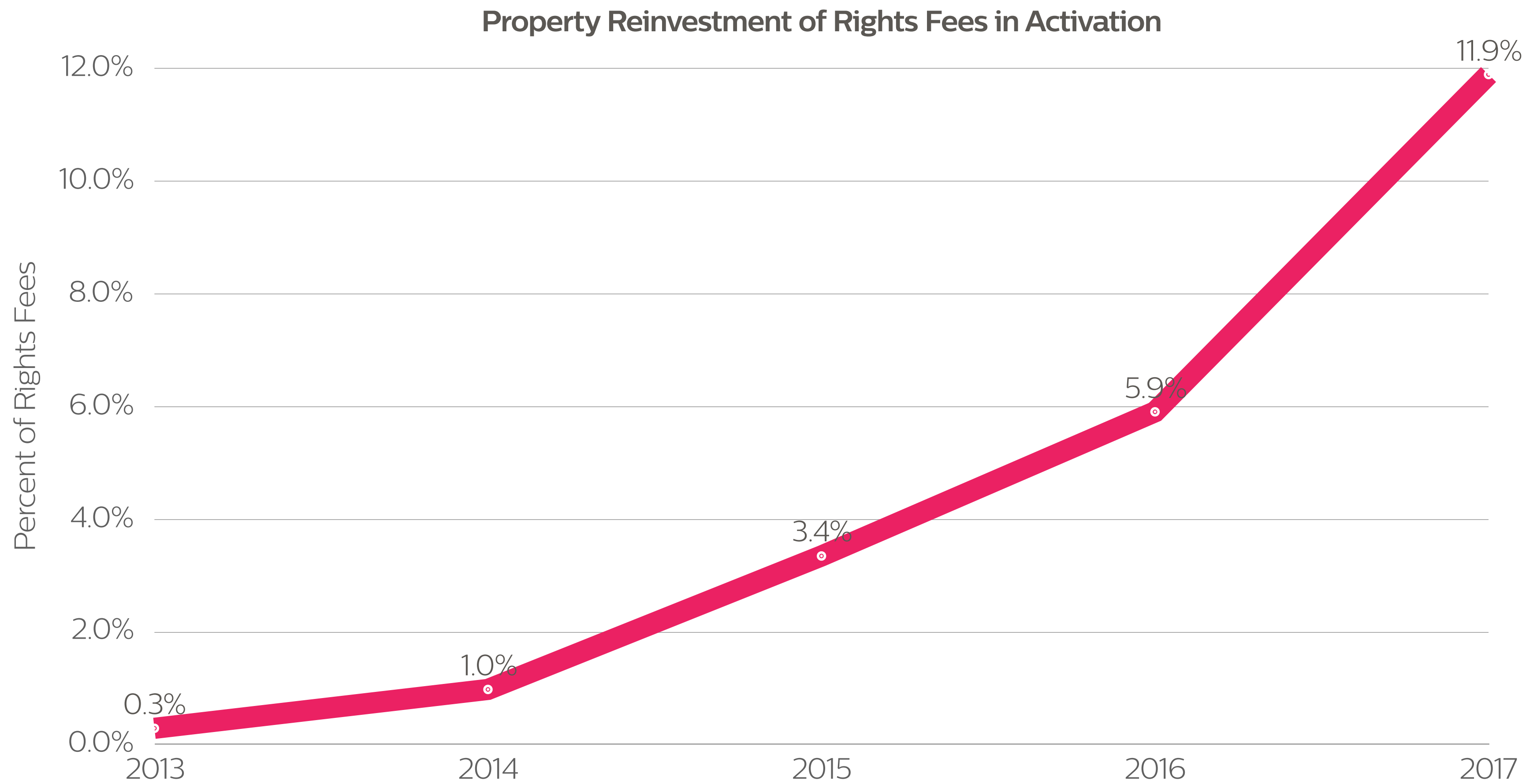
Best Tactic for All 3 This Year

NOTE

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



# ACTIVATION: PROPERTY REINVESTMENT



DATA



**11.9%**

Reinvested by  
Properties in Activation

NOTE

Properties have allocated more and more of their rights fees to activating.

