16th ANNUAL

CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

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

SPONSORSHIP MARKETING COUNCIL CANADA

IMI

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.

ACKNOWLEDGEMENTS RESPONDENTS & “SHARERS”

ÉICC
L'ÉTUDE SUR L'INDUSTRIE DE LA COMMANDITE AU CANADA

A big thank you to all who completed and/or shared the study.

PLUS

CSTA ACTS

PETRO-CANADA SPORT LEADERSHIP SPORTIF

We count on many organizations and individuals to help us to collect the data to help make our results stronger.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

Report Contents

16TH ANNUAL CSLS

RESULTS (2021)

ANALYSIS (2006-2021)

INDUSTRY (TRENDS, SIZE & FUTURE)

SPECIAL TOPICS

QUALITATIVE DEEP DIVE

- The Future of Sponsorship
- Sponsor Satisfaction & Modality
- Music as a Sponsorship Property
- The Pain Points of Sponsorship

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

2007

Toronto International Film Festival, Toronto

2008

World Hockey Championships, Halifax

2009

Quebec Winter Carnival, Quebec

2010

Paralympics, Vancouver

2011

Formula 1, Montreal

2012

Just for Laughs, Montreal

2013

MasterCard Memorial Cup, Saskatoon

2014

RBC Bluesfest, Ottawa

2015

FIFA Women's World Cup, Edmonton

2016

NBA All-Star, Toronto

2017

JUNOS, Ottawa

2018

T1 Speaker Series, Toronto

2019

SickKids Foundation, Toronto

2020

SponsorshipX Virtual Series

2021

SponsorshipX Clubhouse

2022

Montreal

And…

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.

2021
Not Pandemic Proof

Although sponsorship may have been resilient during the economic recession, it was impacted heavily during the pandemic.

RESULTS

16TH ANNUAL

The Story of 2021

Sponsorship was again suppressed in 2021, but, unlike in 2020, it is flush with positivity, change, and growth expected for 2022.

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. Results #6
Property Reinvestment

10. Summary
Deep Dives & Conclusion

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

THE **STUDY**

01

Background

THE **SAMPLE**

RESULTS

02

Respondents

INDUSTRY **DATA**

03

Size & Scope

THE STUDY
CSLS 101

Origin

Need
Share
Bilingual
Canadian

Perspective

Spend
Revenue
Billing

Process

Phone
Online
Attribution

Analysis

Themes
Comparative
Modelling

Design

Longitudinal
Triangulation
Deep Dives
Trends

THE **STUDY**

01

Background

RESULTS

THE **SAMPLE**

02

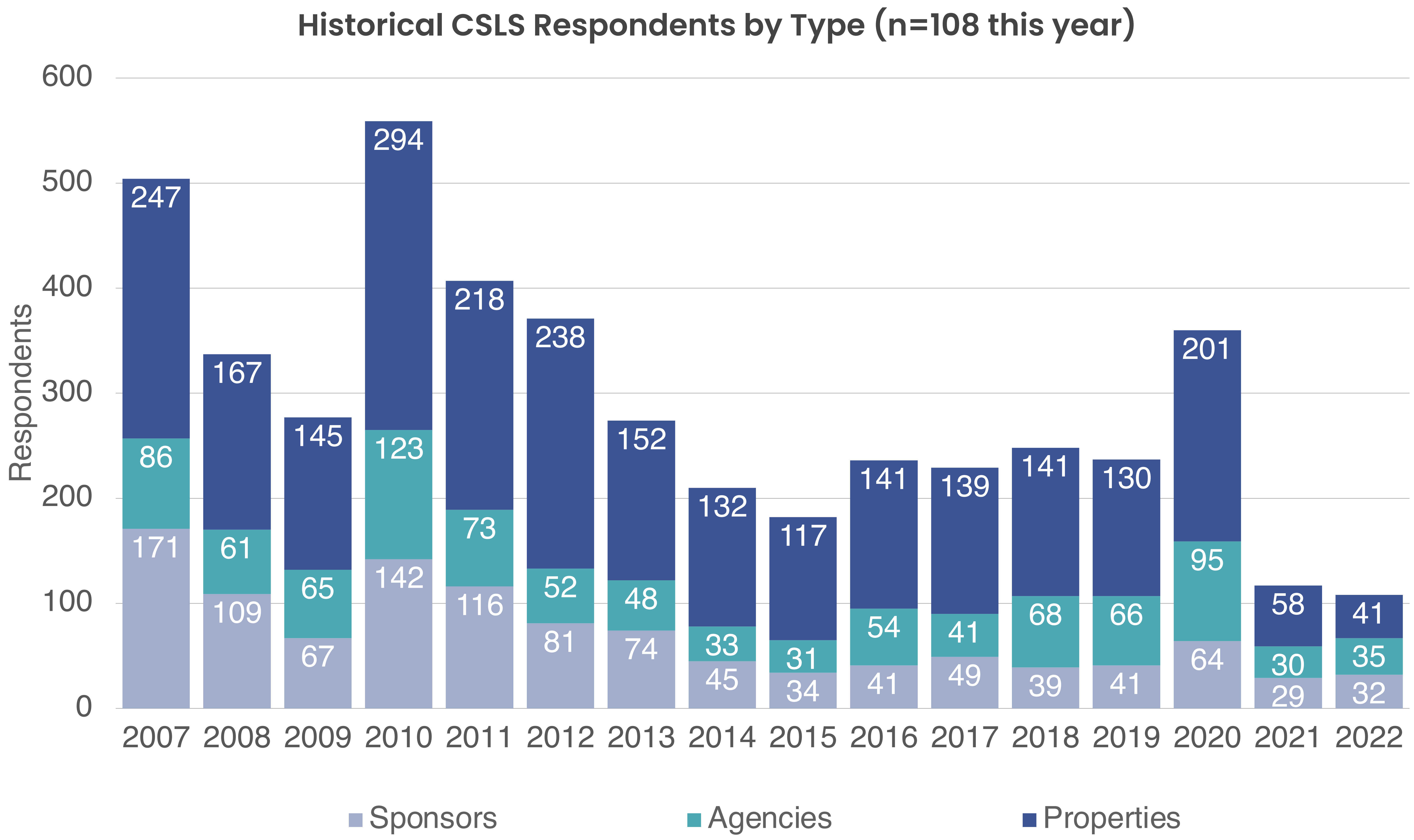
Respondents

THE **INDUSTRY DATA**

03

Size & Scope

THE SAMPLE
RESPONDENTS



DATA

4,660

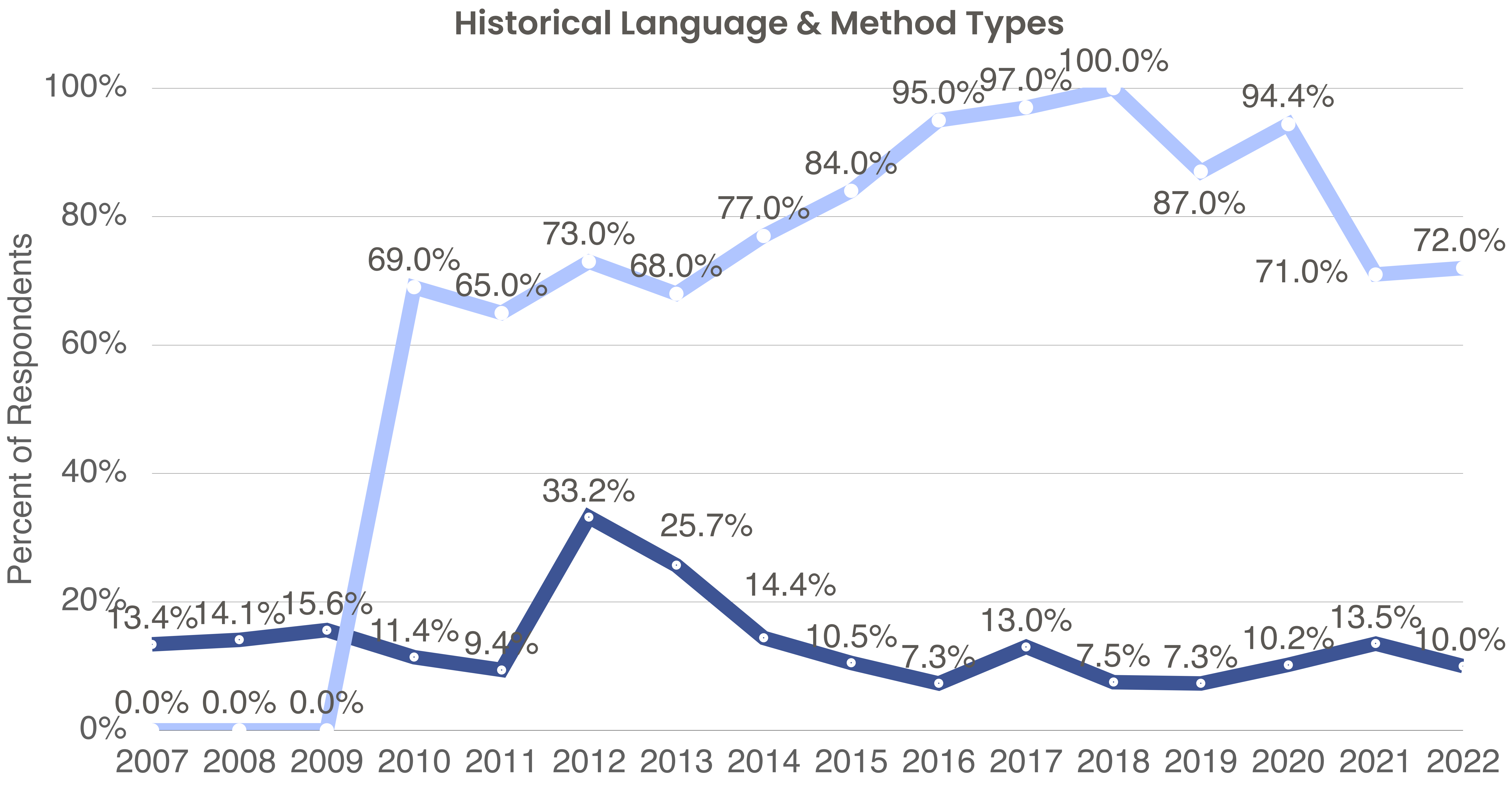
Total Respondents

NOTES

- After going online in 2010, the number of respondents continually declined until a survey redesign in 2016 led to a recent thigh in 2020.
- COVID-19 years of 2021 and 2022 are the lowest responses to date.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

SURVEY PARTICULARS



DATA

16 YEARS

Language & Method of Response

NOTES

- French rates rose around conference in Montreal; lower since.
- Online at 100% for first time in 2018, but some offline in 2019, 2020 & 2021.

