15th ANNUAL

CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

SPONSORSHIP MARKETING COUNCIL CANADA

IMI

Lead Author: **DR. NORM O'REILLY**

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.

Born and raised in Toronto, **T1** takes a thinking first approach to everything we do. It's how we deliver bold ideas that build brands, empower people, deliver results, and help shape the future.

IMI

SPONSORSHIP MARKETING COUNCIL CANADA

ACKNOWLEDGEMENTS: RESPONDENTS & “SHARERS”

THANK YOU!
MERCI!

A comprehensive industry study like the CSLS is only possible with the support of partners and industry professionals willing to respond and share the study.

We sincerely thank all who contributed.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

Agenda

15th Annual

TODAY'S PRESENTATION

15th Annual CSLS

Results
2020

Analysis
2006-2020

Industry
Trends, Size & Future

Special Topics

Qualitative Deep Dive
1. COVID-19 and Sponsorship
2. Social justice and Sponsorship

Reality Check
Drawing on other sources to put 2020 in perspective

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CANADIAN SPONSORSHIP LANDSCAPE STUDY

History: the CSLS at 15

15th Annual

IT IS OUR ANNIVERSARY!

In 2005, the idea for this study emerged from the Canadian Sponsorship Forum (now SponsorshipX) in Vancouver, where delegates overwhelmingly asked for Canadian sponsorship data. This led to the launch of the study in 2006, with an annual version being completed each year since.

2007

Toronto International Film Festival, Toronto

2008

2008 IIHF WORLD CHAMPIONSHIP CANADA Halifax•Québec City

World Hockey Championships, Halifax

2009

Quebec Winter Carnival, Quebec

2010

Paralympics, Vancouver

2011

Formula 1, Montreal

2012

Just for laughs

Just for Laughs, Montreal

2013

MasterCard MEMORIAL CUP SASKATOON 2013

MasterCard Memorial Cup, Saskatoon

2014

RBC ROYAL BANK BLUESFEST 1994 20 YEARS 2014 ANNIVERSARY EDITION JULY 3-13 LEBRETON FLATS

RBC Bluesfest, Ottawa

2015

FIFA Women's World Cup, Edmonton

2016

NBA All-Star, Toronto

2017

JUNOS, Ottawa

2018

SPEAKER SERIES

T1 Speaker Series, Toronto

2019

SickKids®

SickKids Foundation, Toronto

2020

SP^X

SponsorshipX Virtual Series

2021

SP^X

SponsorshipX Clubhouse

And multiple times at each of:

acaa

WESTERN SPONSORSHIP CONGRESS® ALBERTA FORUM

SPONSORSHIP MARKETING COUNCIL CANADA

PETRO-CANADA SPORT LEADERSHIP SPORTIF

CSTA ACTS

CSLS Landmarks & Breakthroughs

2007 Activation Ratio: 0.43	First ever validation that activation in Canadian sponsorship was significantly behind other major countries of the world.
2008-2010 Recession Proof	As the ‘Great Recession’ hit many countries, including Canada, CSLS results showed sponsorship kept growing.
2013 Festivalization	CSLS authors coined the term “festivalization” as the festival category took similar proportion of sponsorship investment in Canada from 2011 to 2013.
2014 & 2018 Pro Sport Renaissances	The proportion of sponsorship spend dedicated to pro sport spikes in 2014 and again in 2018.
2018 $3 Billion	Total sponsor spend (rights fees plus activation) exceeds $3 billion for the first time. More than double the first year of CSLS.
2020 COVID impacts	One of the first studies to quantify impacts of COVID-19 on sponsorship.

Global & National Influencers Timeline

Canada hosts Pan Am and Parapan Am Games

Canadian artists dominate pop music charts: Drake, The Weeknd, Justin Bieber

FIFA Women's World Cup hosted in Edmonton, AB

2015

Instagram Ads launched globally

Same-sex marriage legalized in USA

Canada hosts NBA All-Stars Game and World Cup of Hockey in Toronto, ON

Wildfires ravage Fort McMurray, AB

2016

Colin Kaepernick kneels in protest of racial injustice

Instagram rolls-out major algorithm changes and business analytics tools

Donald Trump elected 45th President of USA

UK votes Brexit

Canadian census shows strongest population growth among all G7 countries

Canada celebrates 150th birthday

2017

Instagram integrates with e-commerce

Volkswagon pays $4.3 billion fine in emissions cheating scandal

Wikileaks claims widespread CIA surveillance programs

TikTok launches in markets outside of China

Global & National Influencers Timeline

2018

Team Canada celebrates IIHF World Junior Championship title in Buffalo, NY

Canadian Sponsorship total industry spend of $2.98 billion

FIFA World Cup draws global audience of 3.5 billion viewers

Cambridge Analytica connected to digital propaganda influence in US elections and Brexit

SpaceX launches Falcon Heavy

2019

Bianca Andreescu becomes Canada's first-ever grand slam singles champion

Government of Canada pledges funding to reach $1.4B annually by 2023 for gender equality

Toronto Raptors win 2019 NBA Championships

Consumer spending on apps approaches $90 billion; Tinder ranked #1 for in-app spend

Canada-United States-Mexico Agreement (CUSMA) is signed

2020

Bank of Canada provides $200 billion of liquidity to financial institutions

Black Lives Matter & Social Justice Movements

WE Charity controversy

COVID-19 causes global pandemic

E-Sports projects growth in 2020 to surpass $1 billion

2021

CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

Results

15th Annual

The Story of 2020:

COVID-19 stalls sponsorship & much of the world economically and socially.


1. The Study
Background
2. The Sample
Stakeholders
3. Industry Data
Size & Scope
4. Results #1
Strategy
5. Results #2
The Deal
6. Results #3
Activation
7. Results #4
Servicing
8. Results #5
Evaluation
9. Discussion
So What?

1. The Study

Background

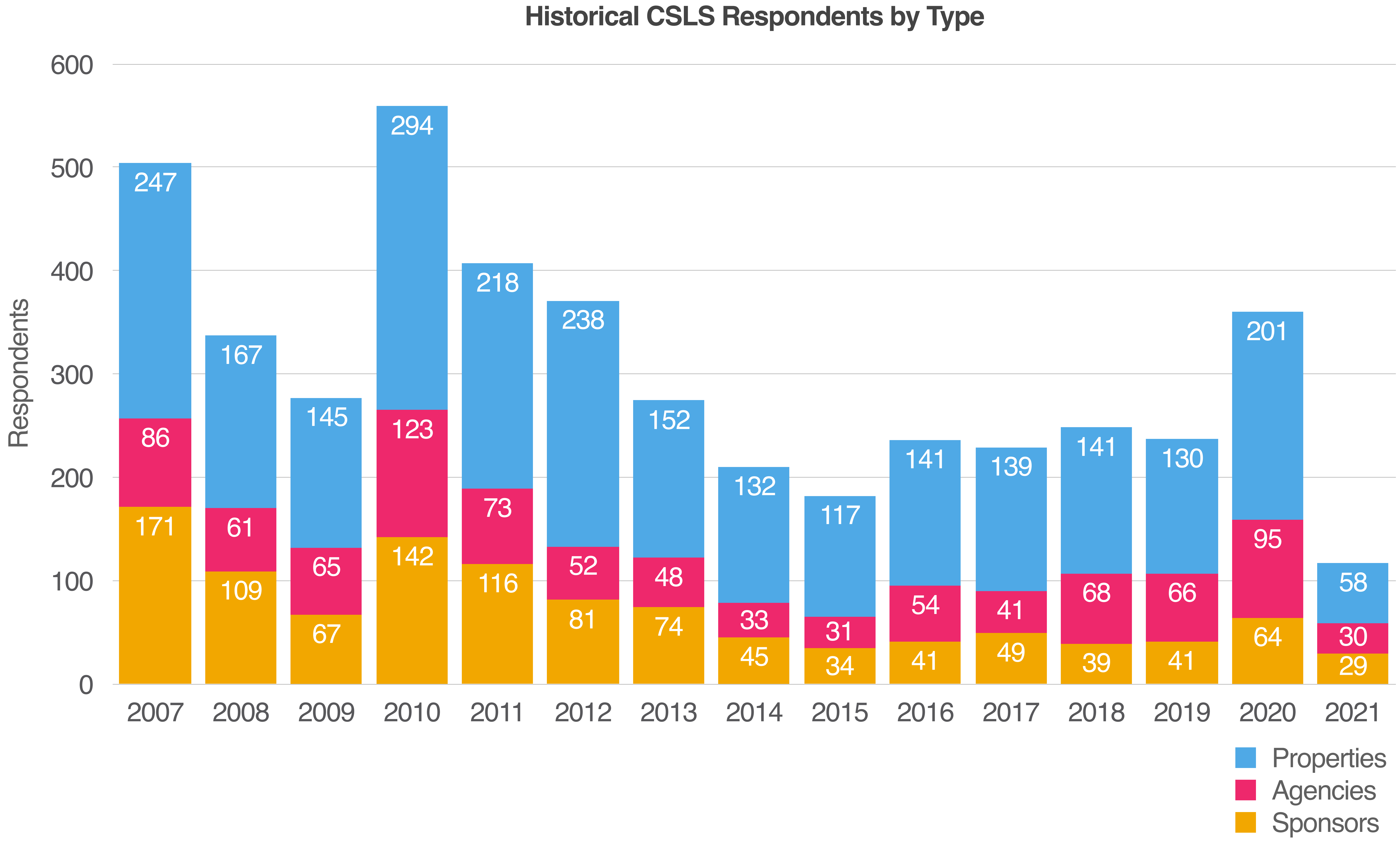
THE STUDY: CSLS 101

Origin	Perspective	Process	Analysis	Design
Need Share Bilingual Canadian	Spend Revenue Billing	Phone Online Attribution	Themes Comparative Modelling	Longitudinal Triangulation Deep Dives Trends

