

13th ANNUAL

CSLS



CANADIAN SPONSORSHIP LANDSCAPE STUDY



SPONSORSHIP
MARKETING
COUNCIL CANADA

IMI

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ACKNOWLEDGEMENTS / CSLS PARTNERS



TODAY'S PRESENTATION

13th CSLS

Results

2018

Analysis

2006-2018

Industry

Trends, Size & Future

Not-For-Profit Sponsorship

Qualitative Deep Dive

Sponsor, Property & Agency





Results

13th Annual



2018: A Story to Tell...

SIMILAR TO...

2007



Toronto International Film Festival,
Toronto

Big News

0.43



SIMILAR TO...

2010



Big News

Recession Proof

Paralympic Games,
Whistler



SIMILAR TO...

2013



Mastercard Memorial Cup,
Saskatoon

Big News

Festivalization



SIMILAR TO...

2014



RBC Royal Bank Bluesfest,
Ottawa

Big News

Pro Sport
Renaissance



2018: A Story to Tell

Smarter? | Activation, Measurement and Servicing

Balanced? | Rights Fee Spend vs. Activation

Bigger? | The Big Players Assert Themselves, Return of Bias

More Advanced? | Gender, Agencies, Objectives

1. The Study
Background

3. Industry Data
Size & Scope

5. Results #2
The Deal

7. Results #4
Servicing

9. Discussion
So What?

2. The Sample
Stakeholders

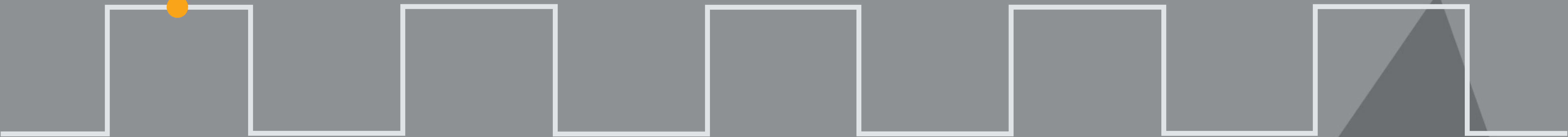
4. Results #1
Strategy

6. Results #3
Activation

8. Results #5
Evaluation

1. The Study