Are they picking up sponsors' slack?



## **ACTIVATION: SUMMARY & APPLICATION**

**0.53**

activation to  
rights fees (Canada)

**2.2**

activation to  
rights fees (US)

**11.9%**

of rev. is allocated by  
properties for activation

*What is one thing I can do tomorrow?*

### **As a SPONSOR?**

---

- Reflect on why your activation ratio may be higher or lower than the above
- Restructure future deals to leave more room for activation

### **As a PROPERTY?**

---

- Ask or explore how your sponsors are planning to bring or are bringing the sponsorship to life

### **As a AGENCY?**

---

- Compare clients activation spend to industry averages
- Highlight examples of activations' success



1. What is the evidence?  
Background

3. What is the big picture?  
Industry

5. How about the deal?  
Agreement

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

4. What are the key decisions?  
Partnering

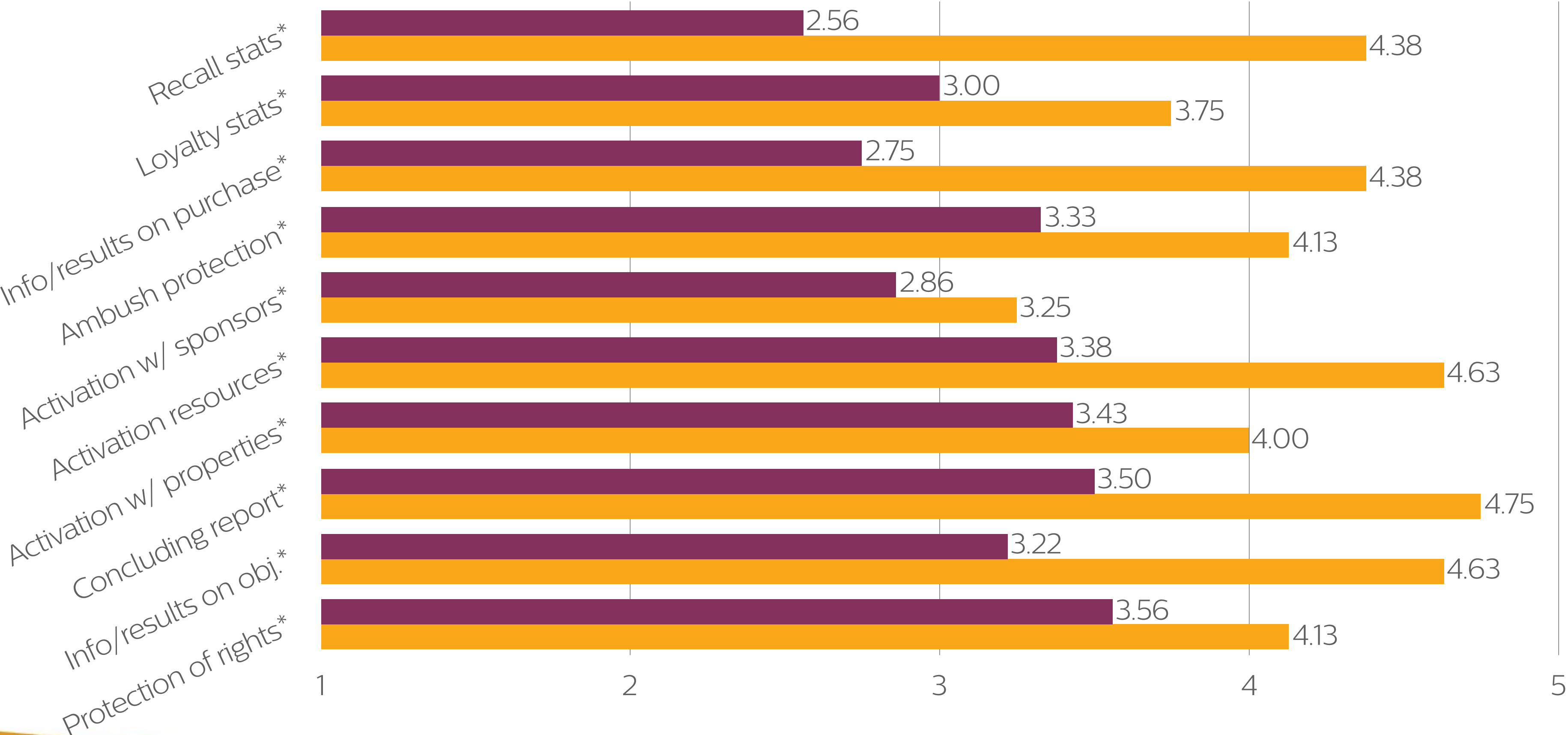
6. How does it come to life?  
Activation