THE **SAMPLE**

02

Respondents

RESULTS

INDUSTRY DATA

03

Size & Scope

RESULTS #1

04

Strategy

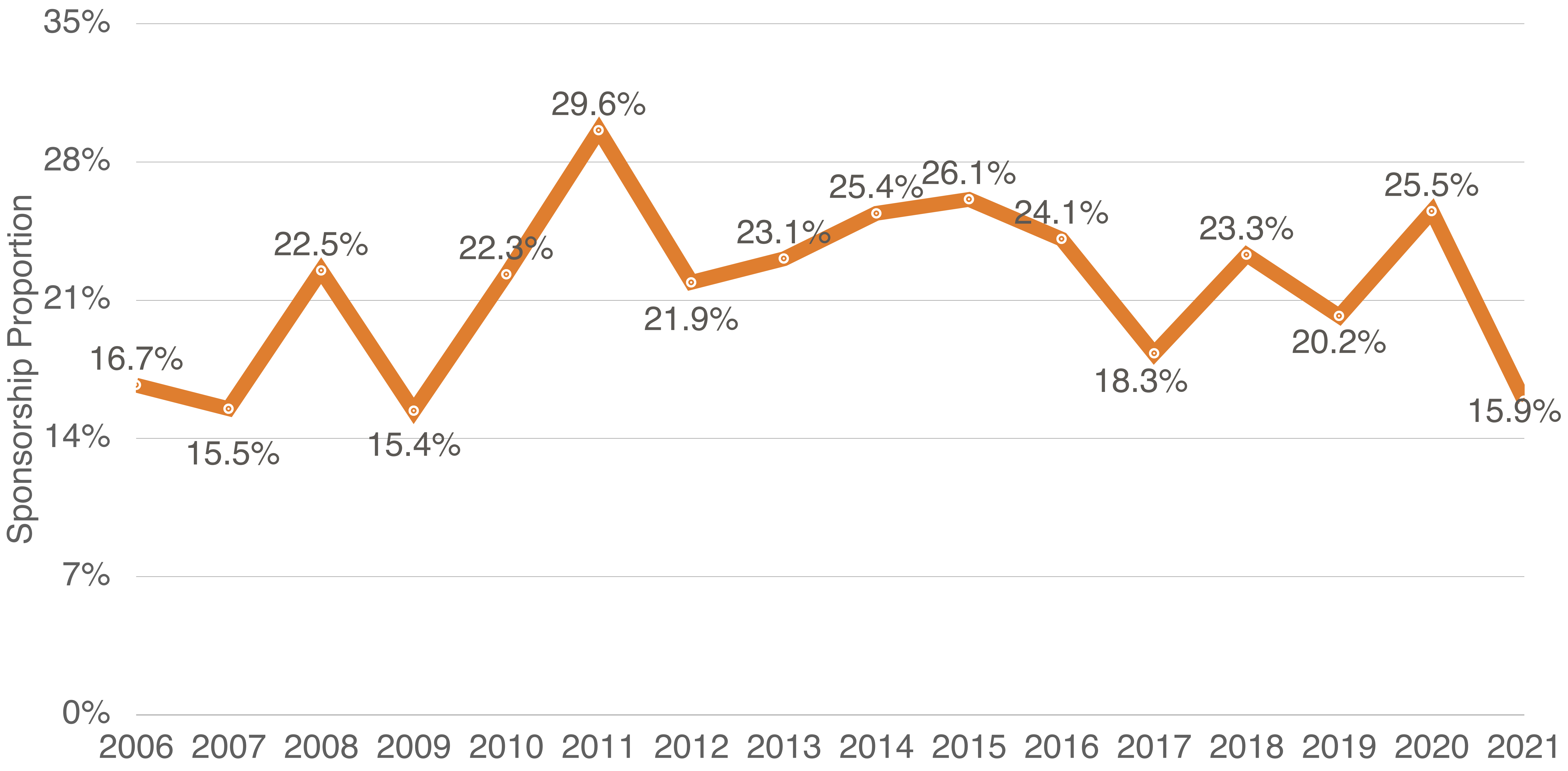
CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

SPONSORSHIP MARKETING COUNCIL CANADA

IMI

INDUSTRY DATA
PROPORTION OF MARCOM BUDGET

Sponsorship as a Percentage of Marketing Communications Budget



DATA

15.9%

COVID influence

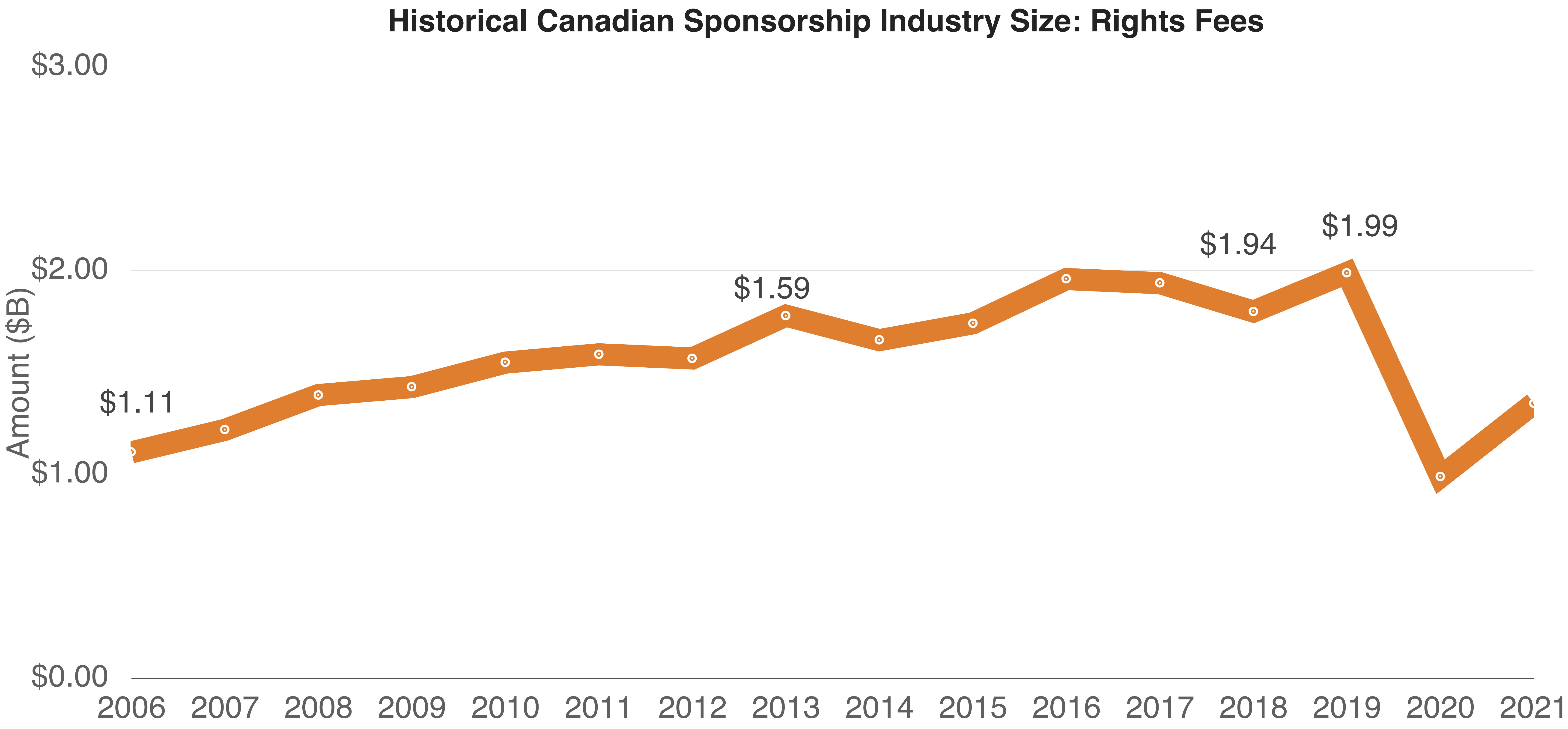
NOTES

Among those Canadian brands that use sponsorship, about 1 in 6 MarCom $'s are spent on sponsorship.

The 2020 data point is 'inflated' as marketing communications spending declined across the board.

In 2021, marketing spend returned but sponsorship lagged in first half of the year, leading to lower reported percentage.

INDUSTRY DATA
BIG PICTURE: CANADIAN INDUSTRY SPEND



DATA

$1.35B

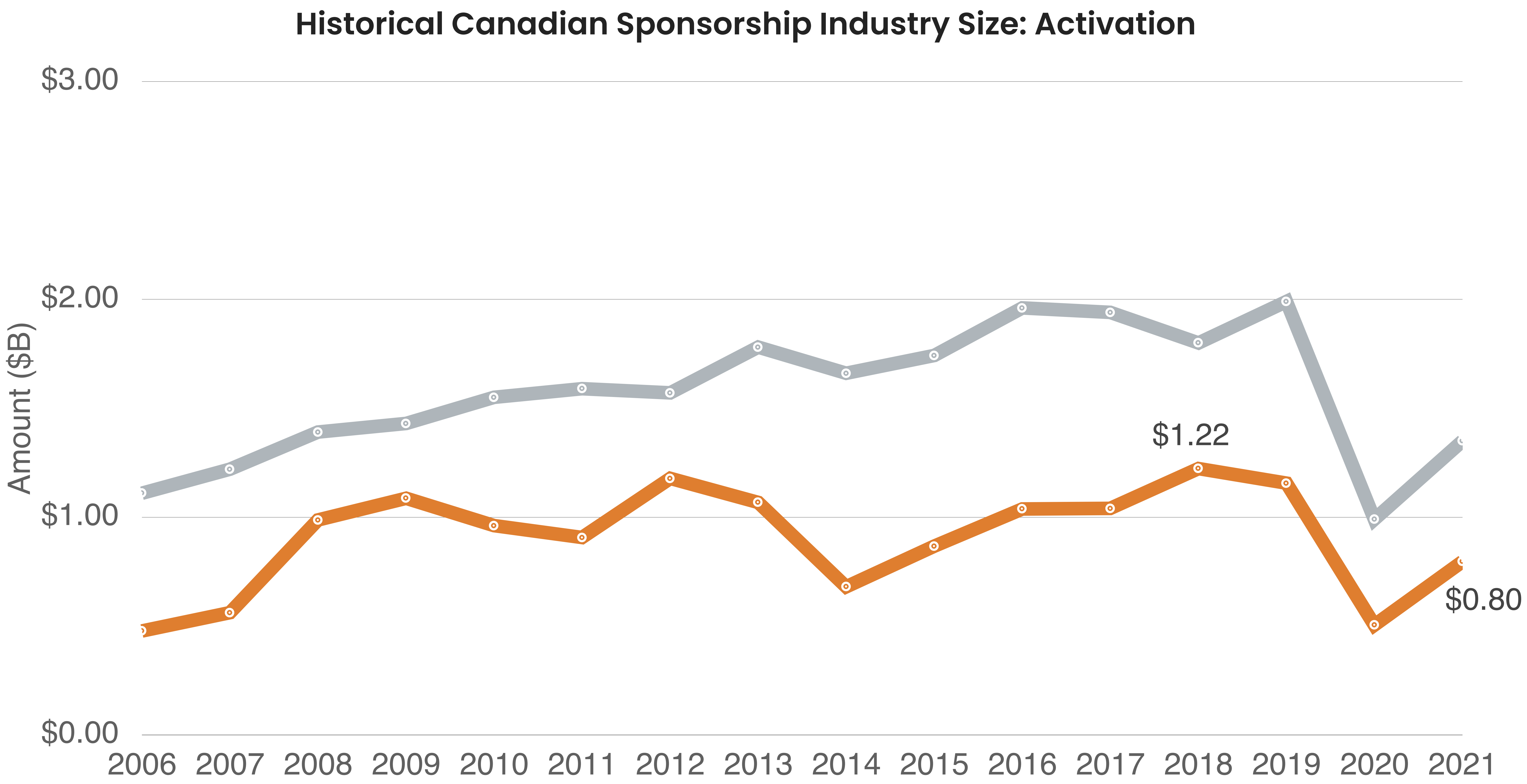
2021 Rights Fee Spend

NOTES

A strong (136% of 2020) recovery following the worst recorded year in CSLS history.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