Background



THE STUDY: CSLS 101



Origin

Need
Share
Bilingual



Perspective

Spend
Revenue
Billing



Process

Online
Attribution



Analysis

Themes
Comparative
Modelling



Design

Longitudinal
Deep Dives
Trends

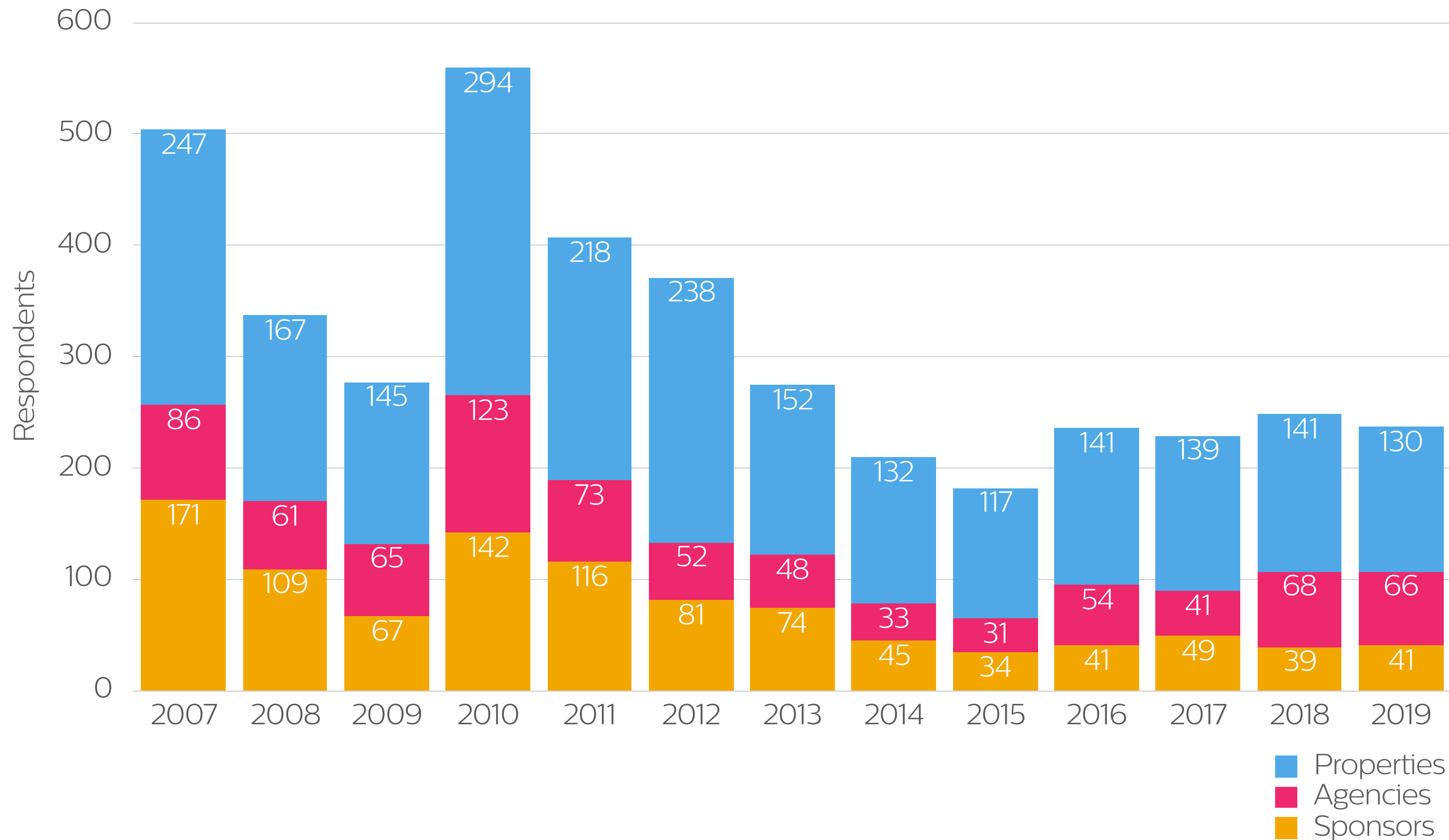




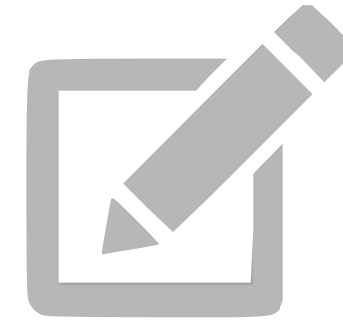
2. The Sample
Stakeholders

RESPONDENTS

Historical CSLS Respondents by Type



DATA



4,075

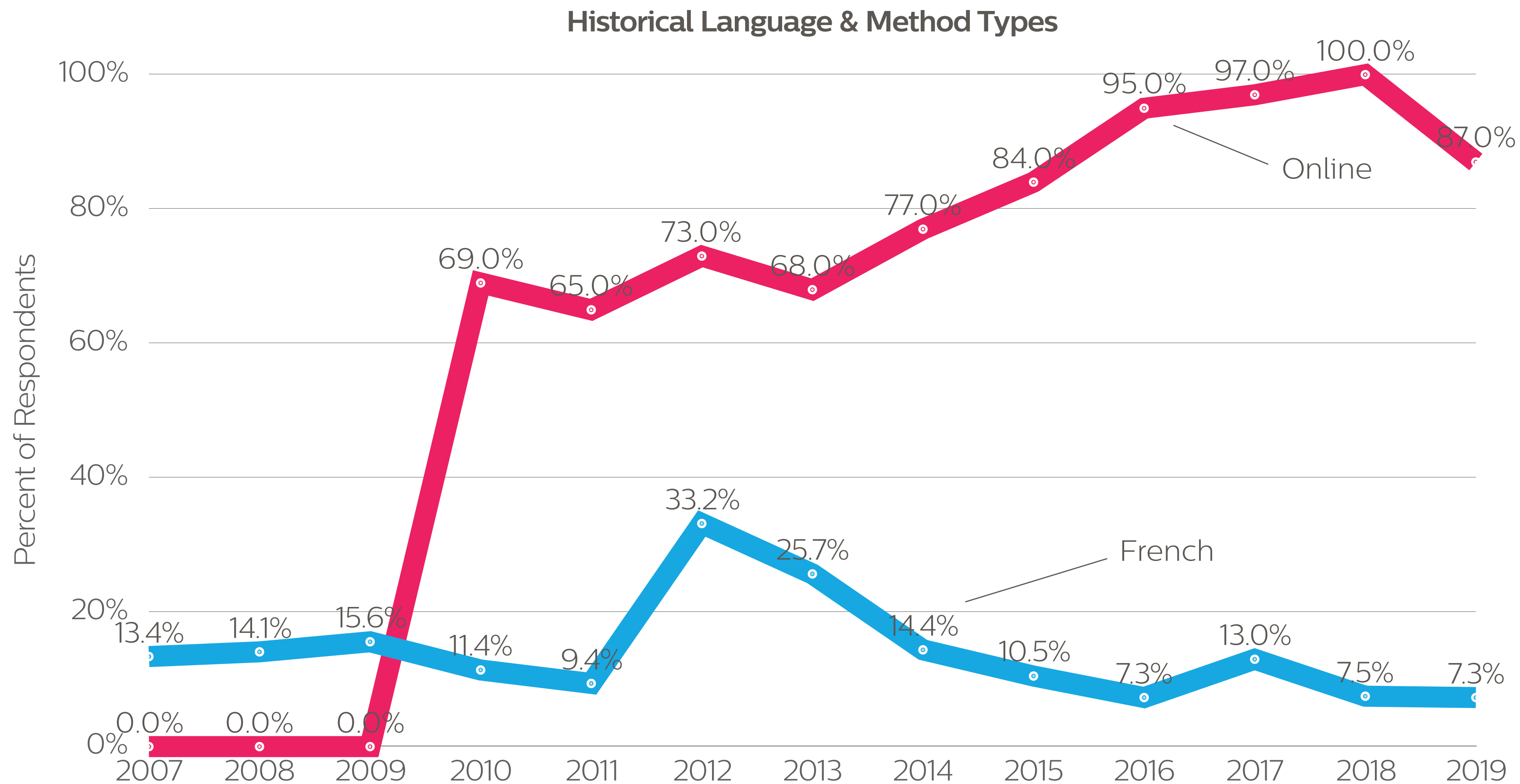
Total Respondents

NOTE

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



SURVEY PARTICULARS



DATA



13 Years

Language & Method of Response

NOTE

French rates rose around conference in Montreal; decline since.

Online at 100% for first time in 2018, a few old fashioned again in 2019.




TYPICAL SPONSOR IN 2018

Industry



- Avg. sales of \$480M
- Range: \$200k to \$1.5B
- 77.5% HQ in Ontario

Internal Details




- 34% of decisions in October
- Balanced otherwise
- 78% of sponsorship in marketing/comms
- Others: PR, Community Relations, etc.

A SPONSOR (2018)


n=41

Money Mix



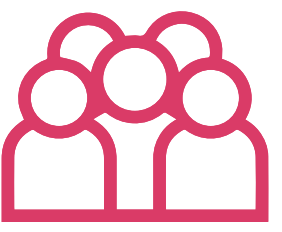
- 57.5% For Profit
- 78.7% Cash vs VIK
- Targeting (by \$'s):
 - Female: 17.3%
 - Male: 37.0%
 - Not Gender Specific: 45.7%
- Targeting (by # of deals)
 - Female 10.6%
 - Male 72.7%
 - Not Specific 16.7%