2. The Sample

Stakeholders

RESPONDENTS



DATA

4,552

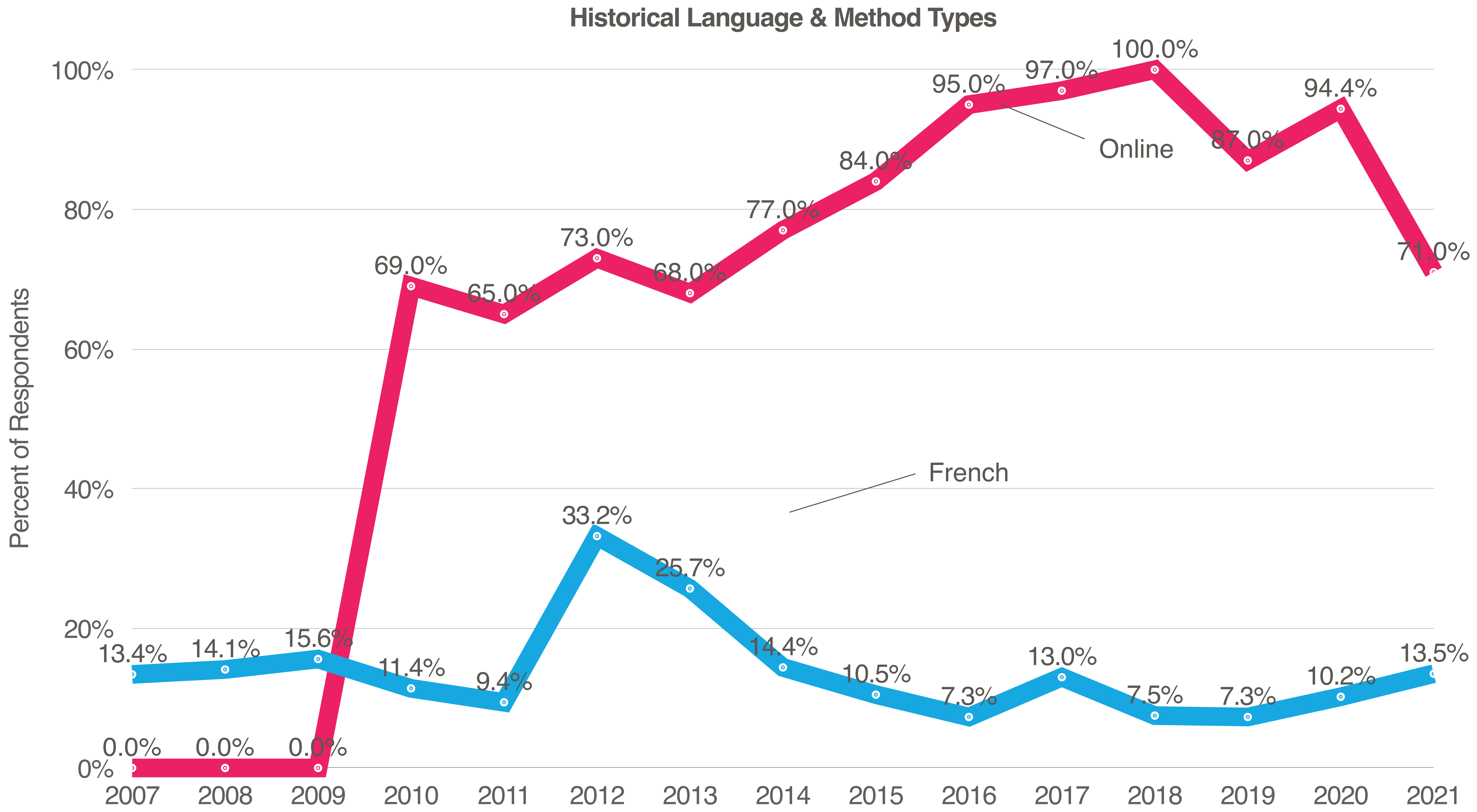
Total Respondents

NOTE

After going online in 2010, the number of respondents continually declined until a survey redesign in 2016 led to a recent thigh in 2020.

2021, not unexpectedly, is the lowest response ever.

SURVEY PARTICULARS



DATA

15 Years

Language &
Method of Response

NOTE

French rates rose around conference in Montreal (2012/13); lower since.

Online at 100% for first time in 2018, but some offline in 2019, 2020 & 2021.

TYPICAL SPONSOR IN 2020

A SPONSOR
(2020)

n=29

Industry
- Sample includes representation from all Industry Canada categories
- Median annual sales of $270M
- HQ: ON 60%, QC 25%, AB 10% BC 5%

Internal Details
- Sponsorship decisions balanced throughout the year
- Sponsorship is housed in:
  - Marketing/Communications: 75%
  - PR: 20%
  - Community Relations: 5%

Sponsorship Spend
- $5.1M average rights fee
  - Range: $10k to $25M
- Largest Sponsorship
  - Avg: $1.1M
  - Range: $10k to $10M
- Portfolio: 2 to 275 deals
  - Mean: 37.3 deals
  - Median: 5 deals

Demographic
- Decision Maker:
  - 60% Male / 40% Female
- 95% Director level or above
  - 40% CEO/President/CMO
  - 25% VP

Money Mix
- 75% For Profit
- 81.25% Cash vs VIK
- Targeting (by $'s):
  - Female: 29.5%
  - Male: 31.5%
  - No Specific Target: 39.0%

TYPICAL PROPERTY IN 2020

Decision-Making

- Decision-maker
  - 47.5% M, 46.5% F, 6.0% Other
  - 15.5% CEO/ED; 29.5% VP; 55.0% Director

Property Reach

- Major shift to provincial, regional and local properties (51.1% of rights fees received).
- See later slide with more detail.

A PROPERTY (2020)

n=58

Revenue

- $2.15M received (average)
  - Range: $10k to $27M
- Largest sponsor
  - Average: $1.25M
    - Range: $10k to $25M
  - Source:
    - Retail 50%
    - Finance 31%
    - Communications 12%
- Mix: 83.5% cash & 16.5% VIK
- Revenue Source
  - 91.5% For-Profit Sponsor
  - 8.5% NFP Sponsor

Sponsor Mix

- Number of sponsors
  - Mean: 21.5
  - Median: 11
  - Range 2 to 125
- Demographic Focus:
  - Adults: 47.5%
  - Other: 13.7%
  - Men and/or Boys: 15.9%
  - Children and youth: 13.4%
  - Women and/or Girls: 9.5%

Demographic

- Budget: $3M (median)
- HQ: 65% ON / 20% AB
- 2 staff working primarily on sponsorship (median)

TYPICAL AGENCY IN 2020

AN AGENCY (2020)

n=30

HQ & Reach

- HQ: 75% Ontario
- HQ: 15% Quebec
- Reach:
  - 9.5% International
  - 45.5% National
  - 19.5% Provincial
  - 25.5% Regional/Local

Decision-Maker

- CEO/President: 70%; VP 30%
- Gender: 57% M; 43% F; 0% Other

Client Mix

- Client Type
  - Sponsor: 57.5%
  - Property: 30.5%
  - Agency: 12.0%
- Focus of Billings
  - Festivals: 4.5%
  - Pro Sport: 29.5%
  - Olympic: 32.5%
- Mission
  - For-profit - 75.0%
  - NFP - 25.0%

Sponsorship Billings

- $1.5M average billings ($10k to $23M)
- Sponsorship: 39.5% of total billings
- Sponsorships worked on: 15.2 (average)

Focus of Billings

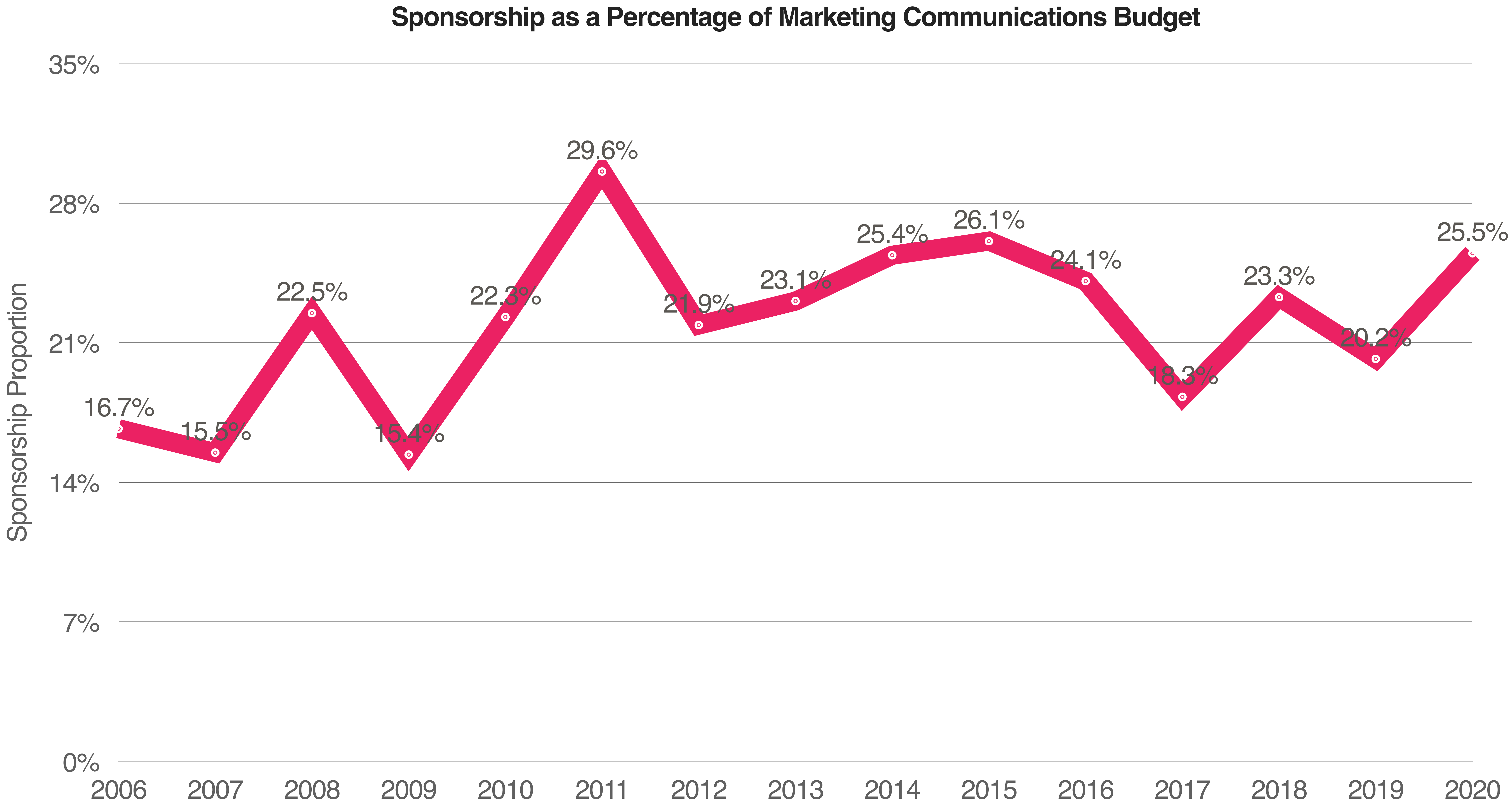
- Gender:
  - M 27%; F 27%
- Largest Client
  - Sponsor: 40%
  - Property 60%