INDUSTRY DATA
CANADIAN INDUSTRY SIZE



DATA

0.59

Activation to Rights Fee Ratio in 2021

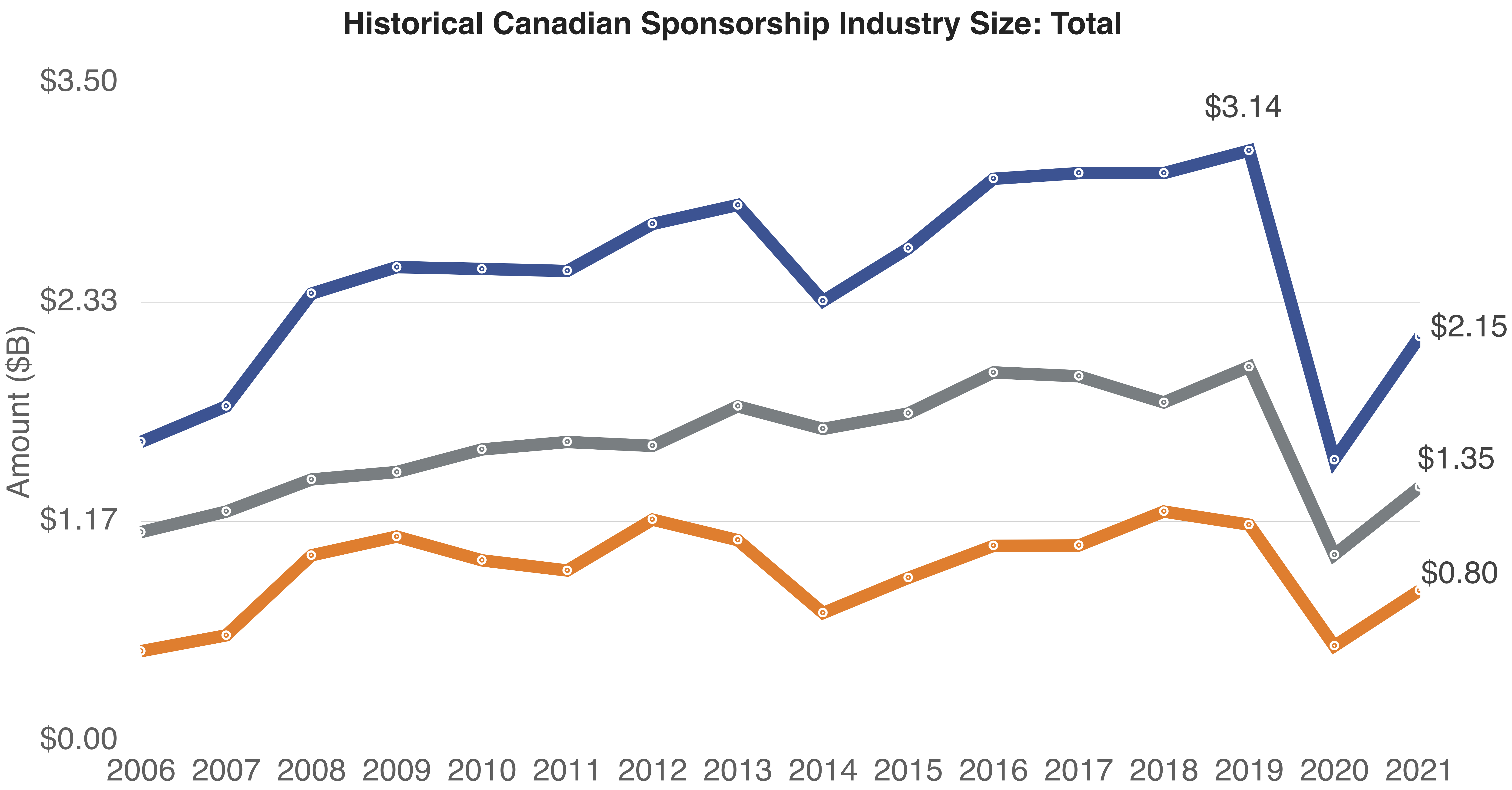
KEY OBSERVATIONS

Good recovery in activation ratio was observed in 2021.

Approximately $800M estimated total spend on activation.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

INDUSTRY DATA
BIG PICTURE: CANADIAN INDUSTRY SPEND



DATA

$2.15B

in Total 2021
Industry Spend

NOTES

More than a 25% recovery from 2020.

Still down approximately 30% from the peak in 2019 of $3.14B.