Sponsorship Spend



- \$3.3M average rights fee
- Range: \$20k-\$25M
- Largest Sponsorship
 - Avg: \$1.11M
 - Range: \$20k to \$5.5M
- Portfolio 2 to 60 sponsorship deals
 - Average: 14.6 deals

Decision-Maker



- 56% Male / 44% Female
- 89.5% Director level or above
 - 33% CEO/President/CMO
 - 56% VP



TYPICAL PROPERTY IN 2018



Decision-Making



- Decision-maker
 - 62% M, 33% F, 5% Other
 - 31% CEO; 22% VP

Property Reach



- 26.2% International
- 40.5% Canada
- 14.3% Multi-Provincial/Provincial
- 14.3% Regional
- 4.8% Local

Revenue



- \$3.4 received (average)
 - Range: \$5k to \$57.5M
- Largest sponsor
 - Average: \$176,325
- Source:
 - Retail 37.8%
 - Manufacturing 17.8%
 - Finance: 15.65%
- Mix: 73.9% cash/26.1% VIK
 - 17.9% - no VIK
- Revenue Source
 - 89.8% For-Profit Sponsor
 - 10.2% NFP Sponsor

Sponsor Mix



- 27.6 sponsors
 - Range 1 to 150
- Source of Revenue:
 - Retail: 30.3%
 - Finance: 14.2%
 - Manufacturing: 12.3%
 - Services: 12.1%
 - Communications: 8.5%
 - Insurance: 5.1%
 - Others: 13.9%

Demographic




- Budget: \$265M average
- HQ: 61% Ontario
- 5.8 staff working primarily on sponsorship




TYPICAL AGENCY IN 2018

HQ & Reach




- HQ: 58.8% Ontario
- HQ: 11.8% Quebec
- Reach:
 - 29.4% International
 - 52.9% National
 - 17.7% Provincial