NOTE **60%** described themselves as a "sponsorship agency"

3. Industry Data

Size & Scope

PROPORTION OF MARCOM BUDGET



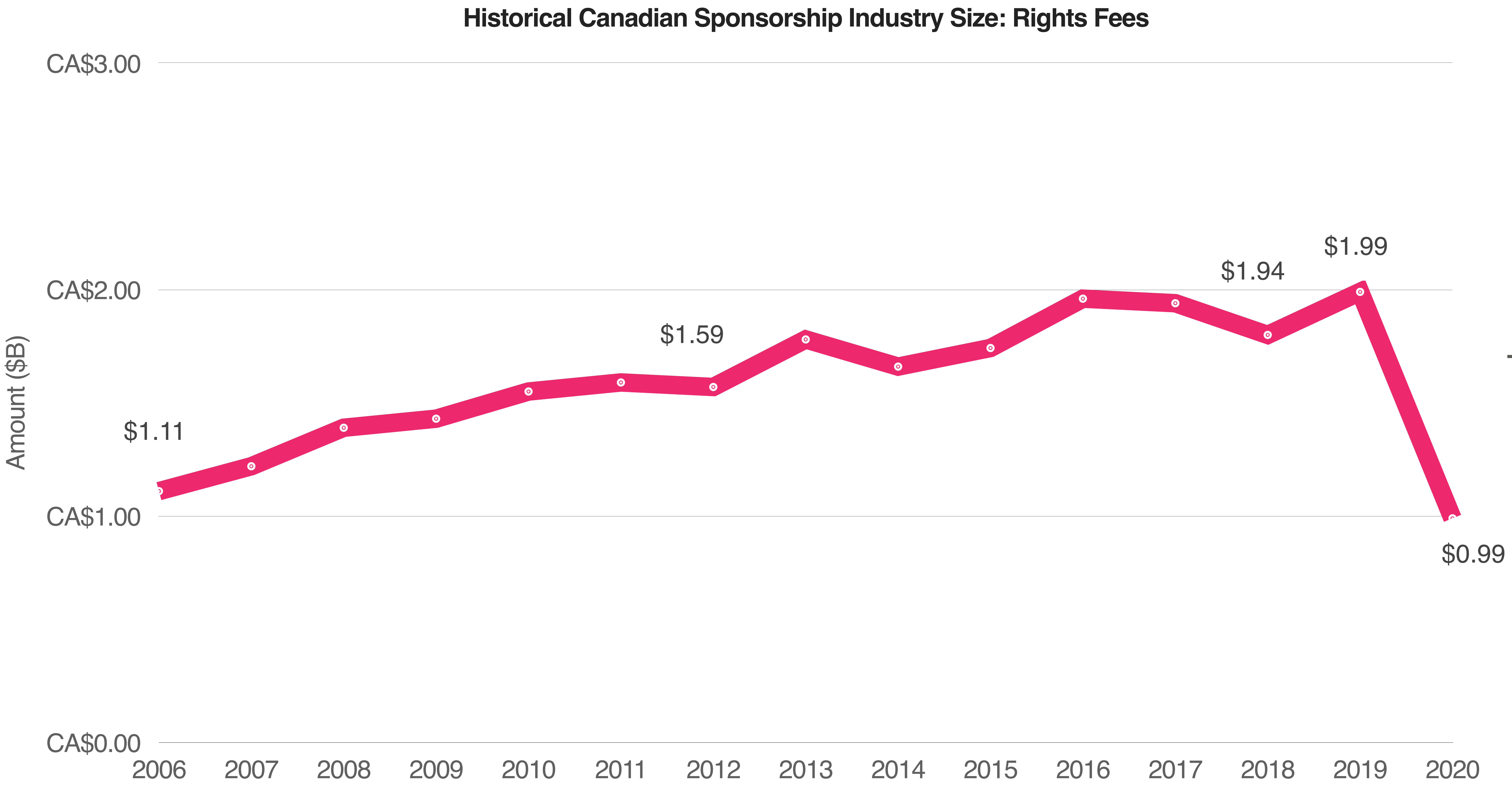
DATA

25.5%
In 2020 * Big lift

NOTE

Among those organizations that use sponsorship, just over **1 in 4 MarCom $'s** are spent on sponsorship. Suggests sponsorship did better than others in COVID.