INDUSTRY DATA

03

Size & Scope

RESULTS

RESULTS #1

04

Strategy

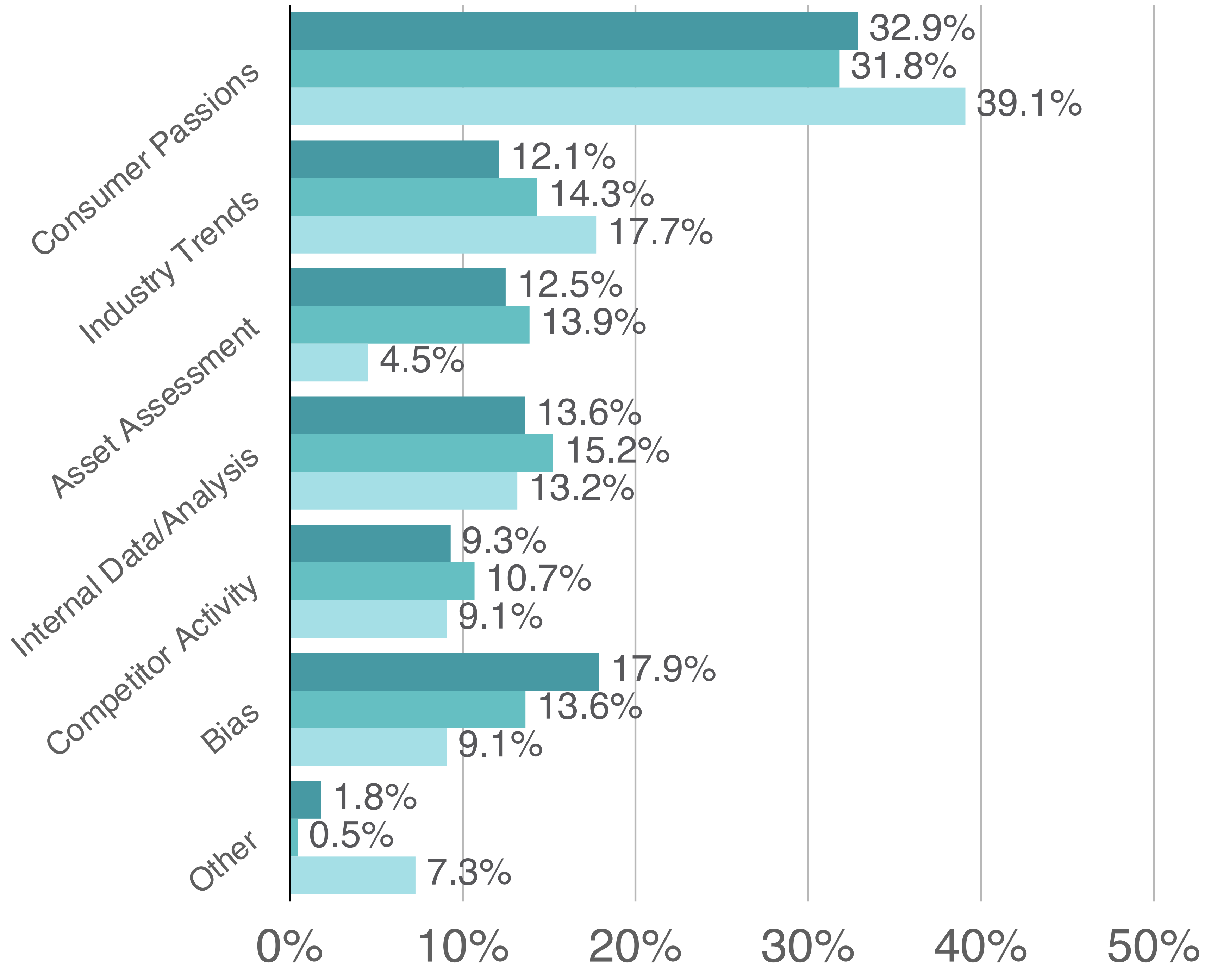
RESULTS #2

05

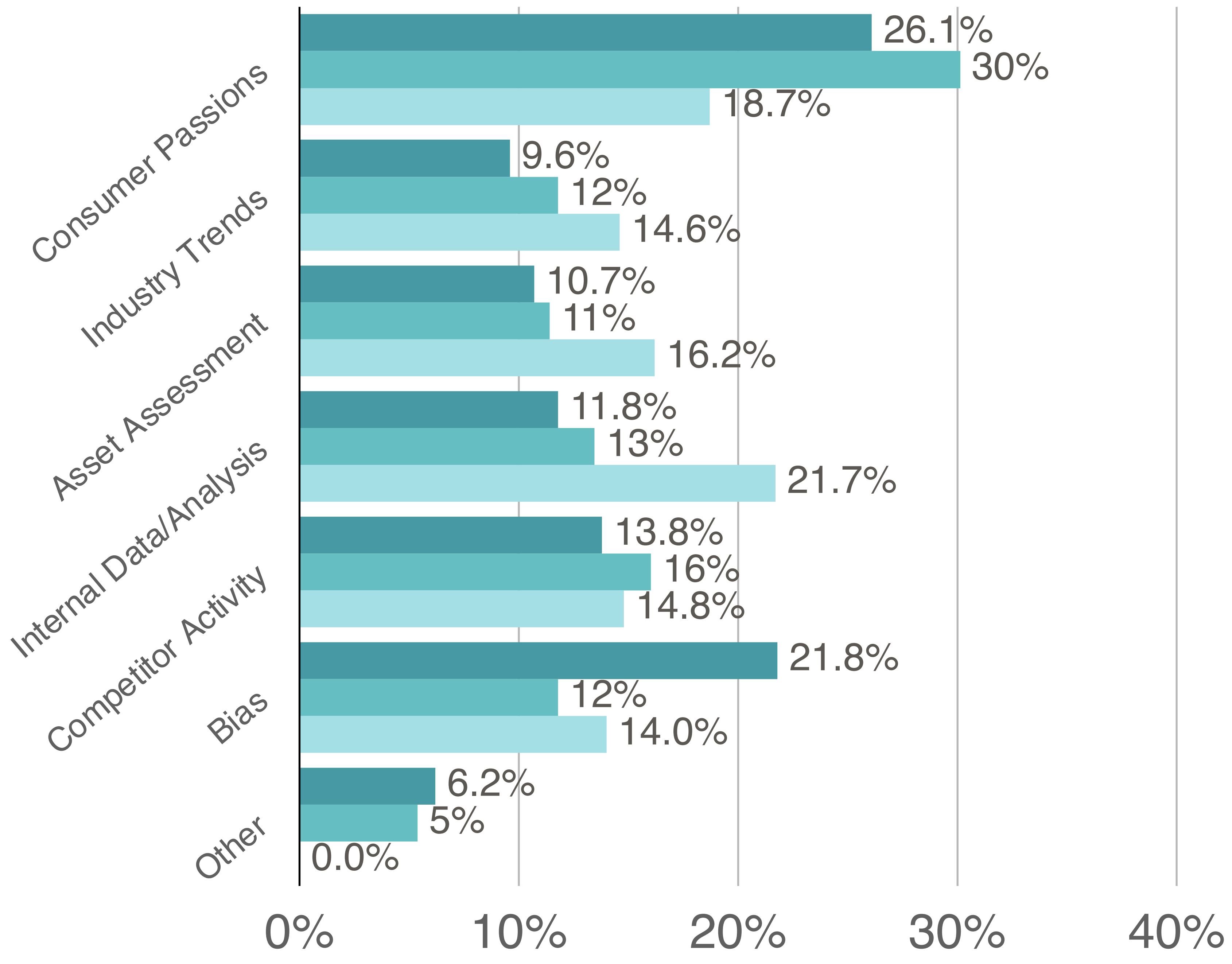
The deal

RESULTS #1: STRATEGY
SPONSOR DECISION MAKING (2016,2019, 2021)

Criteria in Decision-Making: Sponsors



Criteria in Decision-Making: Agencies on Sponsors Behalf



■ 2016 ■ 2019 ■ 2021

DATA

MAJORITY

of decisions are about the "right factors"

NOTES ON 2021

Evidence of a disconnect between sponsors and agencies that was not there in 2016 and 2019.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

RESULTS #1: STRATEGY
CATEGORY OF BRAND'S LARGEST SINGLE SPONSOR

45%
Pro Sport

18%
Amateur Sport

9%
Arts

9%
Entertainment, Tours & Attractions

18%
Festivals

Average Size of Largest Annual Deal: $908,000
Range: $125k to $10M

KEY DATA POINT

45% of brands told us that their largest sponsor was in pro sport.

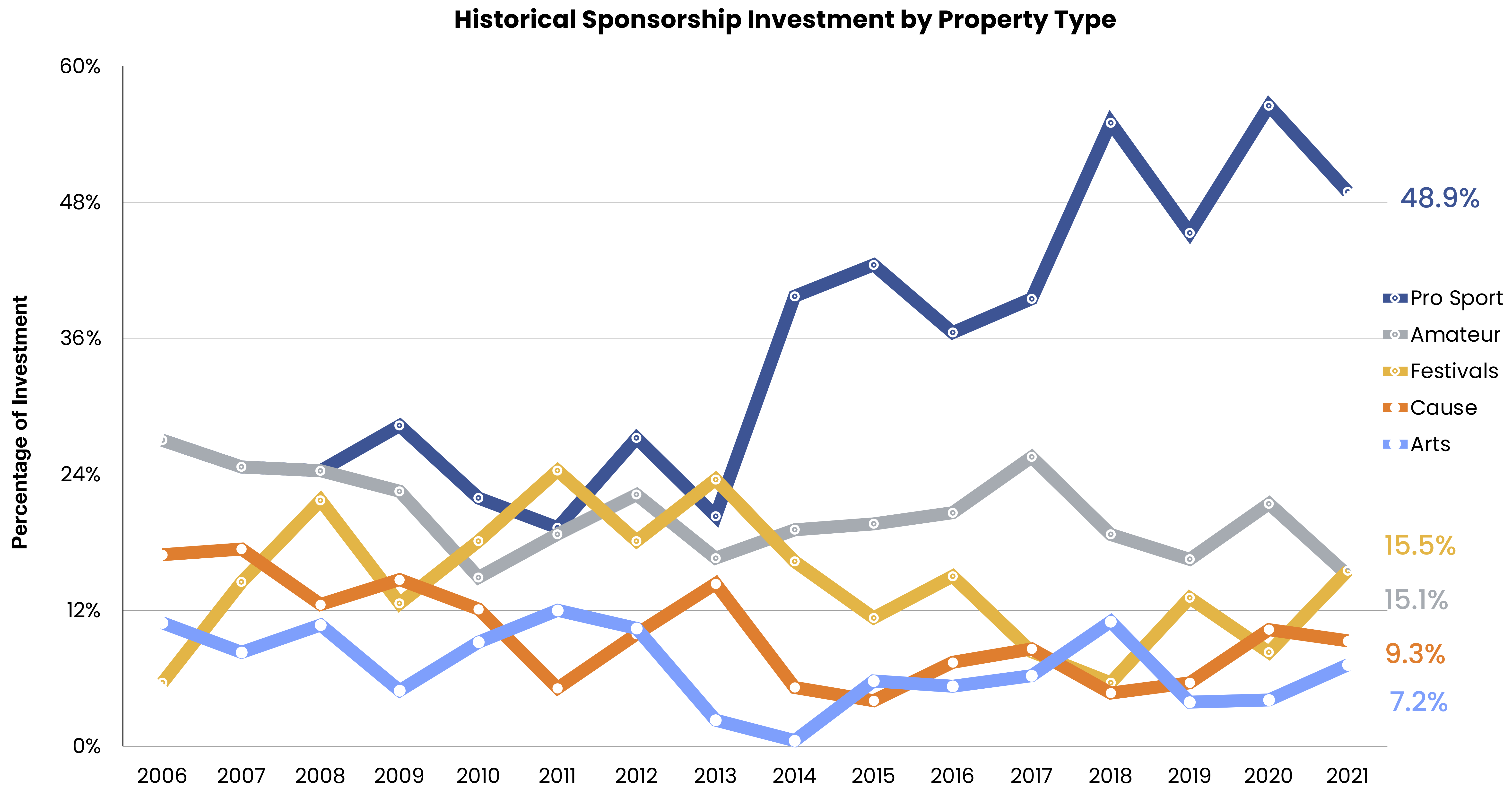
NOTES

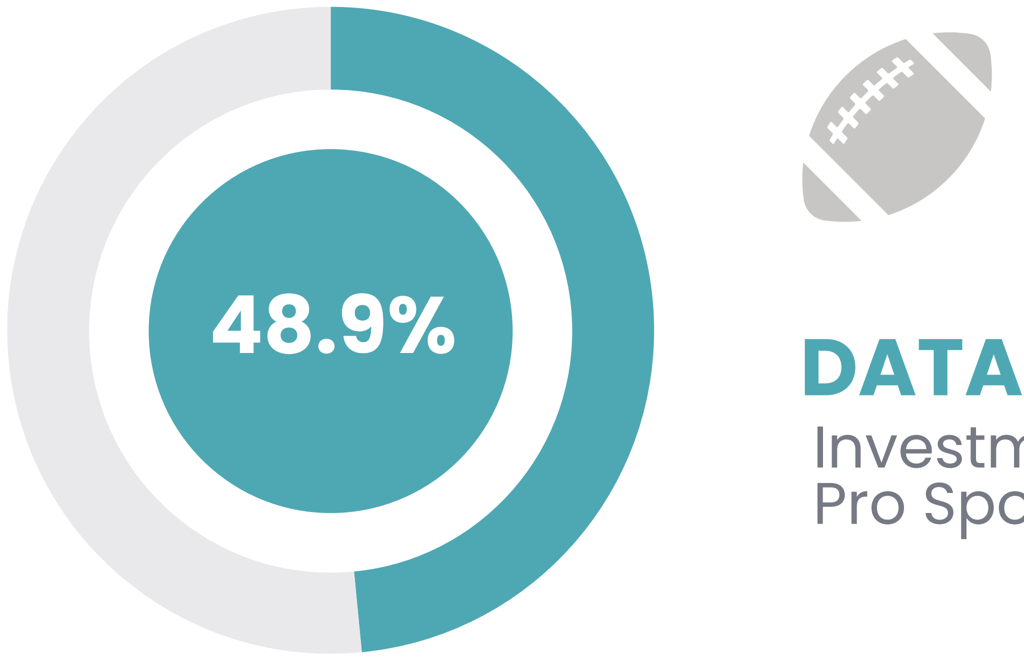
Professional sports also included "naming rights".

Bounce back for arts and festivals over 2020.

RESULTS #1: STRATEGY

MIX OF BRAND SPEND ON RIGHTS FEES BY PROPERTY





DATA

Investment in Pro Sport

NOTES

- Others of interest
  - Education - 2.7%
  - Entertainment, Tours & Attractions <1%
  - Media <1%
  - Municipality <1%

CSLS CANADIAN SPONSORSHIP LANDSCAPE STUDY

RESULTS #1: STRATEGY

SPONSOR INVESTMENT: PROPERTY REACH BY SPEND

2021 DATA | 2020 DATA

"Return to a more Balanced portfolio in 2021 after a provincial focus in 2020"

10.9% | 4.6%
International

25.1% | 19.3%
National

12.8% | 5.6%
Multi-Provincial

20.7% | 33.0%
Provincial

20.3% | 18.1%
Regional

10.2% | 19.4%
Local

NOTES

1. Gender targets: Men (16.1%), Women (16.1%), No Specific Gender (67.7%)
2. Type of Property: For-Profit (55.9%), Not-For-Profit (44.1%)

RESULTS #1: STRATEGY
ALIGNED VIEWS ON THE FUTURE

DECREASE

6.3% Sponsor

4.7% Property

0% Agency

STAY THE SAME

43.8% Sponsor

42.9% Property

41.7% Agency

INCREASE

50% Sponsor

52.4% Property

58.3% Agency

PROPERTY DATA VERSUS 2019 RESULTS

More optimistic for 2022 versus 2019 (pre-COVID year) when 38% expected an increase and 43% expected a decrease.