Decision-Maker




- CEO: 47.1%; VP 29.4%
- Gender: 52.9% M; 35.3% F; 11.8% Other

Client Mix



- Stakeholder
 - Sponsor: 50.3%
 - Property: 25.3%
 - Agency: 24.4%
- Largest
 - Sponsor: 52.9%
 - Property: 47.1%
- Mission
 - For-profit – 72.2%
 - NFP – 27.8%

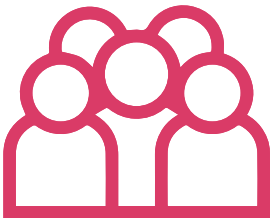
Sponsorship Billings



- \$5.3M average billings (\$5k to \$29M)
 - Up from \$3.1M last year
- Sponsorship: 59.4% of total Billings
- Sponsorships worked on: 81.4 (avg)
- Areas of Work
 - Sales – 24% of Billings
 - Research – 14.5% of Billings
 - Evaluation – 14.3% of Billings
 - Activation – 11.1% of Billings
 - Staffing – 10.5% of Billings

AN AGENCY
(2018)
n=66

Focus of Billings

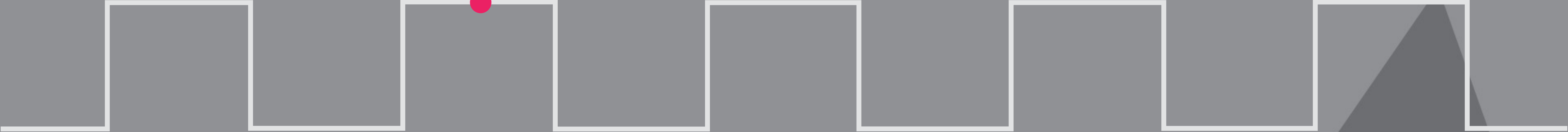


- Gender:
 - M 24%; F 24%; 52% O
- Industry
 - Pro Sport 25.9%
 - Festivals 21.8%

NOTE 59% described themselves as a “sponsorship agency”