8. Where is the proof?  
Evaluation

# RELATIONSHIP: SPONSOR PERSPECTIVE

Services to Sponsors: Viewed by Sponsors

■ Provided by properties  
■ Value to sponsors



**DATA**



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

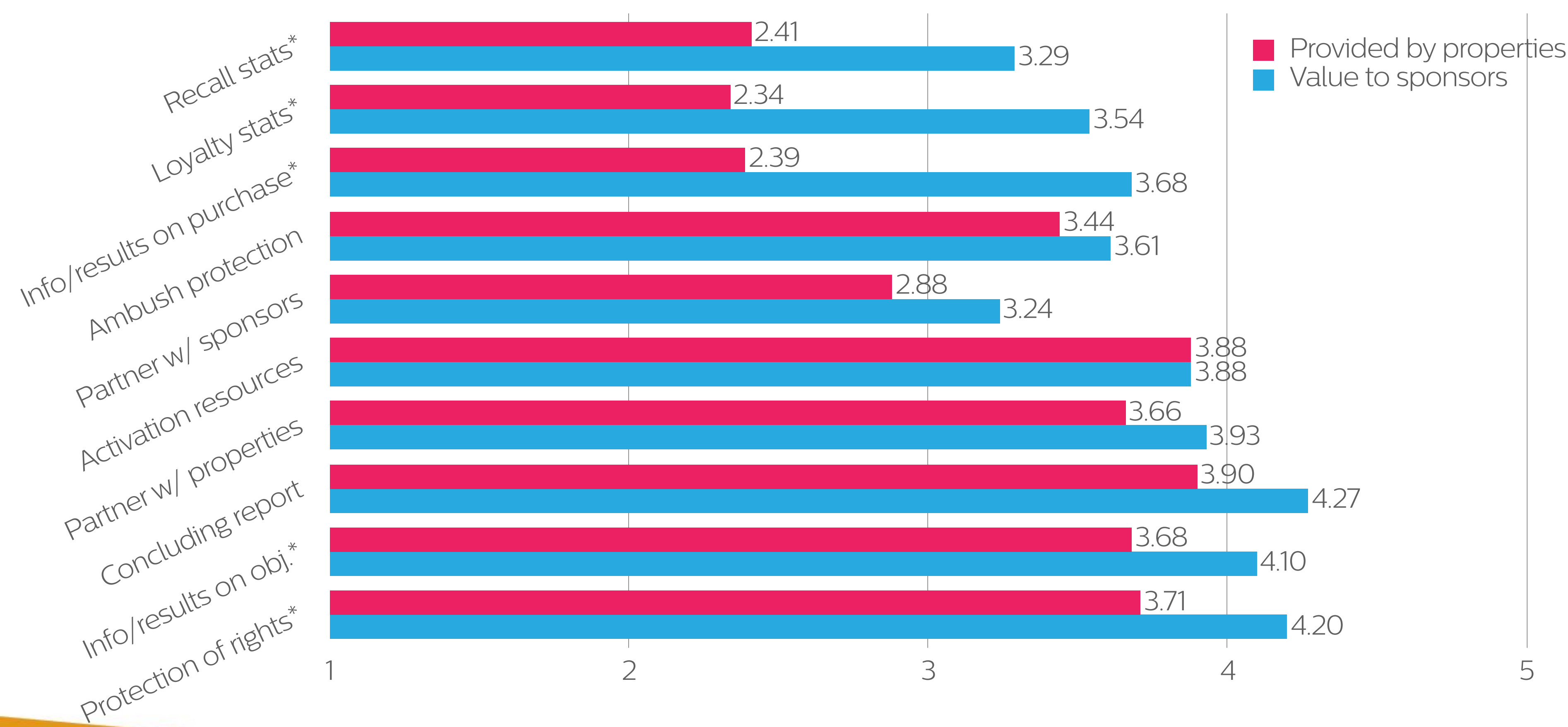
**NOTE**

Sponsors do not feel that they're being provided the services at level they require.