CANADIAN INDUSTRY SIZE



DATA

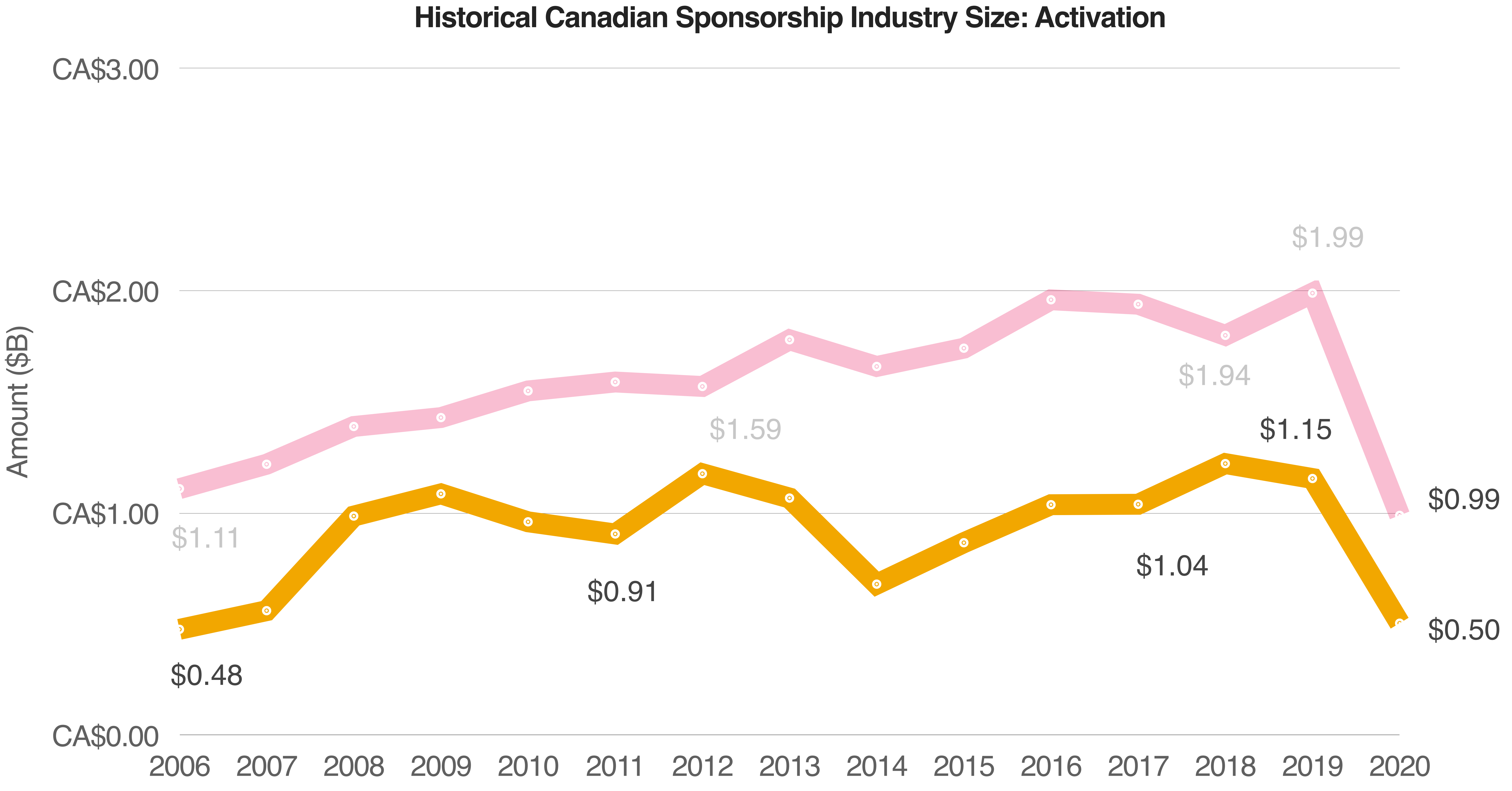
$990M

2020 Rights Fee Spend

NOTES

Lowest estimate in history of study

CANADIAN INDUSTRY SIZE



DATA

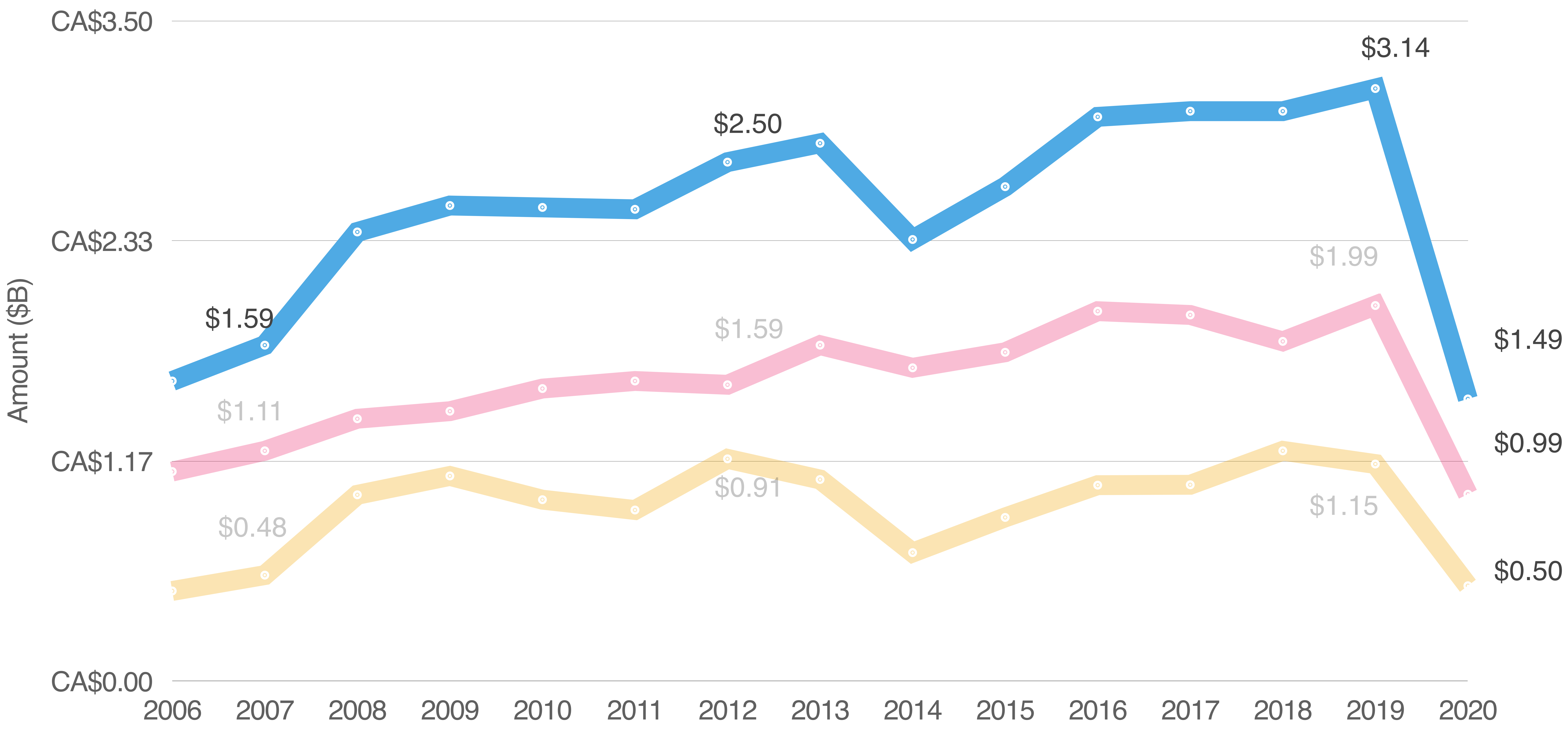
0.51

Activation to Rights Fee in 2020

Observation: Total investment in activation had more than doubled in the 14 years up to the pandemic.

Drop in rights fees and activation in 2020.

BIG PICTURE: CANADIAN INDUSTRY SPEND



DATA

$1.49
in Total 2020
Industry Spend

NOTE

More than a 50% drop in 2020 from 2019 due to the pandemic.

4. Results #1

Strategy

LARGEST SPONSORSHIP CATEGORY

60%
Pro Sport

26%
Amateur Sport

4%
Entertainment,
Tours & Attractions

2%
Festivals

Average Size of Largest Annual Deal: $1.1M
Range: $10,000 to $10M

DATA

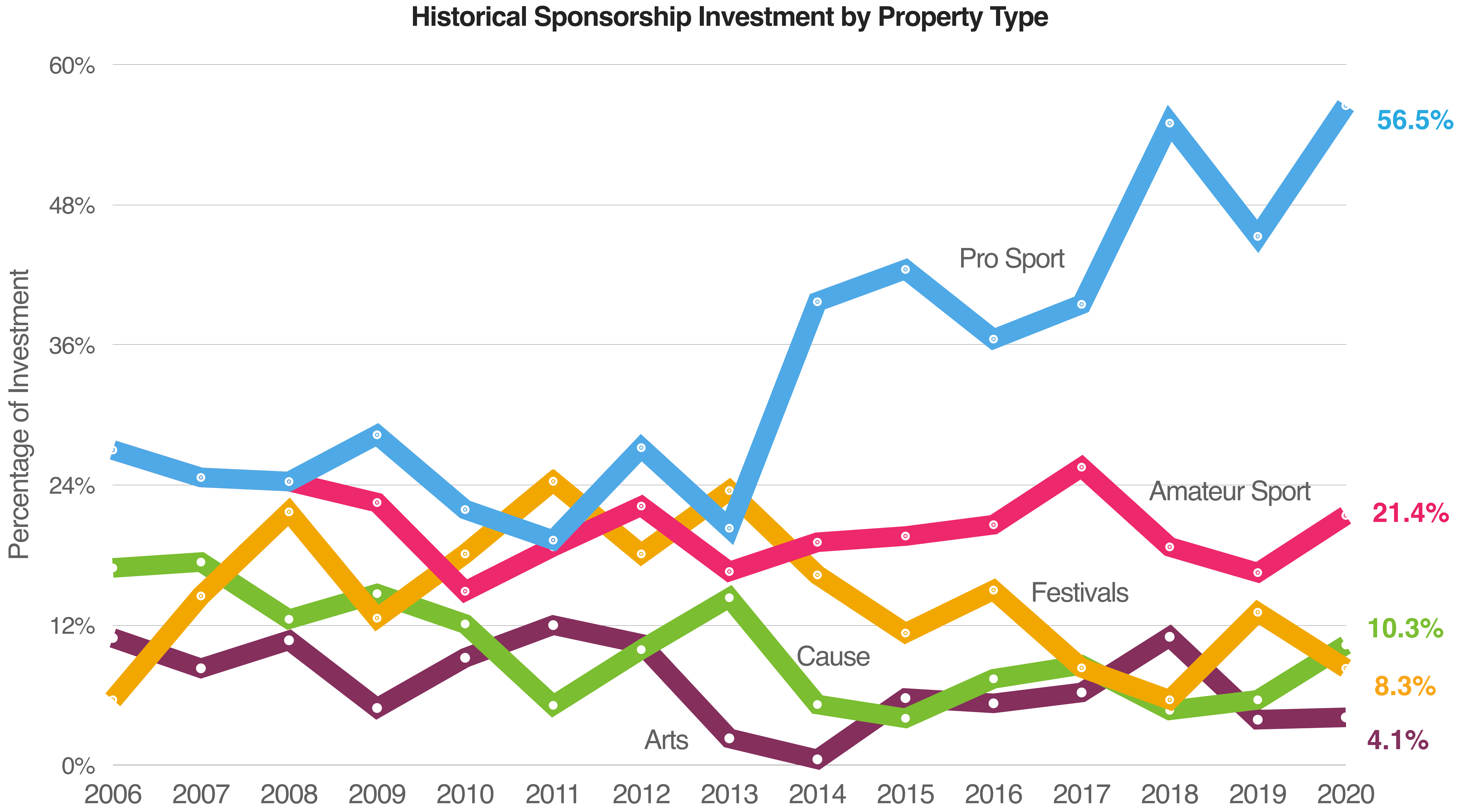
Others
Arts (6%)
Other (2%)

NOTE

Shift to sport over 2019. Olympic Games and COVID impacts key drivers.

Arts growth in pandemic.