Estimated increase in spend, revenue, billings:
- Sponsors +9% (spend)
- Properties +11% (revenues)
- Agencies +10% (billings)

RESULTS #2

05

The deal

RESULTS

RESULTS #3

06

Activation

RESULTS #4

07

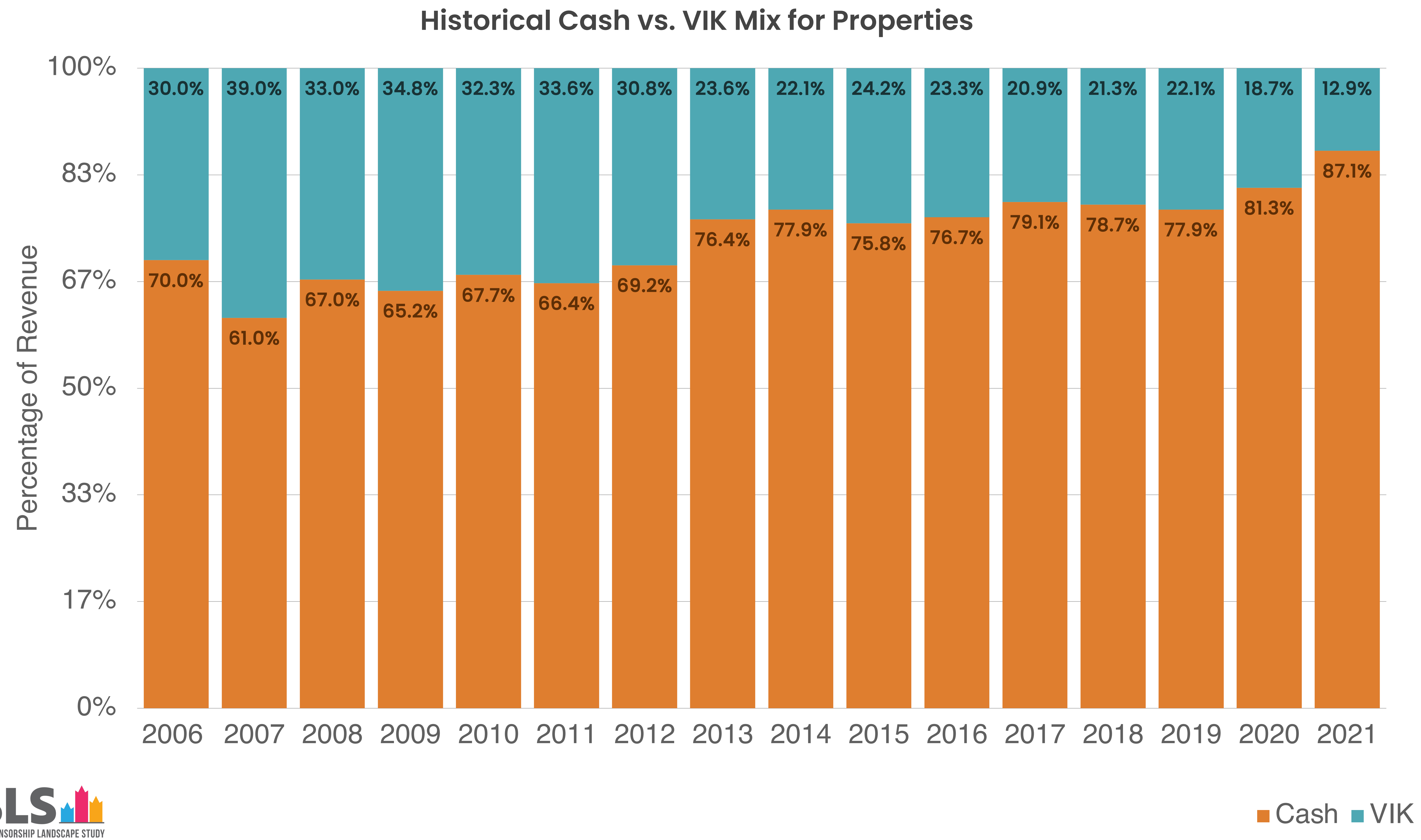
Servicing

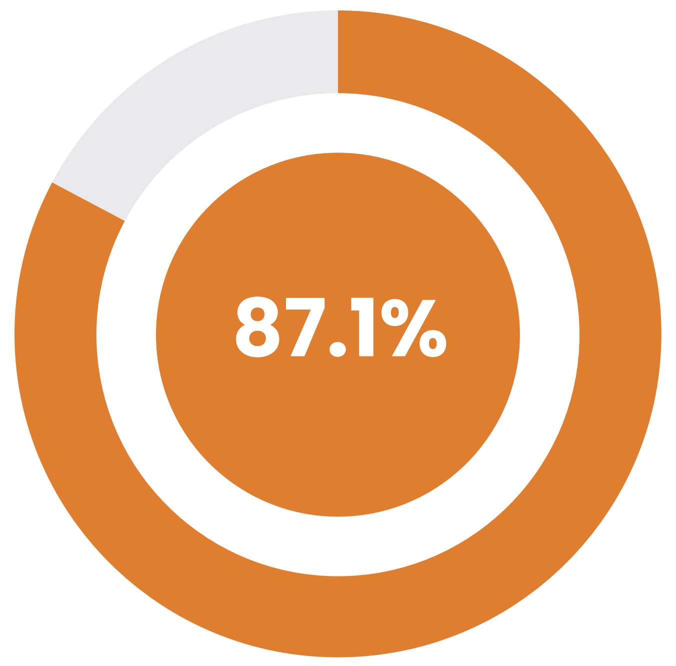
CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

SPONSORSHIP MARKETING COUNCIL CANADA

IMI

RESULTS #2: THE DEAL
CASH OR VIK





DATA

Ratio for cash over VIK

NOTES

COVID led to a drop in VIK relative to cash to the lowest recorded ratio in 16 years of CSLS.

VALUABLE BENEFITS

DATA

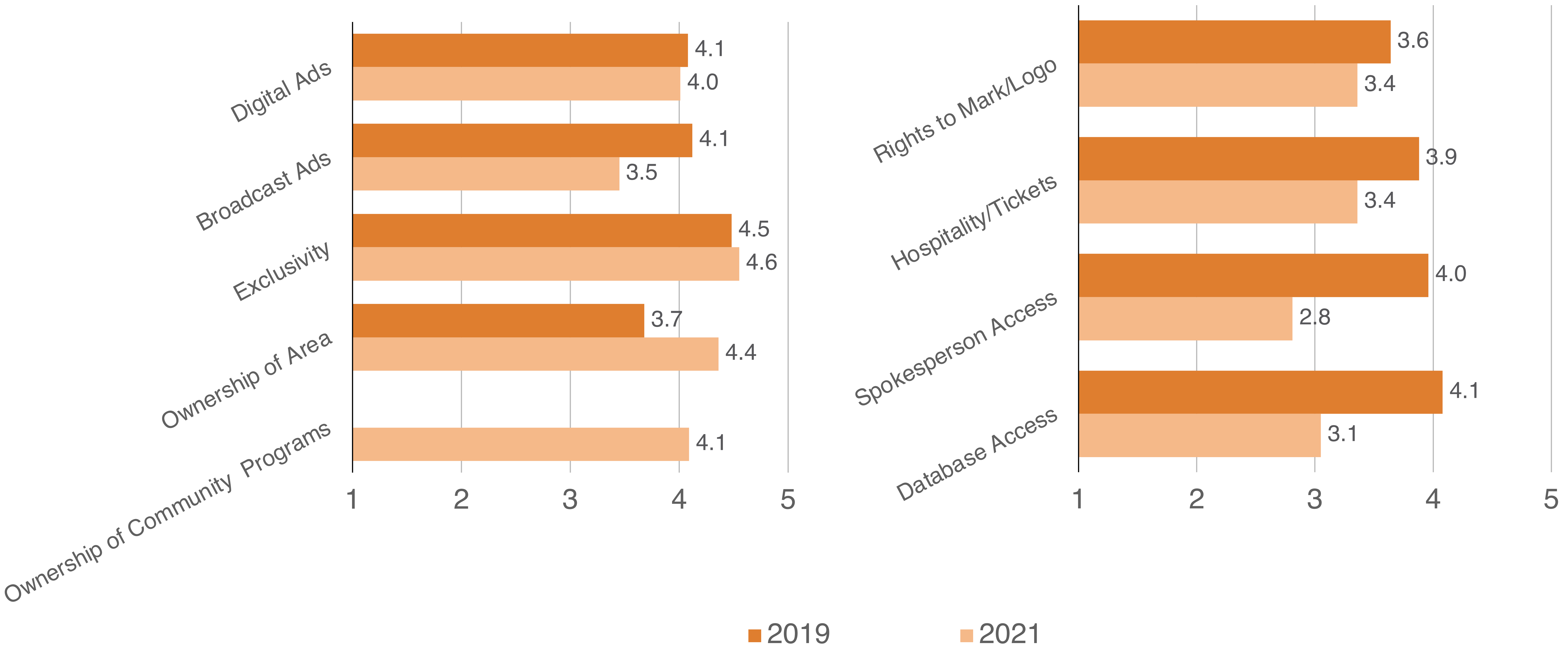
Compared to 2019 (pre-COVID)

- Exclusivity remained #1, but some major changes in other areas observed.
- Ownership of proprietary area/community program up, all others down.

NOTE

Ownership of community programs new this year.