# RELATIONSHIP: PROPERTY PERSPECTIVE

Services to Sponsors: Viewed by Properties



DATA



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

NOTE

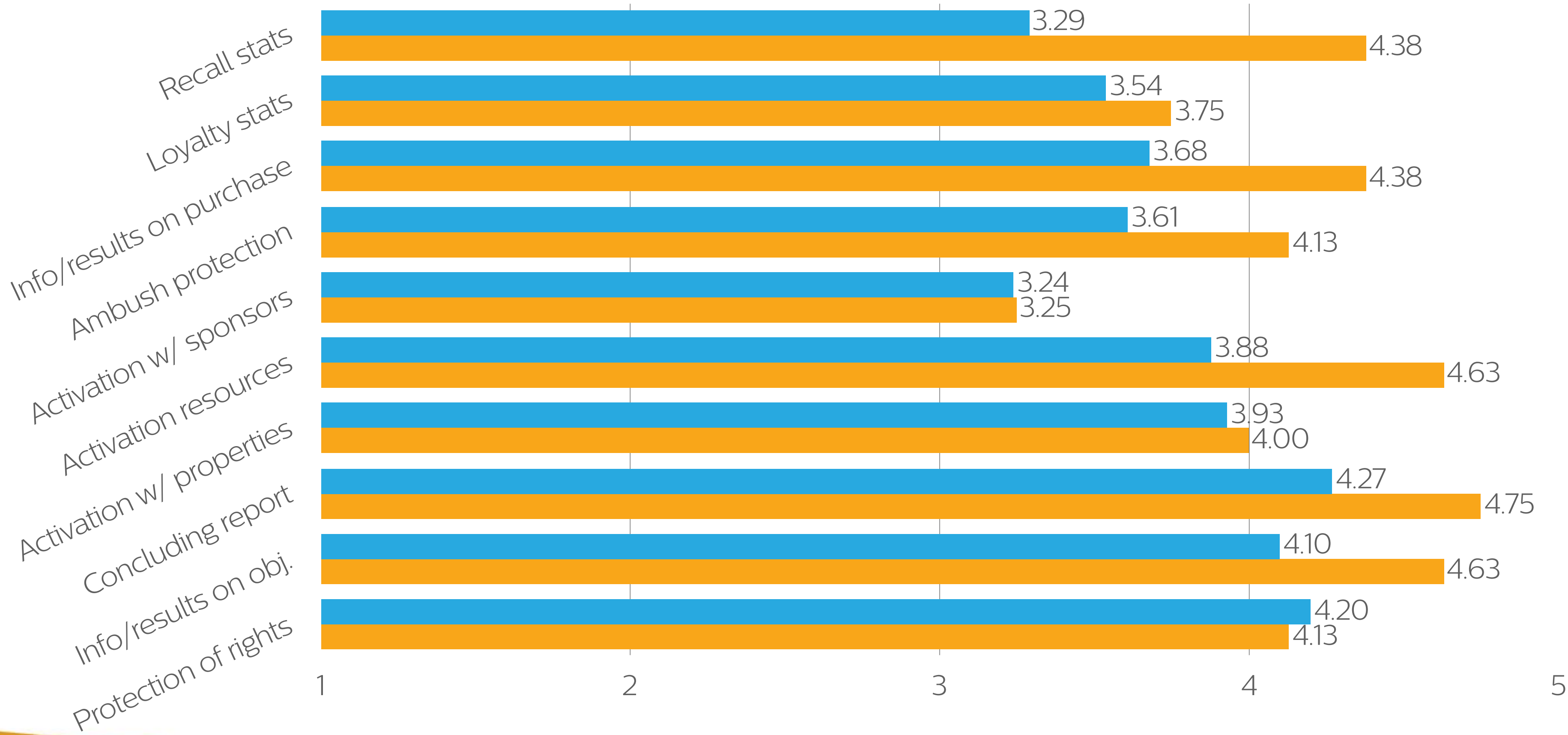
Properties know that they're not providing the services that their sponsors value.