PROPERTY MIX



DATA

56.5%
of Investment is
in Pro Sport

NOTE

Others - all <1%
- Other
- Entertainment, Tours & Attractions
- Education
- Media
- Municipality

SPONSOR INVESTMENT: *PROPERTY REACH BY SPEND*

2019 DATA | 2020 DATA

"Huge Shifts over 2019 (and all previous years) away from International & National"

15.3% | 4.6%
International

41.0% | 19.3%
National

3.6% | 5.6%
Multi-Provincial

15.1% | 33.0%
Provincial

14.0% | 18.1%
Regional

11.1% | 19.4%
Local

MISALIGNED VIEWS ON THE FUTURE

DECREASE	STAY THE SAME	INCREASE
0% Sponsor	**15%** Sponsor	**85%** Sponsor
0% Property	**5%** Property	**95%** Property
0% Agency	**20%** Agency	**80%** Agency

REALITY

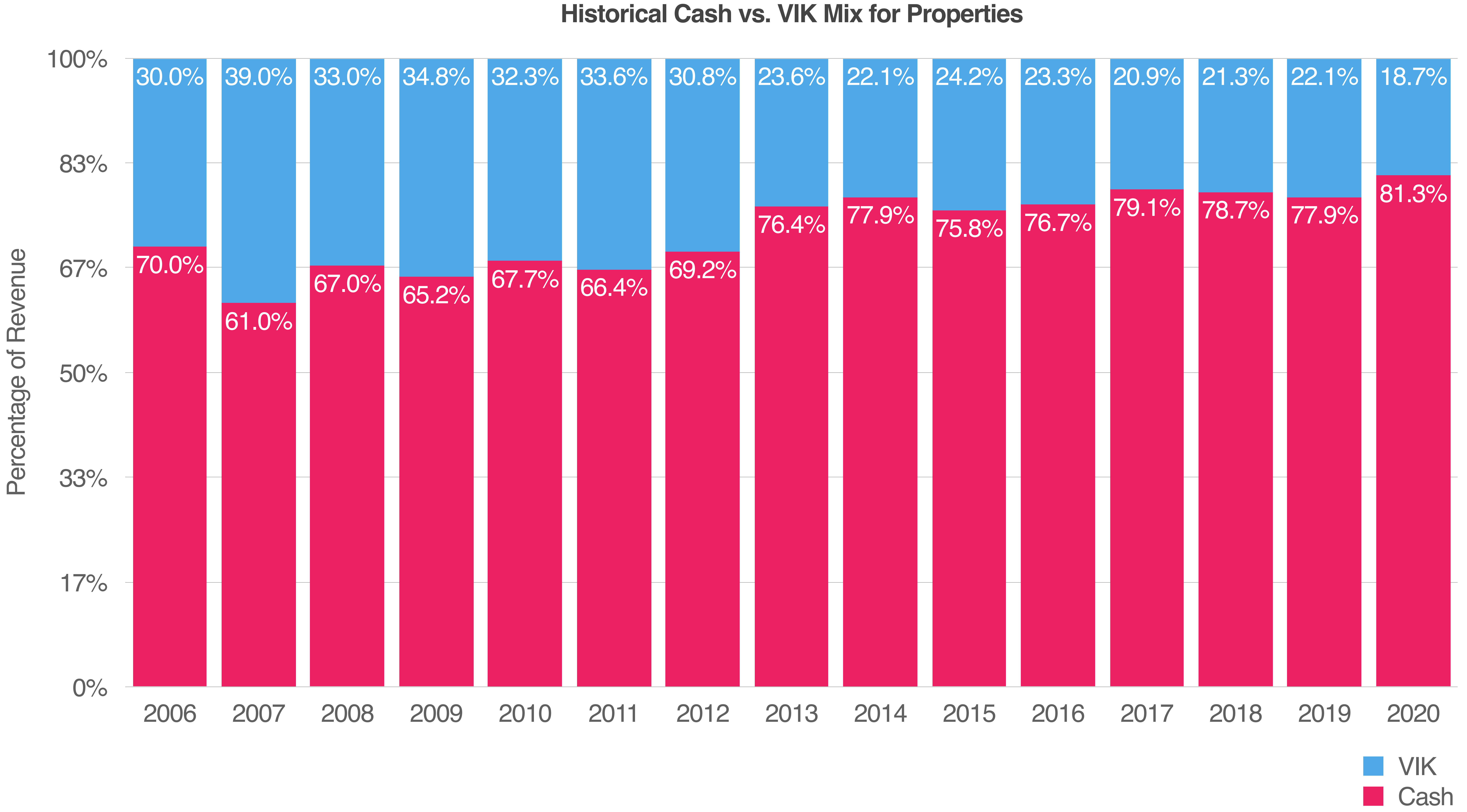
COVID impact

Estimated increase in spend, revenue, billings (for those who reported an increase): **+37%**

5. Results #2

The Deal

DEALS: CASH OR VIK



DATA

81.25%

Ratio for cash over VIK

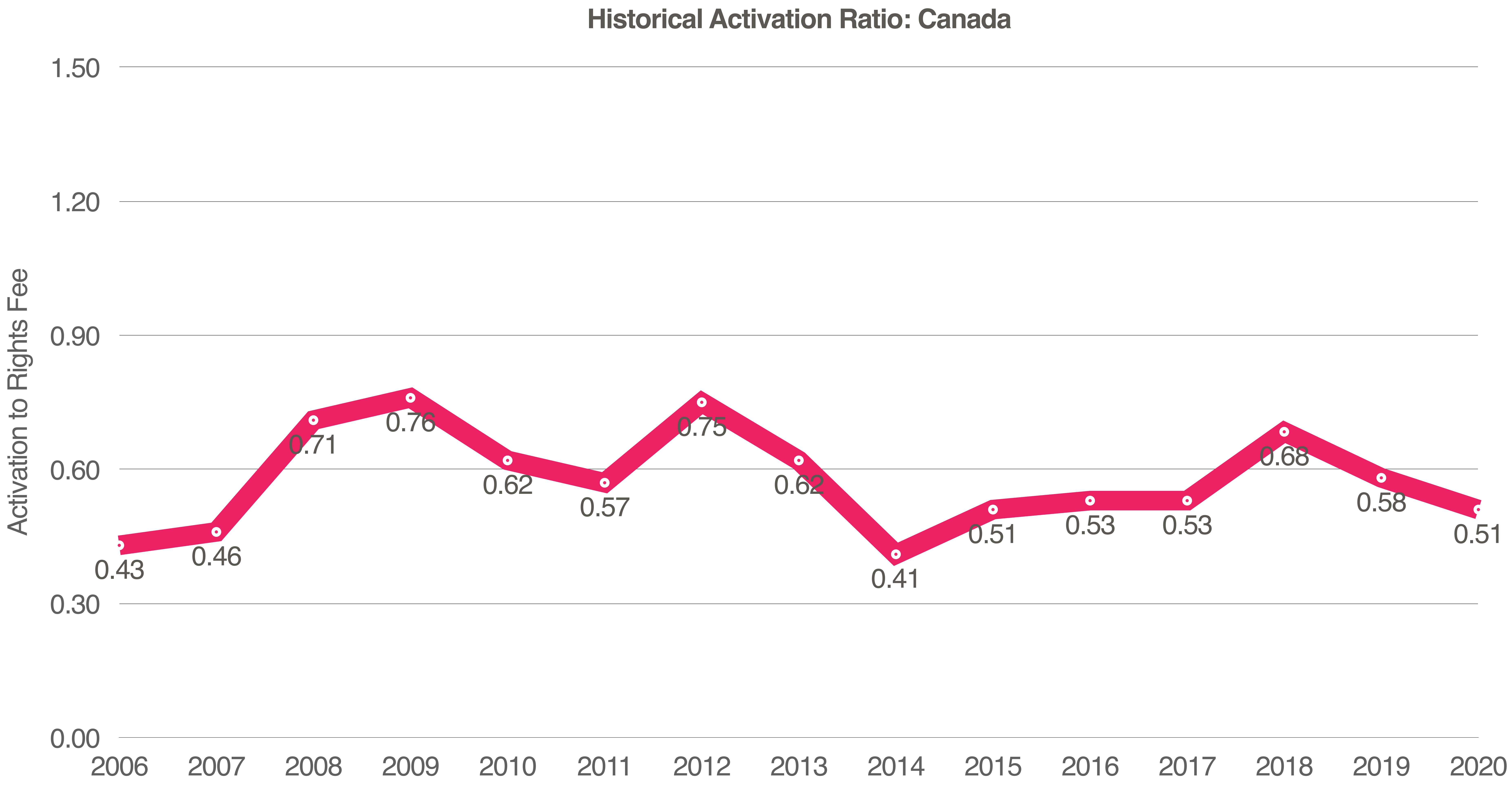
NOTE

COVID led to a drop in VIK over cash to less than **5:1**.