Most Valuable Benefits Identified by Sponsors



CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

RESULTS #2

05

Strategy

RESULTS

RESULTS #3

06

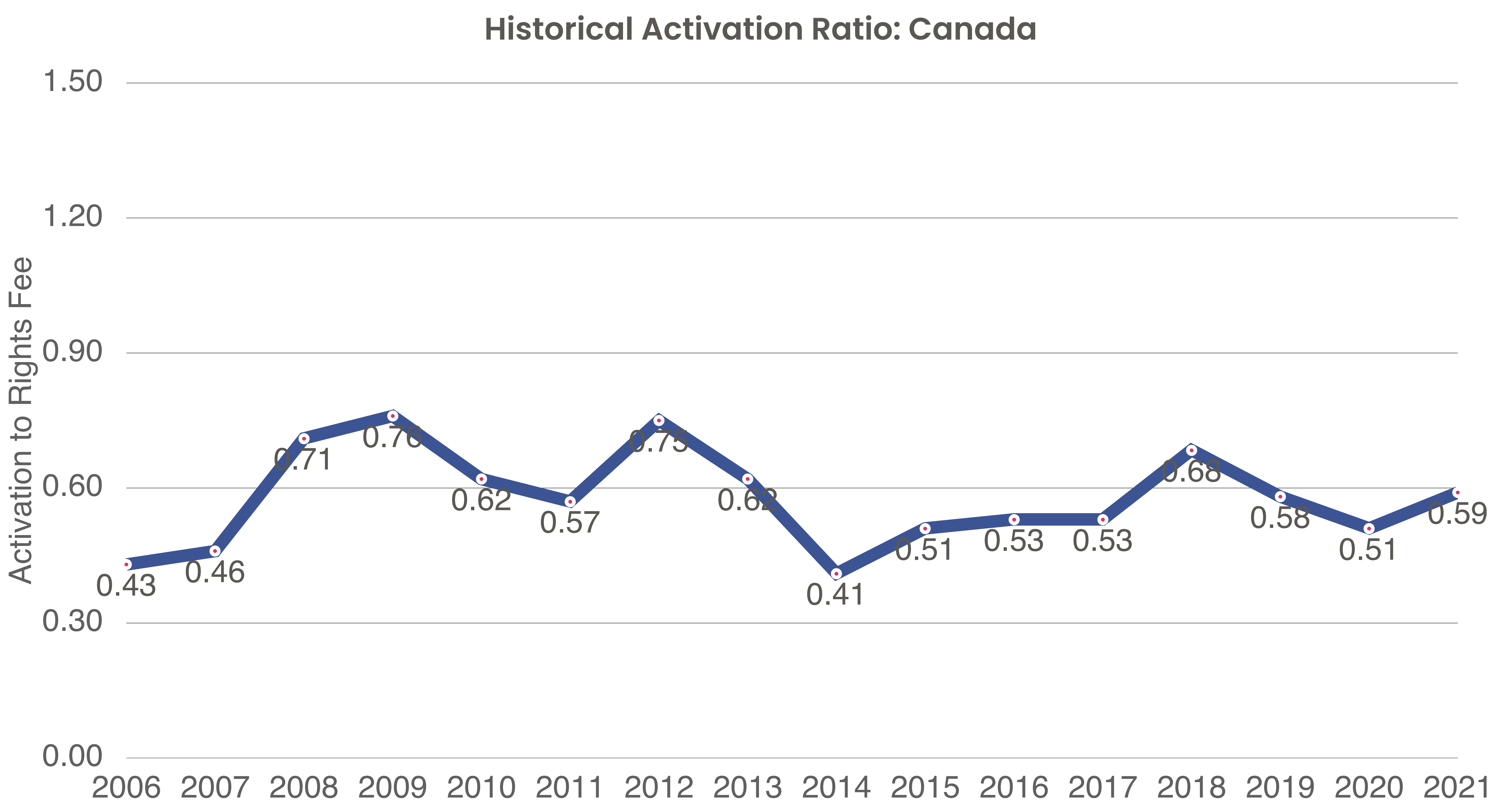
Activation

RESULTS #4

07

Servicing

RESULTS #3: ACTIVATION RATIO



DATA

0.59

Activation to Rights Fee in Canada

Range by respondent: 0.02 to 5.81

IEG measured US activation rates until 2020, typically more than a 2:1 ratio.

RESULTS #3: ACTIVATION
MIX OF INVESTMENT

NOTE

This slide reports on data provide by brands on how their rights fees are divided across activation tactics.

Sponsor Reporting of Activation Spend in 2021

23.0% Advertising

21.3% Branded Content

12.5% Social Media

9.0% Co-Promotions

8.9% Ancillary Events

8.0% Hosting & Hospitality

5.4% Sales & Consumer Promotions

4.1% PR

3.8% Athletes

3.5% Internal Marketing

0.3% Product Sampling

0.0% Packaging

0.0% Trade Allowances

0.0% Web3

RESULTS #3: ACTIVATION
MIX OF INVESTMENT

OBSERVATION

Drastic difference from sponsor mix (previous slide).

IMPORTANT FINDING

80% of sample defined themselves as "sponsorship agencies", highest to date. Agencies self-defining as '"strategic marketing agency" were the next most common.

Agency List of Sponsor Client Activation Spend in 2021

18.1% Other

16.7% Advertising

11.5% Social Media

8.9% Hosting & Hospitality

7.7% Athletes

7.2% Product Sampling

6.9% PR

6.2% Branded Content

5.5% Sales & Consumer Promotions

4.5% Internal Marketing

3.2% Co-Promotions

3.0% Ancillary Events

0.5% Packaging

0.0% Web3

0.0% Trade Allowances

NOTE: This slide reports on data provided by agencies regarding how their clients divide their activation spend across activation tactics.

RESULTS #3: ACTIVATION
DRIVERS OF ROI – SPONSOR VS. PROPERTY VIEW

SPONSOR ROI RANKING

#1
Advertising
(22.2%)

#2
Co-Promotions
(14.8%)

#3
Branded Content
(14.8%)

#4
Hosting/Hospitality (11.1%)

PROPERTY ROI RANKING

#1
Branded Content
(25.9%)

#2
Hosting/Hospitality
(20.7%)

#3
Co-Promotions
(16.7%)

#4
Advertising
(15.0%)

NOTE

This slide reports on data provide by brands on how they rank their activation tactics in terms of what provides the best ROI.

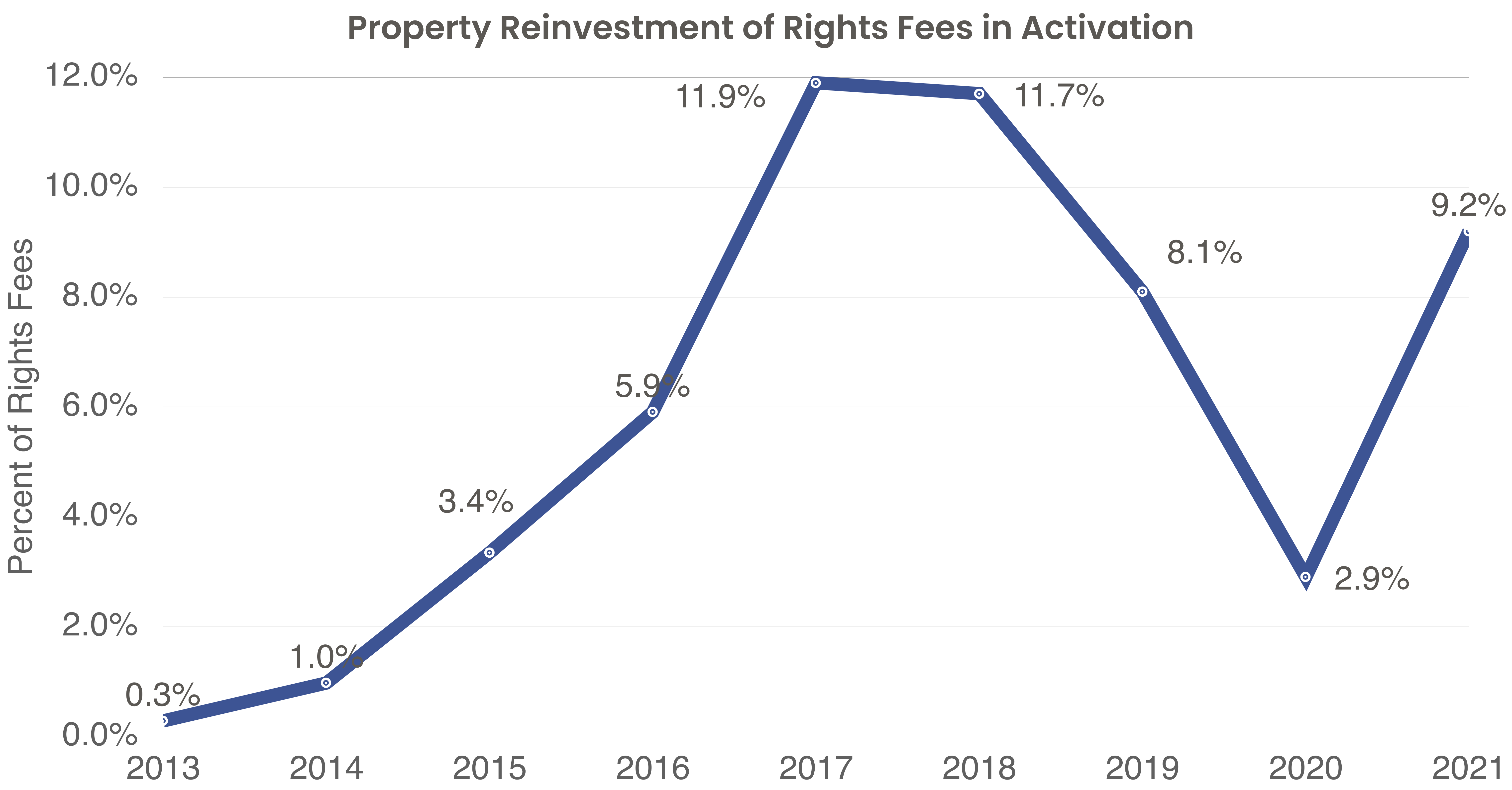
ROI RANKING

Shifts

Common 4 in both groups but different order.

But, it is logical.

RESULTS #3: ACTIVATION
PROPERTY REINVESTMENT



DATA

9.2%

Proportion of rights fees reinvested by properties in activation

MOST COMMON TACTICS

#1 - Branded Content (26%)
#2 - Hosting/Hospitality (21%)
#3 - Co-Promotions (17%)
#4 – Social Media (13%)
#5 – Ancillary Events (8%)

NOTES

33% of respondents reported no reinvestment in activation.

RESULTS

RESULTS #2

Strategy

05

RESULTS #3

Activation

06

RESULTS #4

Servicing

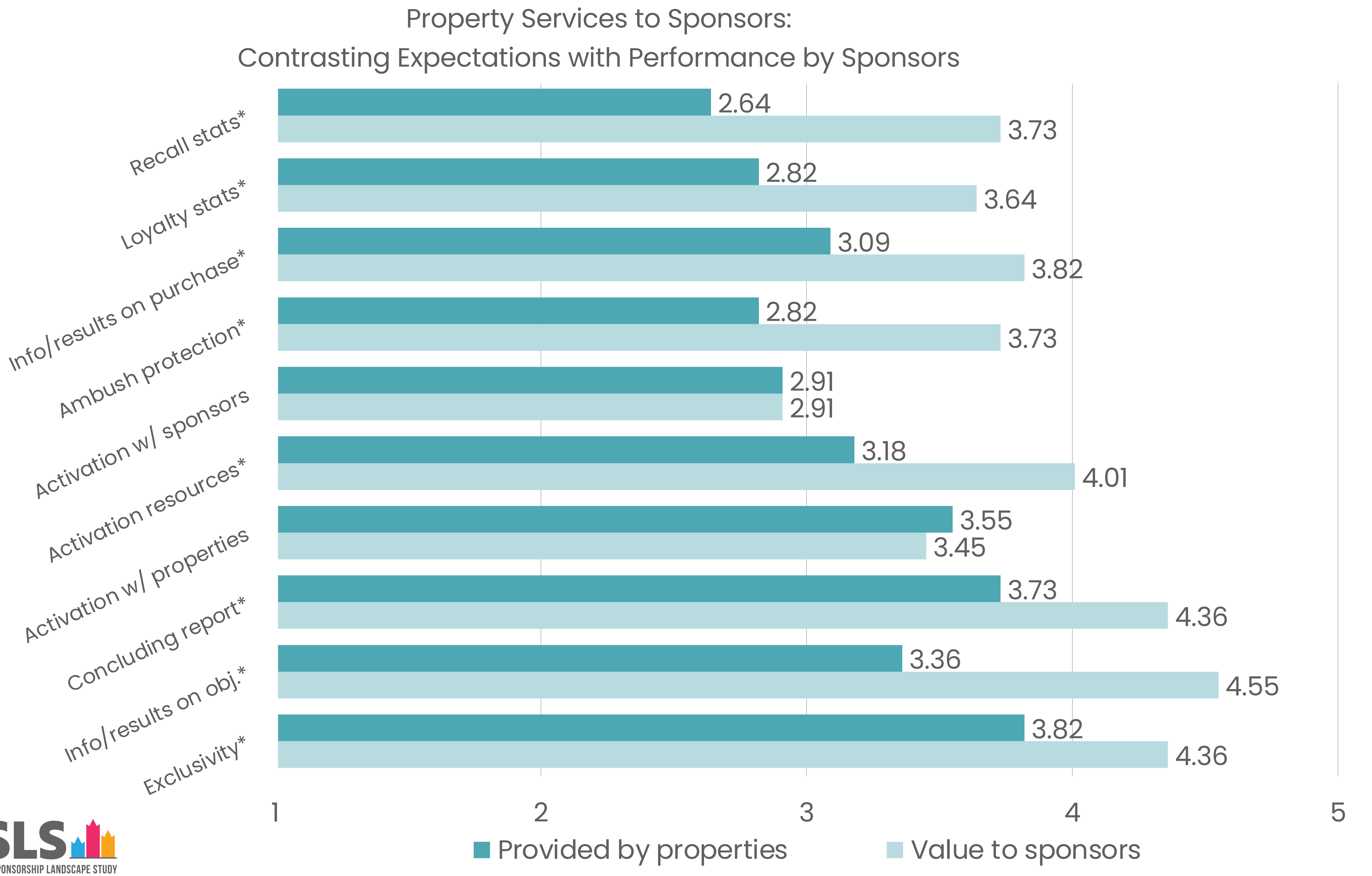
07

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

SPONSORSHIP MARKETING COUNCIL CANADA

IMI

SERVICING
SPONSOR PERSPECTIVE



DATA

8 of 10

are statistically significant differences (*)

NOTE

- The servicing issue remains a major challenge in Canadian sponsorship.
- This has been consistent for 16 years, with only a few exceptions.