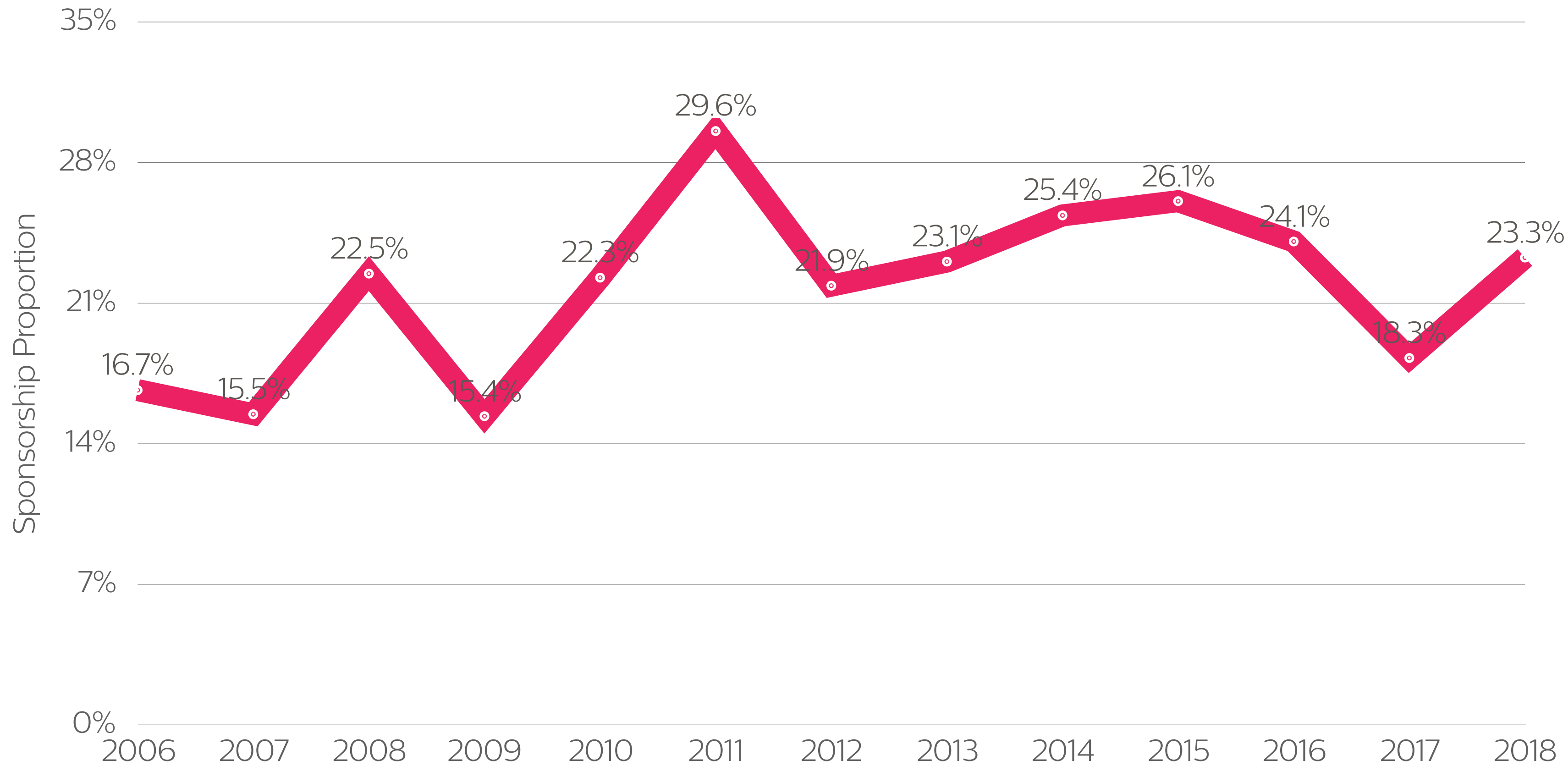


3. Industry Data
Size & Scope

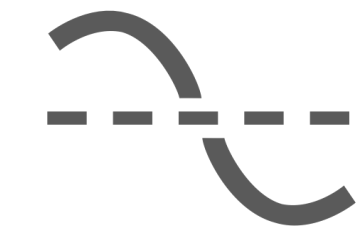


PROPORTION OF MARCOM BUDGET

Sponsorship as a Percentage of Marketing Communications Budget