# RELATIONSHIP: KEY SERVICES

Services to Sponsors: Properties vs. Sponsors

Value to sponsors (prop.)  
Value to sponsors (sp.)



**DATA**



**8 of 10**  
on Sponsor Side are 4+  
**3 of 10**  
on Property Side are 4+

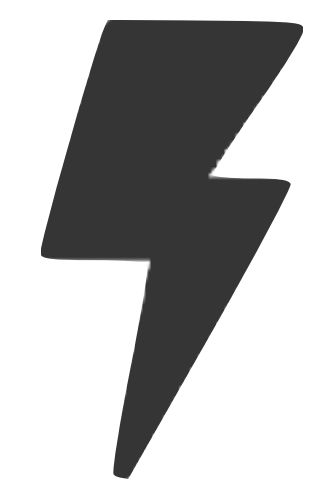
**NOTE**

Unsurprisingly, sponsors place more value on their own services than properties do.



# RELATIONSHIP: PROPERTIES INVEST

## ACTIVATION



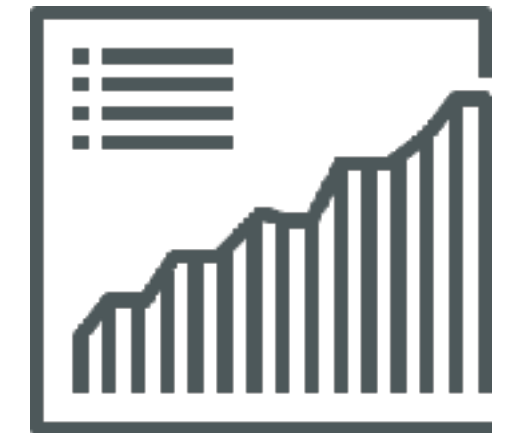
**11.9%**  
of sponsorship revenue is invested in activation

## SERVICING



**10.7%**  
of sponsorship revenue is allocated to servicing

## EVALUATION



**2.8%**  
of sponsorship revenue is invested in evaluation

## DATA



**25.4%**  
of Property Revenue is Getting Reinvested in the Relationship

## NOTE

Properties are setting aside money for activation, servicing and evaluation to demonstrate value of the sponsorship to their sponsors.



## **RELATIONSHIP: SUMMARY & APPLICATION**

**10 of 10**

services are under-  
provided (sponsors)

**5 of 10**

services are under-  
provided (properties)

**10.7%**

of rev. is allocated by  
properties to servicing

*What is one thing I can do tomorrow?*

### **As a SPONSOR?**

---

- Prioritize a list of the most important services for you
- Communicate your needs to your property

### **As a PROPERTY?**

---

- Ask your sponsor what services are most important
- Assess what services you can easily offer
- Highlight small wins