6. Results #3

Activation

ACTIVATION: *RATIO*



DATA

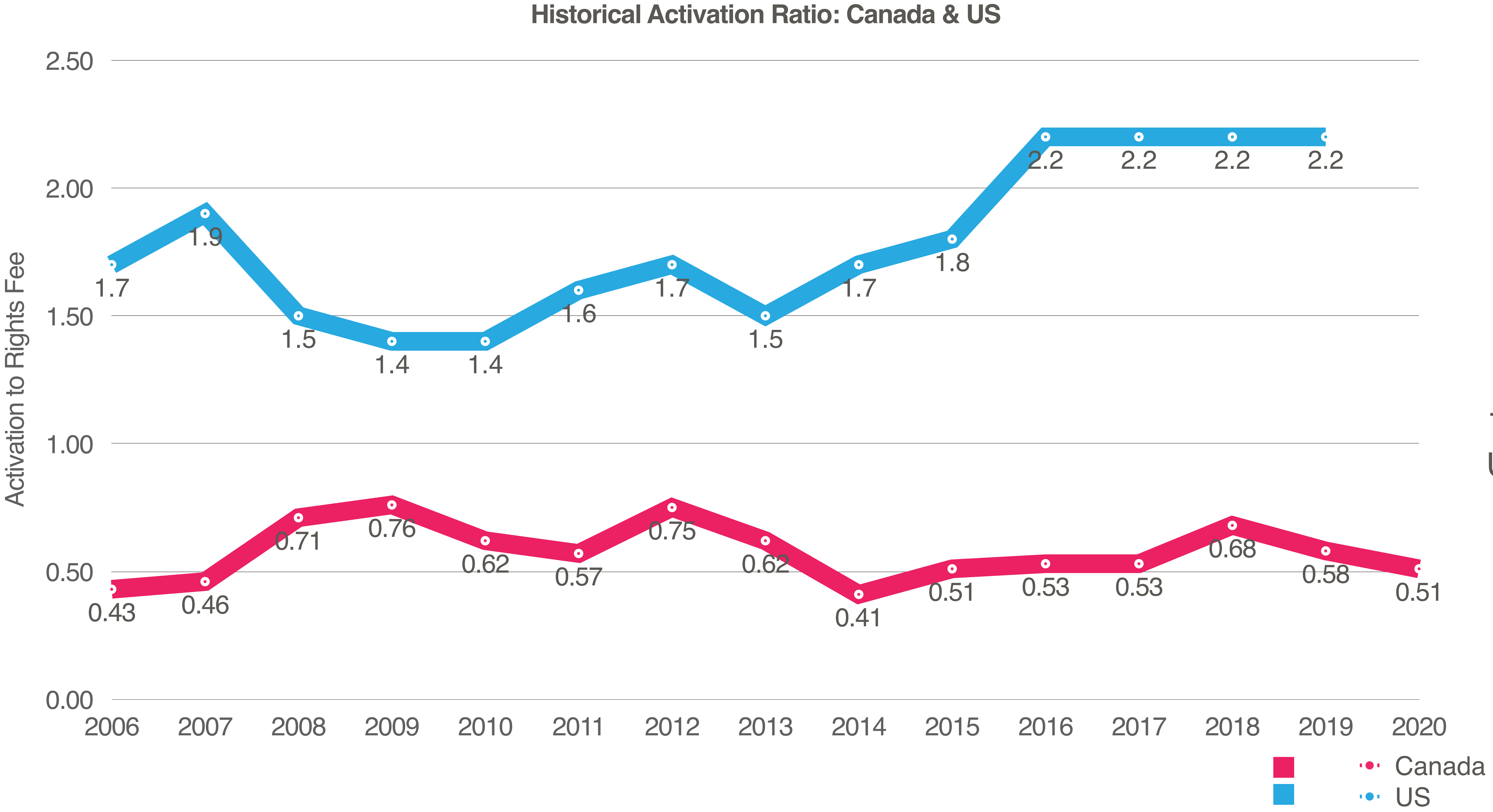
0.51

Activation to
Rights Fee in Canada.

All things considered, did well in 2020. Consistent with previous years.

NOTE Agencies report an activation ratio of 0.79 for their sponsor clients on their sponsorships. Higher than overall ratio.

ACTIVATION: *RATIO*



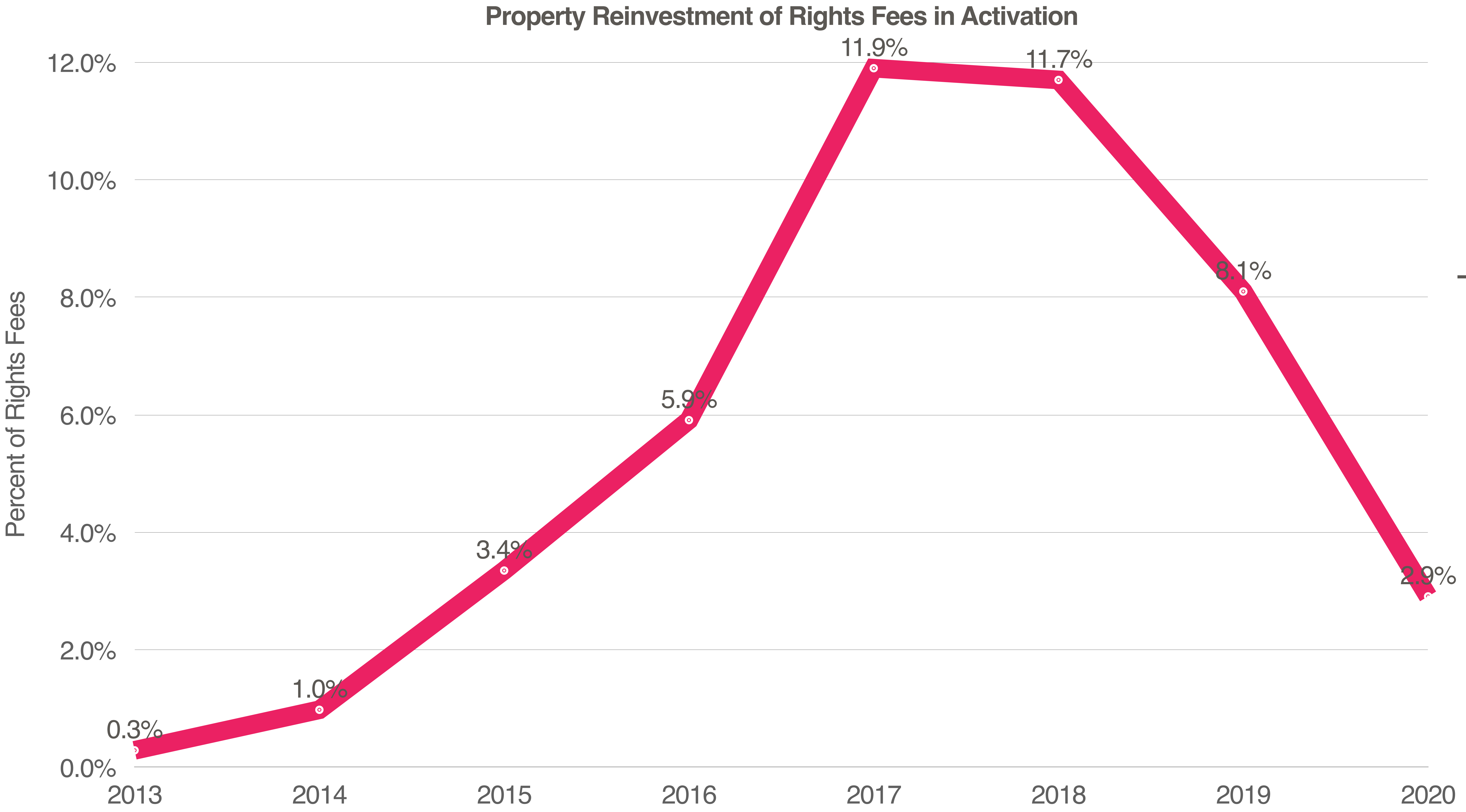
DATA

2.2

Most Recent Activation Ratio in US (from IEG)

The activation ratio in the US is close to being more than **4X higher** than in Canada.

ACTIVATION: *PROPERTY REINVESTMENT*



2.9%

Reinvested by Properties in Activation

NOTES

LARGE DROP IN 2020

51.6% of respondents reported no re-investment in activation

Most Common Tactics in 2020

#1 - Social Media
#2 - Branded Content

*Live events related tactics (e.g., product sampling) stopped.

7. Results #4

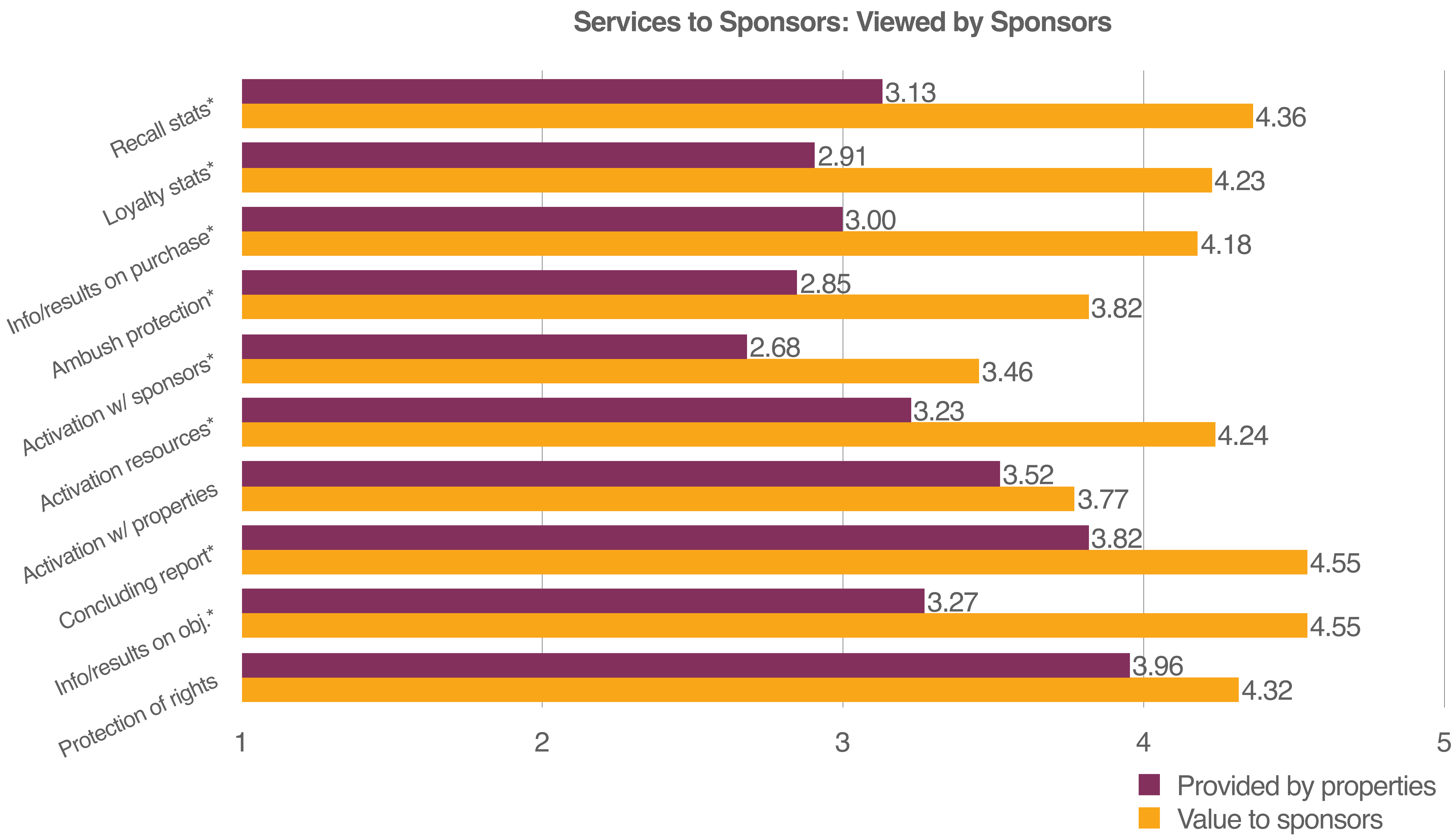
Servicing

SERVICING RESULTS NOT REPORTED IN 2020

LIMITED DATA

Limited data provided on servicing questions, likely due to the impacts of COVID 19.