CSLS CANADIAN SPONSORSHIP LANDSCAPE STUDY

PROPERTIES INVESTMENT IN SERVICING EXPANDS FROM PRE-COVID

Servicing

18.1% of sponsorship revenue is allocated to servicing

4.7% of property respondents reported no investment in servicing. Very positive finding.

Past			Latest
2017	2018	2019	2021
10.4%	**16.6%**	**14.5%**	**18.1%**

RESULTS #5

08

Evaluation

RESULTS #6

09

Property Reinvestment in Sponsors

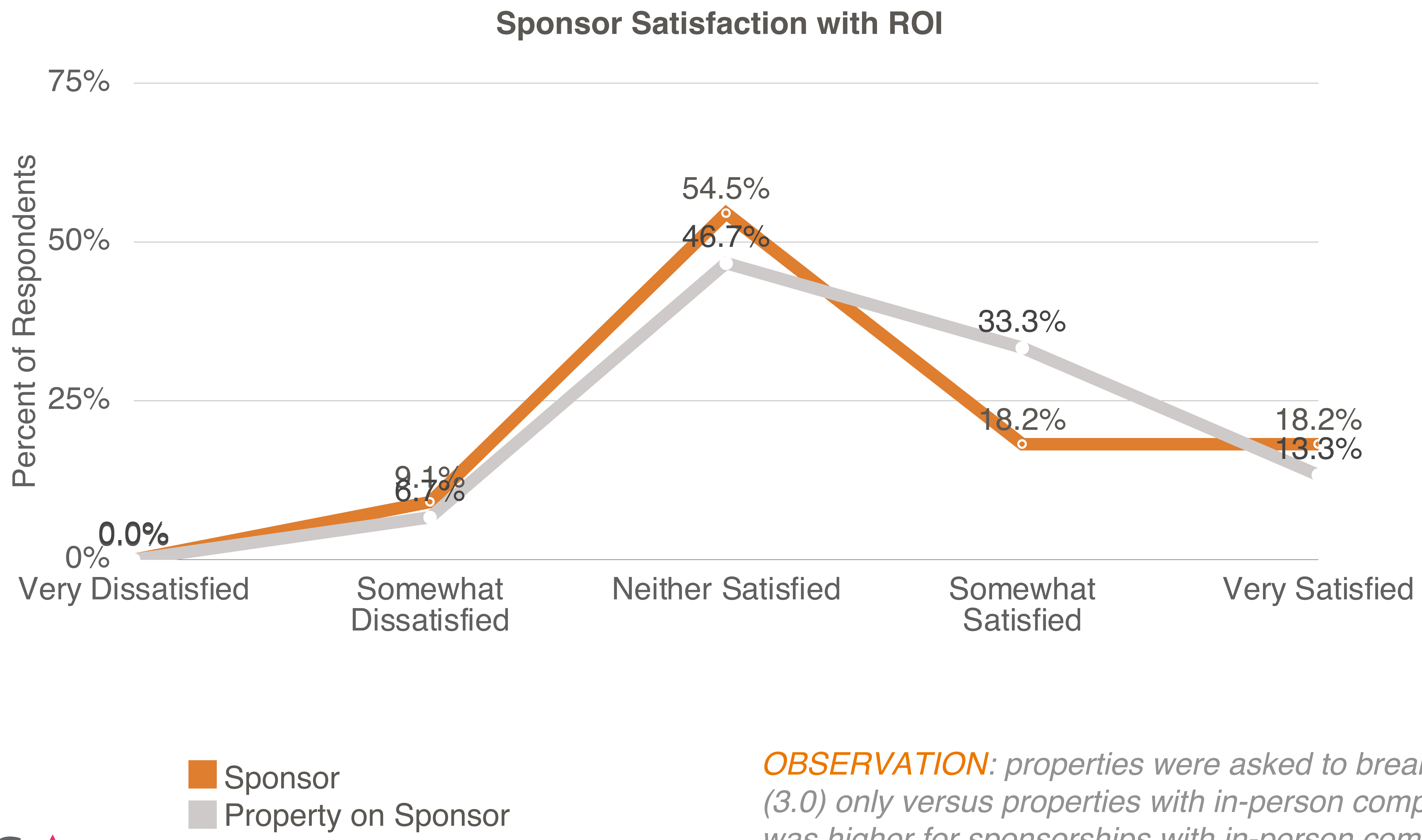
SUMMARY

10

Deep dives & conclusion

RESULTS #5: EVALUATION

SPONSOR AND PROPERTY VIEWS OF SPONSORSHIP ROI



DATA

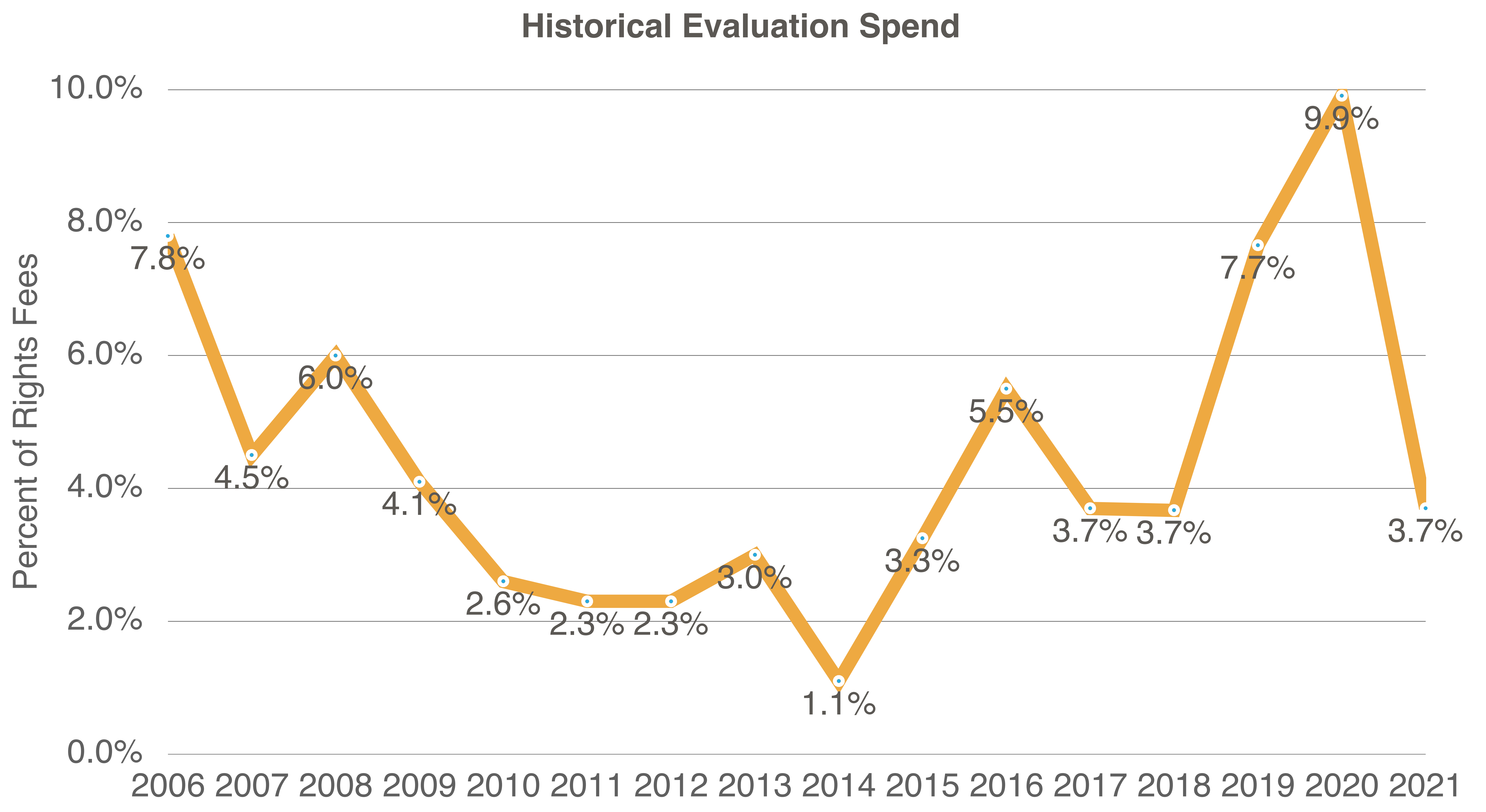
3.5 (out of 5) Sponsor Mean
3.6 (out of 5) Property Mean

NOTE

- Sponsor result improved significantly over last year (2.8)*
- Property result improved significantly over last year (3.1)*

OBSERVATION: properties were asked to break down ROI on virtual properties (3.0) only versus properties with in-person components (3.8), revealing that ROI was higher for sponsorships with in-person components.

RESULTS #5: EVALUATION
EVALUATION INVESTMENT



Pre-evaluation: *10.6% 3.6% 12.6% 8.5% 9.7% 15.1% 9.5%*

DATA

3.7%

of rights fee spent by sponsors on evaluation (average by sponsor).