### **As a AGENCY?**

---

- Educate your clients on what services are typically priorities

1. What is the evidence?  
Background

3. What is the big picture?  
Industry

5. How about the first deal?  
Agreement

7. What is a strong relationship?  
Servicing

9. What is on the horizon?  
Future

2. Who are the players?  
Stakeholders

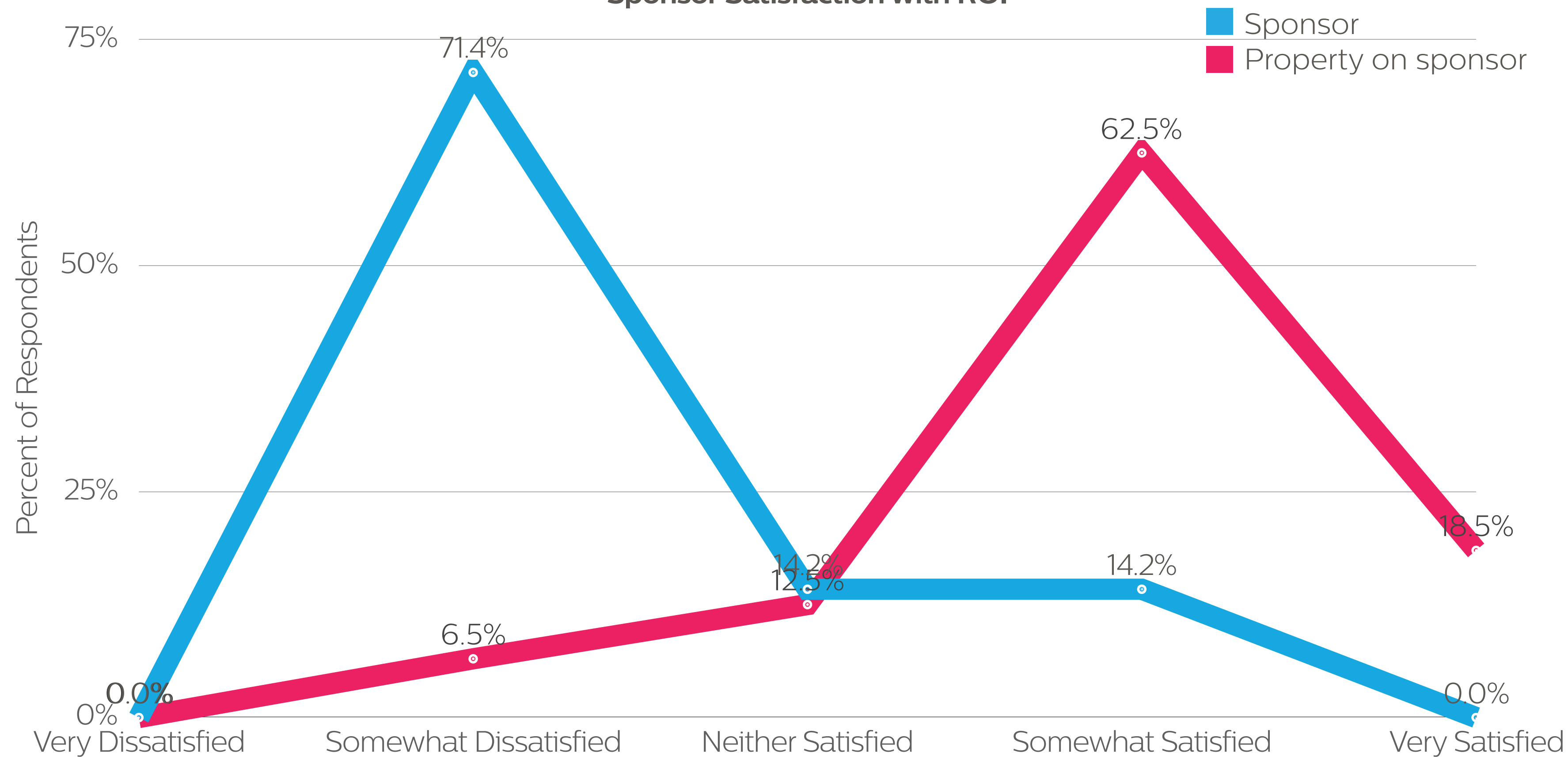
4. What are the key decisions?  
Partnering