SERVICING: *SPONSOR PERSPECTIVE - Previous Year Results*



DATA

8 of 10

are Statistically Significant Differences (*)

NOTE

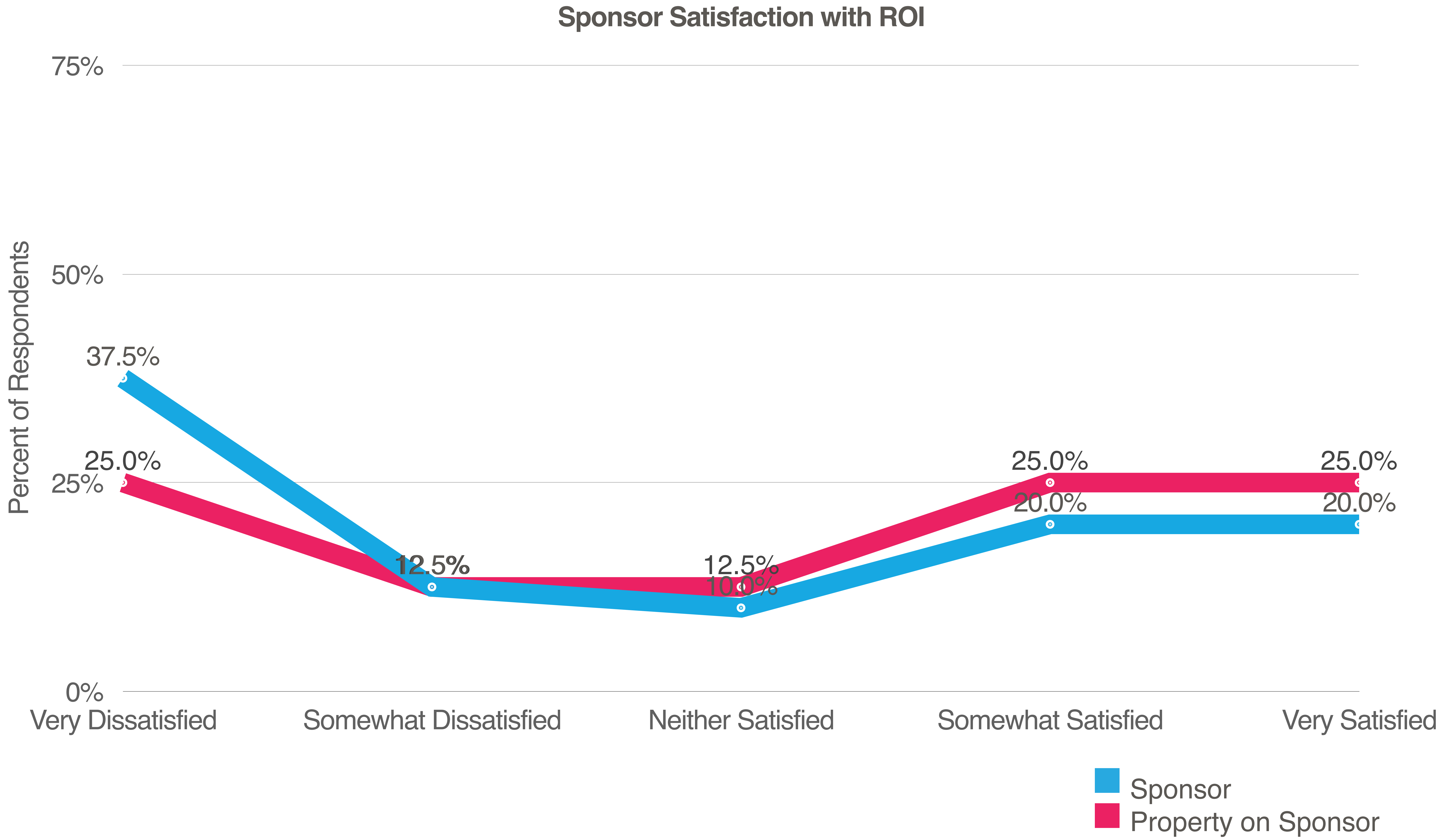
The servicing issue remains in Canadian sponsorship.

This has been consistent for 14 years, with a few exceptions.

8. Results #5

Evaluation

SPONSOR AND PROPERTY VIEWS OF SPONSORSHIP ROI



DATA

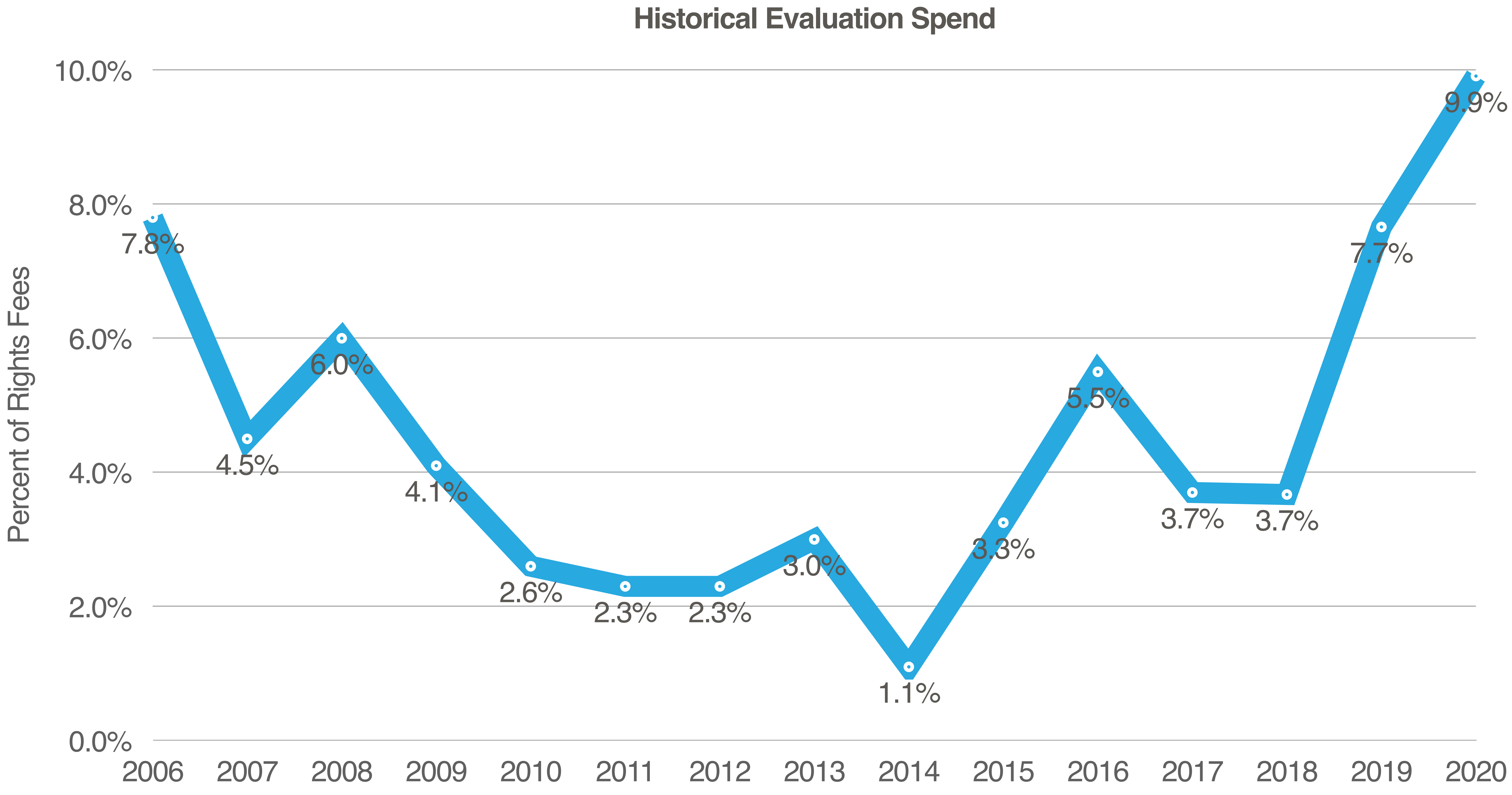
2.8 (out of 5) Sponsor Mean

3.1 (out of 5) Property Mean

NOTE

Poor results likely due to COVID and related challenges.

EVALUATION INVESTMENT



Pre-evaluation: *10.6% 3.6% 12.6% 8.5% 9.7% 15.1%*

9.9%

of Rights Fee
Spent on evaluation (note this is average by sponsor, not weighted for sponsor size)

NOTES

Best result ever! Odd, in COVID year.

20% reported spending nothing on evaluation.

Pre-Sponsorship evaluation spend was also higher at **15.1%**.

PROPERTY EVALUATION

LIMITED DATA

+++

Very low levels of property evaluation in 2020, as expected.

MEASUREMENT IS COSTING US SLEEP - EVEN IN A PANDEMIC

Top Concerns	Meeting Targets*	Demonstrating ROI	Demonstrating ROI	Other*	Demonstrating ROI	Demonstrating ROI	Meeting Targets** Evaluation/Measure	Fear about delivering value as ROI	Analytics/Evaluation Measurement/ROI
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020

#1
- 53.9% of responses
- Theme: Analytics/Evaluation Measurement/ROI
- "Building first party data ahead of cookie-less 2022, leveraging data to drive insights."

#2
- **25.3%** of responses
- Theme: Property Side Improvements/Value to Sponsors
- "As a property rights holder, are we doing everything we can be, and doing the right things, to secure partners and sponsorship revenue?"

#3
- **17.9%** of responses
- Theme: COVID/Pandemic Recovery Related
- "Brands don't seem as available or as interested in meeting as they were prior to the pandemic."