NOTE

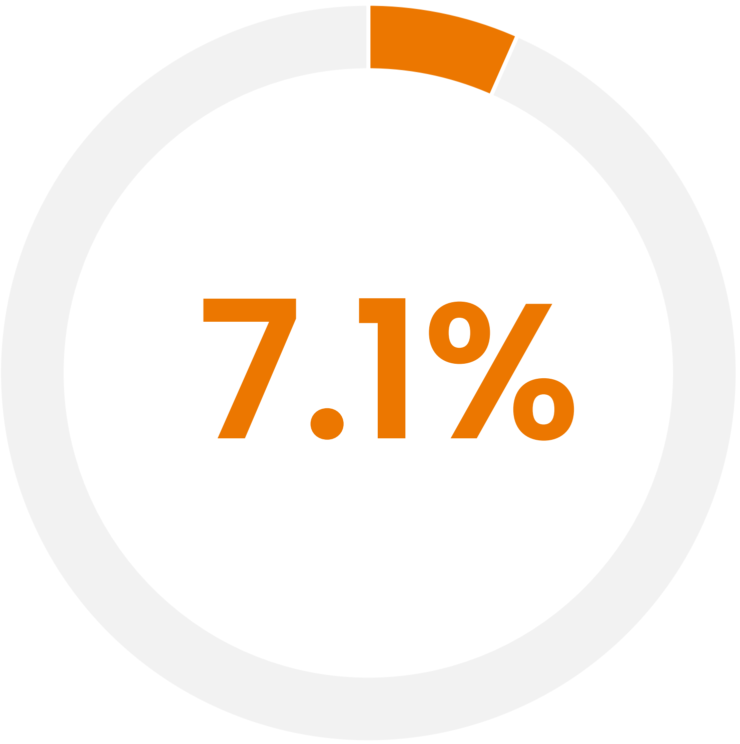
- Return to pre-COVID levels.
- 23% reported spending nothing on evaluation.
- Pre-Sponsorship evaluation spend was dropped back to 9.5%.

CSLS
CANADIAN SPONSORSHIP LANDSCAPE STUDY

RESULTS #5: EVALUATION
PROPERTY EVALUATION

BOUNCE BACK

Proportion (on average) of sponsorship revenues invested in sponsorship evaluation
*2020 result: 0%



Proportion (on average) of those dollars allocated to pre-sponsorship evaluation
*2018 result: 0%

LESS GOOD NEWS

Spent zero on sponsorship evaluation
*2018 result: 30.4%

Spent nothing on pre-sponsorship evaluation
*2018 result: 48.2%

+++ The results noted on this page suggest that there is only a small proportion of properties who are investing in evaluation.

RESULTS #5

08

Evaluation

RESULTS

RESULTS #6

09

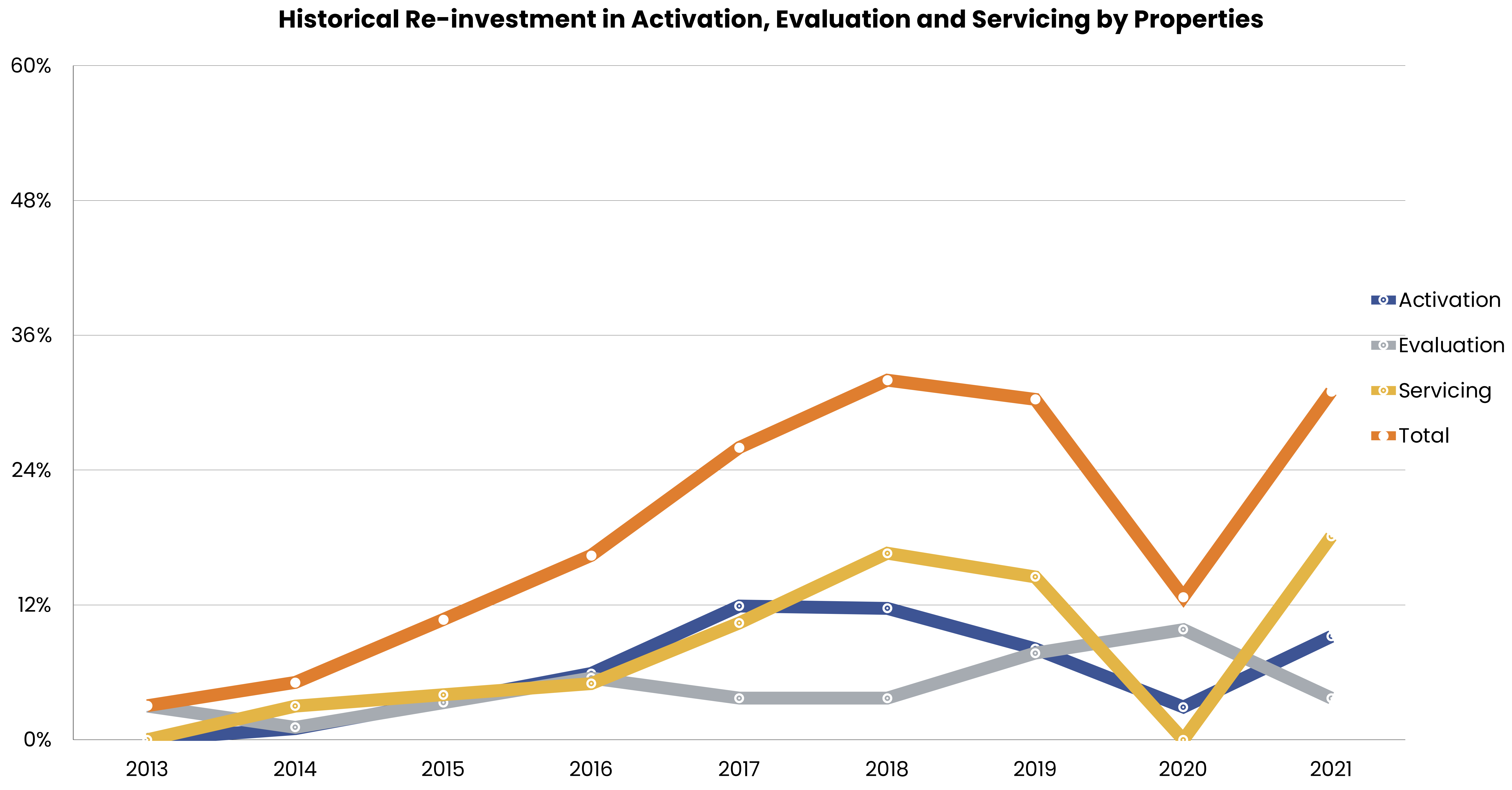
Property Reinvestment in Sponsors

SUMMARY

10

Deep dives & conclusion

RESULTS #6: EVALUATION
PROPERTY REINVESTMENT



DATA

30.2%

of rights fees received are being reinvested in the sponsorship, through a combination of activation, evaluation and servicing

NOTE

- Return to pre-COVID levels.

+++ **New analysis**

RESULTS #5

Evaluation

08

RESULTS #6

Property Reinvestment in Sponsors

09

DISCUSSION

SUMMARY

Deep dives & conclusion

10

DISCUSSION: SO WHAT?
WHAT MAKES US LOSE SLEEP

Top Concern	Meeting Targets*	Demonstrating ROI	Demonstrating ROI	Other*	Demonstrating R OI	Demonstrating R OI	Meeting Targets** Evaluation/Measure	Fear about delivering value as ROI	Analytics/Evaluation Measurement/ROI	**Measurement**
Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	**2021**

SPONSORS

- TOP THEME: Measurement, Evaluation and Tracking ROI

"Ability to demonstrate ROI when much of the value gained is intangible or qualitative."

PROPERTIES

- TOP THEME: Trouble securing sponsorship / not enough dollars available

"Will spending recover and ever return to post-pandemic levels?"

AGENCIES

- TOP THEME: Ability to measure and showcase the value of sponsorship

"Showcasing the true value of the sponsorship property in a proposal."

DISCUSSION: SO WHAT?

THE FUTURE OF SPONSORHIP: TOP TWO THEMES PER STAKEHOLDER

SPONSORS

Innovation

"Continued investment and innovation in the sponsorship space - there is so much value, in terms of unique experiences and deep engagement, that only sponsorship can deliver."

Cause and Purpose

"Brands have their ear to the ground more than ever when it comes to societal issues, and are beginning to use sponsorship dollars as a force for good."

PROPERTIES

Value

"Brands are seeing the value of sponsorship again now that the worst of the pandemic is behind us. People want experiences and they want to suppose the brands that bring them experiences."

Return to Live

"Canadians want to get back in person and attending events [...] the sponsorship opportunities are endless."

AGENCIES

Impact

"Smart marketers are realizing the power of the medium and it's becoming a stronger part of the marketing mix."

Talent

"Great people with creative ideas and passion for experiential marketing."

DISCUSSION: SO WHAT?

EMERGING TRENDS: TOP THEMES AND STAKEHOLDERS QUOTES

Sponsors, Properties and Agencies all cite both the return to live and in-person events, and the inclusion of digital elements, as emerging trends in sponsorship.

SPONSORS

"Just being face-to-face again – how do we capitalize?"

"Everyone is eager to get back to in-person interaction that we have been missing for so long."

PROPERTIES

"Introducing digital experiences to in-person events to amplify reach and bring experiences to people at home and vice versa."

AGENCIES

"Technology-driven fan engagement – mix of analog and digital engagement to ensure maximum reach of fans."

NOTABLE MENTION

All three groups cited the integration of cause and purpose as an additional trend to improve sponsorship

DISCUSSION: SO WHAT?
THE FUTURE OF MUSIC: TOP TWO THEMES OVERALL

Festivals and events were heavily impacted by COVID-19 restrictions, with significantly reduced capacity to operate. However, survey respondents shared a predominantly bright perspective on the future of music properties…

"As consumers continue to get more comfortable with the 'return to live', music properties will be a leader in the space."

'Living in the moment' is something that can't be replicated, and finding ways for brands to play a role in that experience will drive high-impact."

"The future of music-related events is positive. People are anxious to return to in-person offerings, and this a great engagement opportunity for sponsors to leverage with attendees."

Area of Concern
"Whether sponsors will be interested in supporting small- and mid-sized events in addition to the marquee options?"

DISCUSSION: SO WHAT?

THE IMACT OF COVID-10: TWO THEMES PER STAKEHOLDER

SPONSORS

Activations
"[COVID-19] significantly reduced ability to activate the way we used to"

Budget
"Reduced budget for sponsorship opportunities – budget shifted to other higher priority marketing initiatives"

PROPERTIES

Lost Deals
"Many partners pulled out due to marketing and community spend being cut"

New Faces
"Much more difficult to contact people now, and with high turnover in the industry means rebuilding relationships on both ends"

AGENCIES

Creativity
"Looked at other platforms to bring sponsorship programs to life"

Virtual
"Shift to digital and online work to negate loss of live spectators"

DISCUSSION: SO WHAT?

PAIN POINTS SOLVED BY SPONSORSHIP: SPONSOR VIEW

Sponsors were asked what the main pain point or business objective that sponsorship helps their brand meet:

Brand Awareness

”Our portfolio gives us strong media presence that helps reach huge swaths of the Canadian population.”

“Increasing brand awareness while aligning with organizations whose values match ours.”

Community Impact

”Further align our support to the community and our corporate responsibility.”

“Supporting our community and enhancing our corporate image.”"

Drive Business

”Goal is to drive new consumers and incremental business.”

“Positioning our firm as a thought/business leader by engaging with specific audiences to build relationships, start conversations that will lead to future work.”

CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

Visit www.sponsorshiplandscape.com for more info!

Questions or Comments?

Norm O'Reilly | norm.oreilly@theT1agency.com

SPONSORSHIP MARKETING COUNCIL CANADA

IMI