DATA



23.3%

In 2018

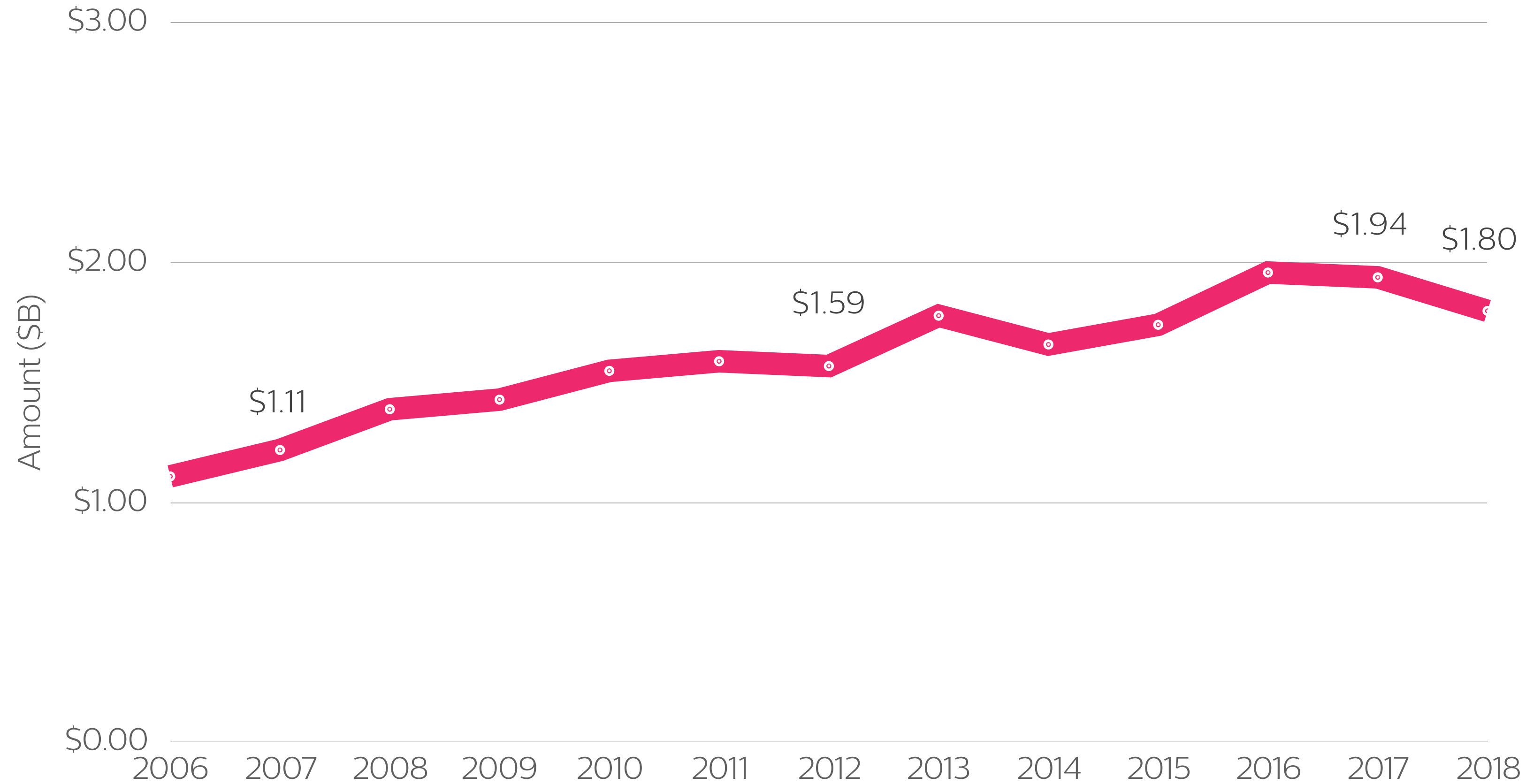
NOTE

Among those organizations that use sponsorship, about 1 in 4 marcom \$'s are spent on sponsorship.



CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Rights Fees



DATA



\$1.80B

2018 Rights Fee Spend

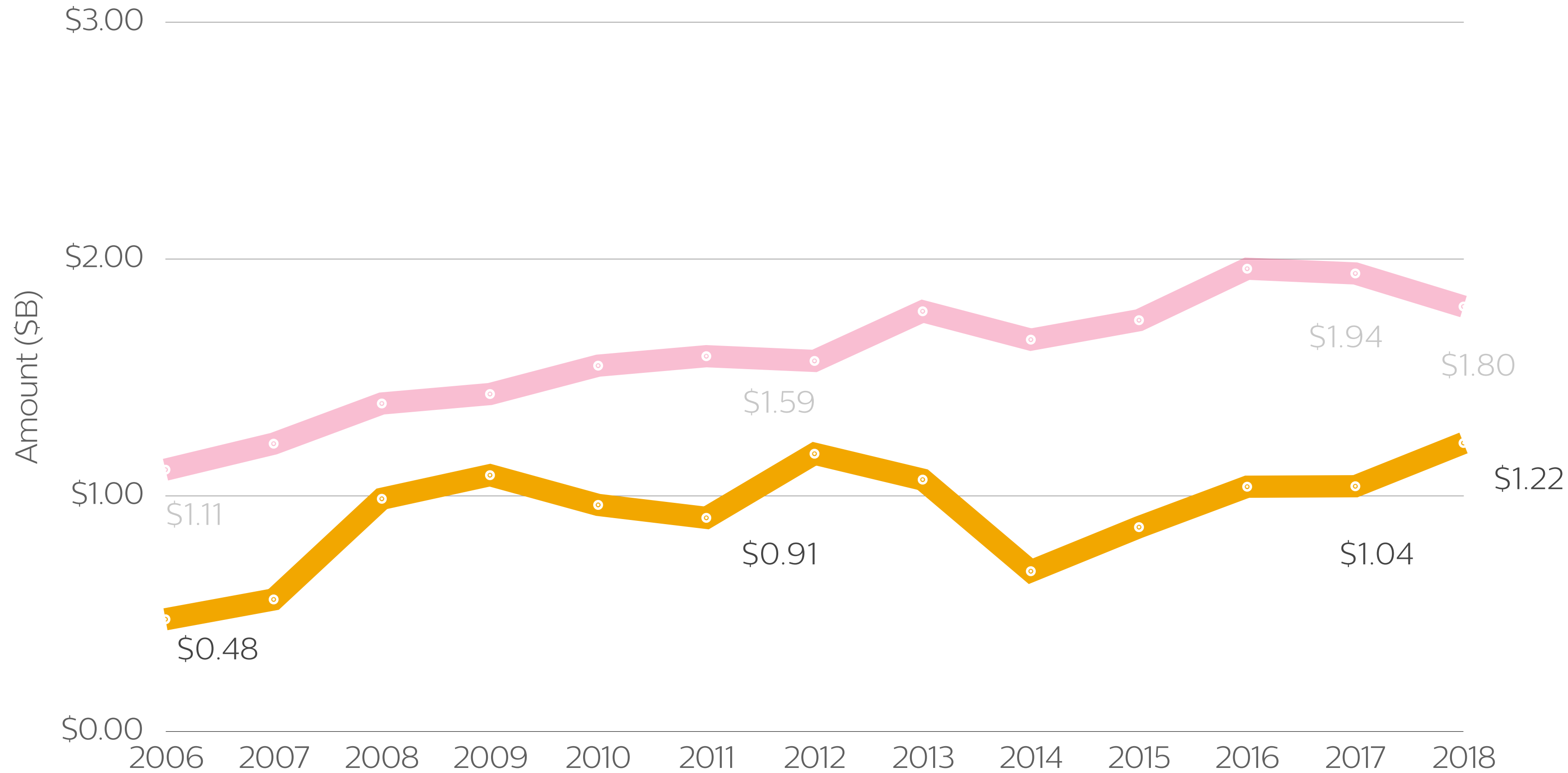
NOTE

CAGR of **3.78%**.



CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Activation



DATA



0.68

Activation to Rights Fee in 2018

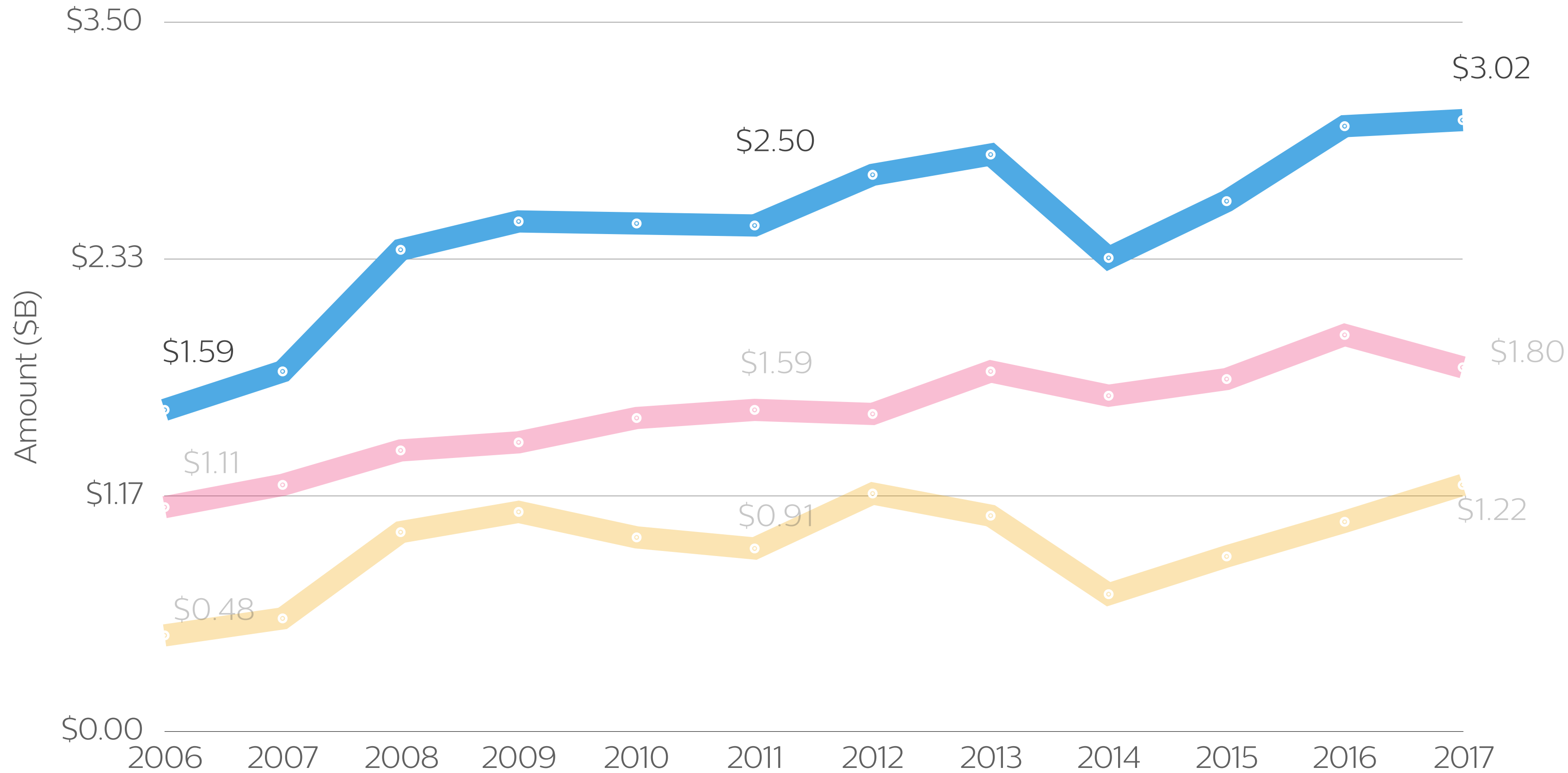
CAGR of total activation spend is **7.49%**.