*Demonstrating ROI #2
**Demonstrating ROI #3

9. Discussion

So What?

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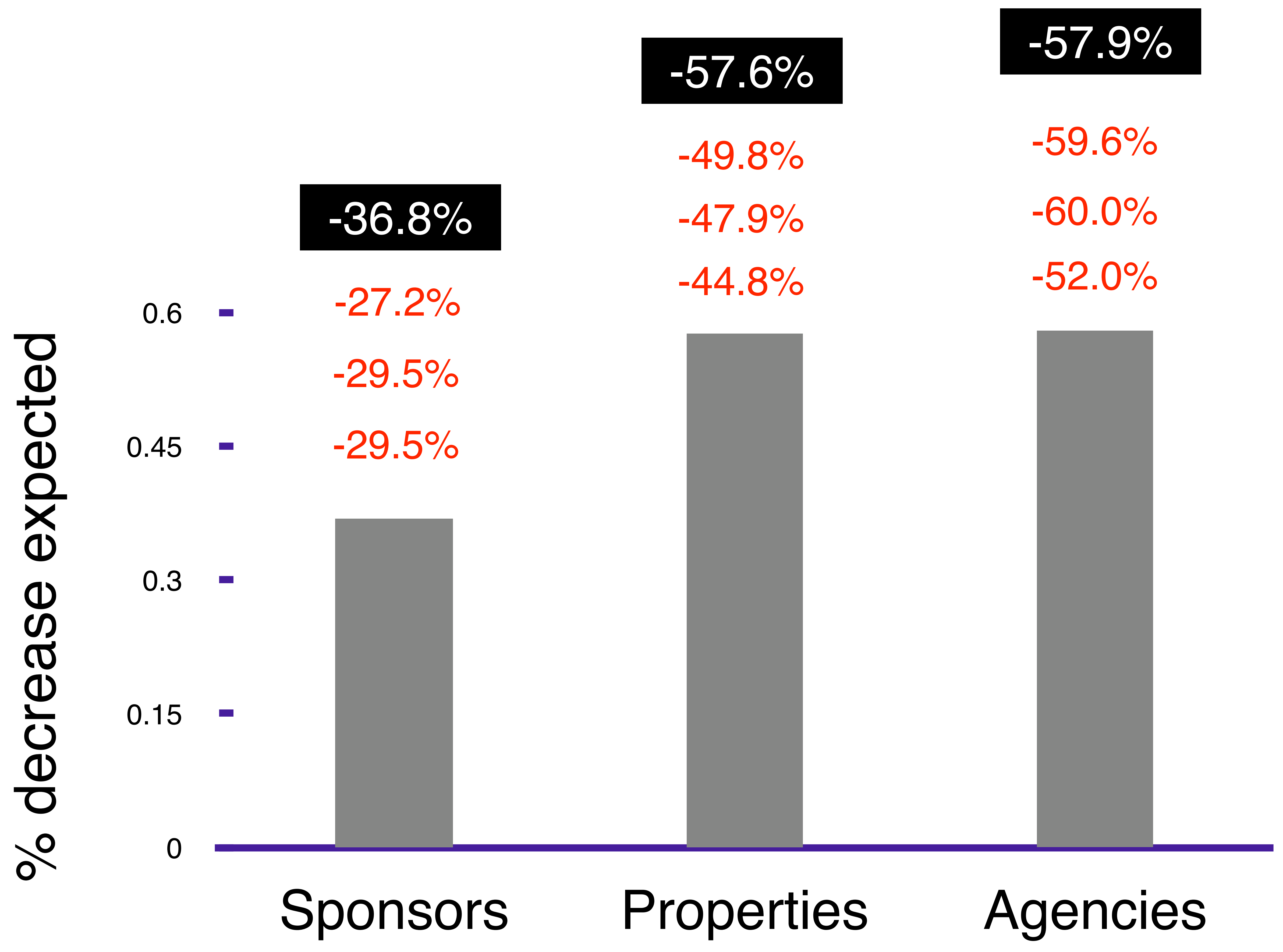
CANADIAN SPONSORSHIP LANDSCAPE STUDY

Reality Check

SponsorshipX COVID Impact Studies - from 2020

SPx

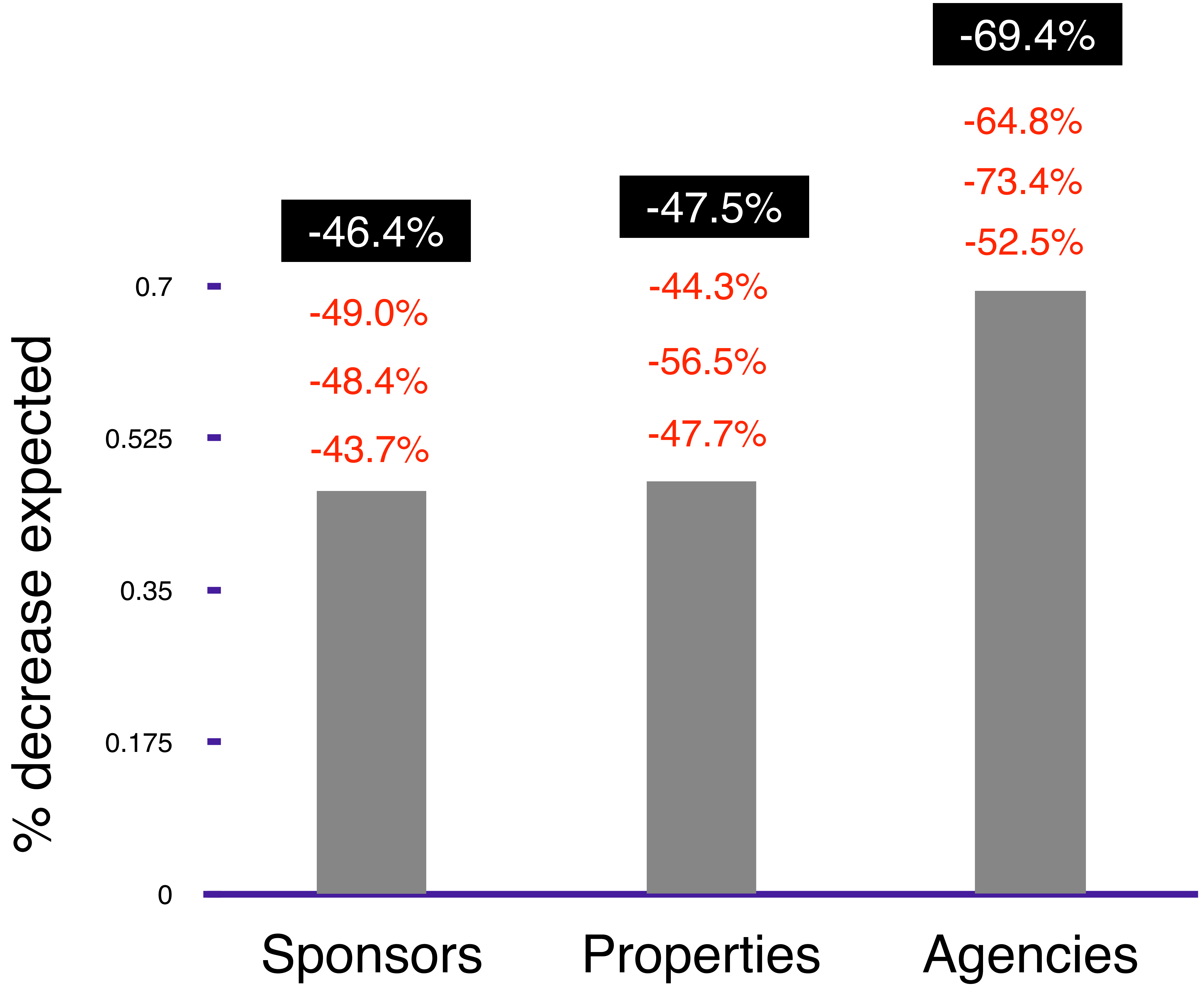
FORECASTS FOR REDUCTION IN RIGHTS FEES INVESTMENT, REVENUES OR BILLINGS EXPECTED FOR 2020



Note: Red data labels from top-down show survey results from Round #1 (April), #2 (May), and #3 June, respectively.

- Sample size N = 570

FORECASTS FOR REDUCTION IN PLANNED ACTIVATION SPEND BY SPONSOR EXPECTED FOR 2020



Note: Red data labels from top-down show survey results from Round #1 (April), #2 (May), and #3 June, respectively.

- Sample size N = 570

SO WHAT?

$990M
Rights Fee Spend: Lowest to Date

0.51
Activation Ratio

Stopped
Property level activation, servicing and evaluation

9.9%
Evaluation by sponsors (proportion) went up

25.5%
Of marcom budgets spent on sponsorship for those who sponsor

A Few Positives

- Sponsorship did better than other marcom tactics.
- Major concerns were not COVID related. The industry is adapting.

Important Signals

- Evaluation/ROI still the #1 concern for industry professionals.
- In tough times, sponsorship investment moves to local/regional level.
- Positive views for 2021 (+37%).

Challenges

- Worst year on record.
- Activation, Evaluation and Servicing investments heavily impacted, especially on the property side.
- Lack of use of VIK.

SO WHAT?

What can we do as 2022 is upon us?

Traditional is Hybrid

- Don’t go back. Integrate live and in-person with digital assets and activations.
- Hybrid should be digital first, not in-person first.

Sponsorship Works

- Despite these challenging years, sponsorship is shown to be very effictive.
- Make sure to evaluate.
- Make sure to service.
- Make sure to activate.

Talent Needs Attention

- Broader finding.
- Fields formerly full of supply are under pressure for talent.
- Retention is vital.
- Recruitment is challenging.

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Visit www.sponsorshiplandscape.com for more info!

Questions or Comments?

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