6. How does it come to life?  
Activation

**8. Where is the proof?**  
Evaluation

# PROOF: RETURN ON INVESTMENT

### Sponsor Satisfaction with ROI



### DATA



**3.43** Sponsor Mean  
**3.98** Property Mean

### NOTE

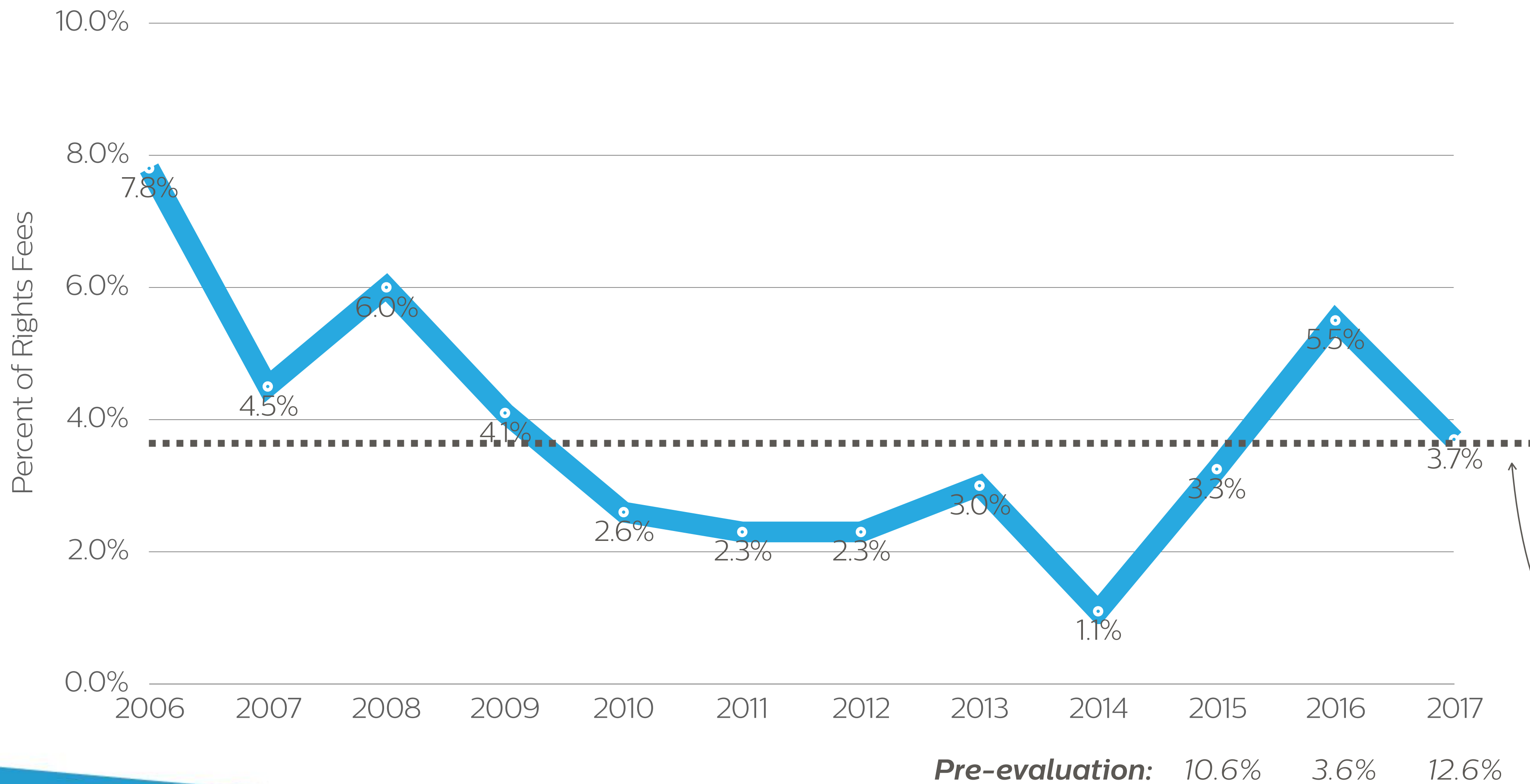
Properties believe that their sponsors are more satisfied with the ROI from sponsorship than they actually are.





# PROOF: EVALUATION

Historical Evaluation Spend



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

**NOTE**

**27%** reported spending nothing on evaluation, but that's down from **37%** in the previous year.

The 12-year average spend on evaluation is **3.8%**.

**PROOF: EVALUATION**

***What is the biggest opportunity in the next three years?***

*“Someone finally figuring out how to measure success.”*

*~ Sponsor*

## **RELATIONSHIP: SUMMARY & APPLICATION**

**3.43**

satisfaction with ROI (sponsors)

**3.98**

satisfaction with ROI (properties)

**3.7%**

spent on eval. (sponsors)

**2.8%**

spent on eval. (properties)

**27%**

spend nothing on evaluation

***What is one thing I can do tomorrow?***

### **As a SPONSOR?**

---

- Decide on a percentage of your budget for evaluation before the deal is signed

### **As a PROPERTY?**

---

- Ask sponsors how satisfied they are with ROI

### **As a AGENCY?**

---

- Ensure all clients are doing some type of evaluation (1 in 4 aren't spending)

**1. What is the evidence?**  
Background

**3. What is the big picture?**  
Industry

**5. How about the deal?**  
Agreement

**7. What is a strong relationship?**  
Servicing

**9. What is on the horizon?**  
Future

**2. Who are the players?**  
Stakeholders

**4. What are the key decisions?**  
Partnering

**6. How does it come to life?**  
Activation

**8. Where is the proof?**  
Evaluation

## **HORIZON: ESPORTS**

### **YES. 61%**

“Absolutely. As eSports continue to grow, more sponsors and stakeholders are flowing into that industry, which will be a booming opportunity for all players involved.”

### **UNSURE. 16%**

“Not sure...while audiences are mass, eSports can not connect to consumers at an emotive level.”

*Note: An additional 7 people noted it, unprompted in opportunities in the next three years.*

### **NO. 6%**

“Not really, beyond where it is now. Limited audience demographics, too young.”

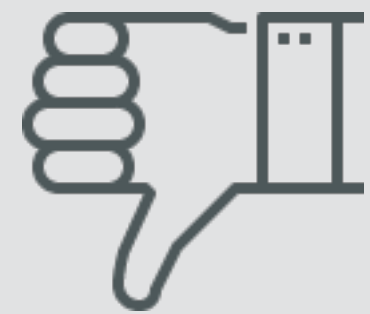
### **NOT YET. 16%**

“Not in 2018, but in the future...it is still too new and misunderstood for people to jump into as it becomes more developed and accepted I see it as a huge opportunity in the future.”



# HORIZON: FORECAST

## DECREASE



**36.4%**  
Sponsor

**18.9%**  
Property

**2.9%**  
Agency

## STAY THE SAME



**45.5%**  
Sponsor

**34.0%**  
Property

**76.5%**  
Agency

## INCREASE



**18.2%**  
Sponsor

**47.2%**  
Property

**20.6%**  
Agency

*Sponsors - net 18.2% negative  
Property - net 28.3% positive  
Agency - net 17.7% positive*



## **HORIZON: OUR VIEW**

1. *Positive agency indicators.*
2. *Failure to demonstrate ROI.*
3. *Divergent definitions of valuation.*
4. *A fraction of US activation.*
5. *Property activation explodes.*
6. *Standard benchmark for evaluation.*

# CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

*Visit [www.sponsorshiplandscape.com](http://www.sponsorshiplandscape.com) for more info!*

---

**Questions or Comments?**

Norm O'Reilly | [norm.oreilly@theT1agency.com](mailto:norm.oreilly@theT1agency.com)

Elisa Beselt | [elisa.beselt@theT1agency.com](mailto:elisa.beselt@theT1agency.com)