Historically, activation spend has fluctuated considerably more than rights fee spend, but it has increased more relatively than rights fees.



BIG PICTURE: CANADIAN INDUSTRY SIZE

Historical Canadian Sponsorship Industry Size: Total



DATA



\$3.02B

in Total Industry Spend

NOTE

CAGR of rights fees plus activation spend is **5.06%**.



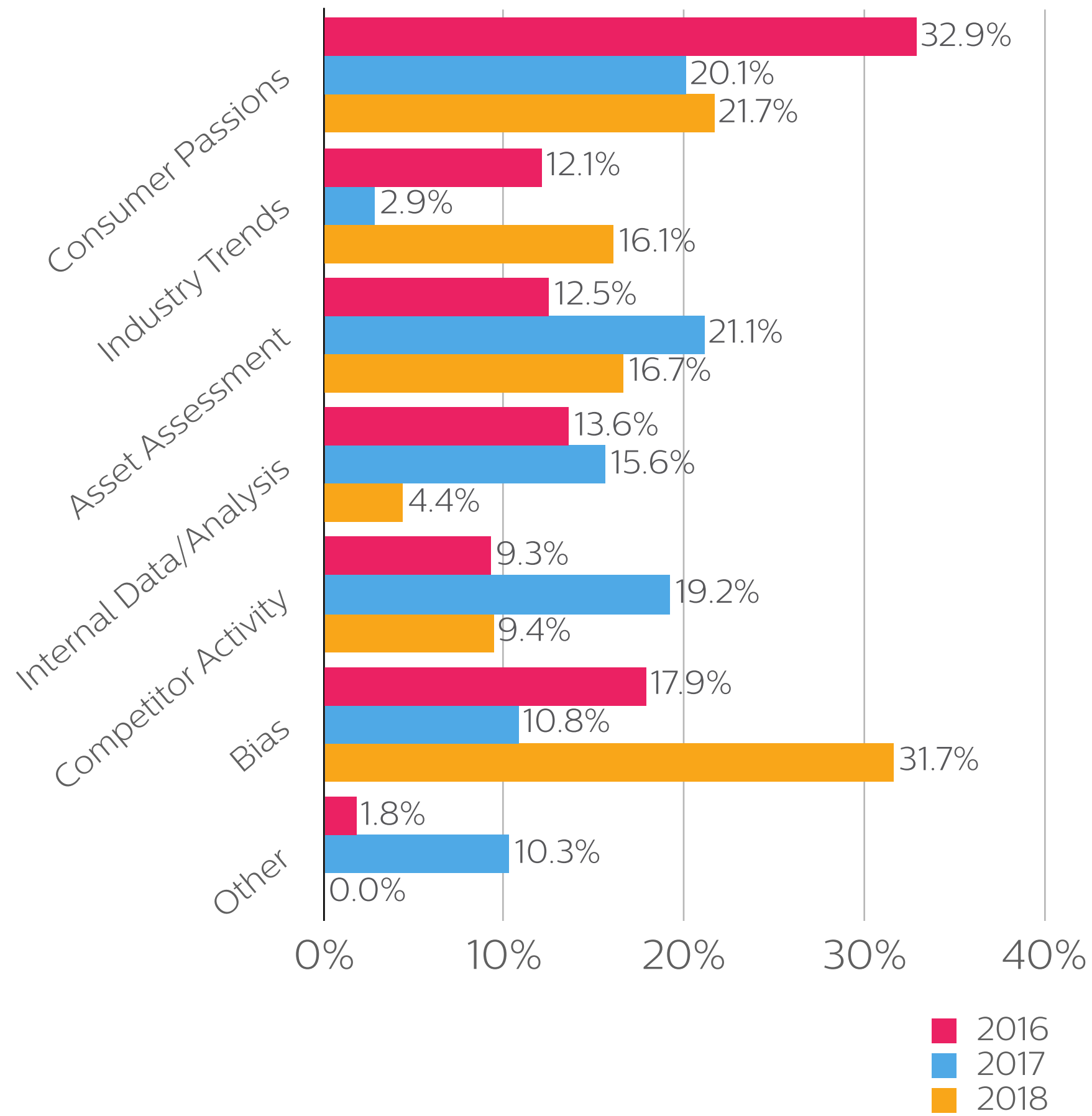


4. Results #1

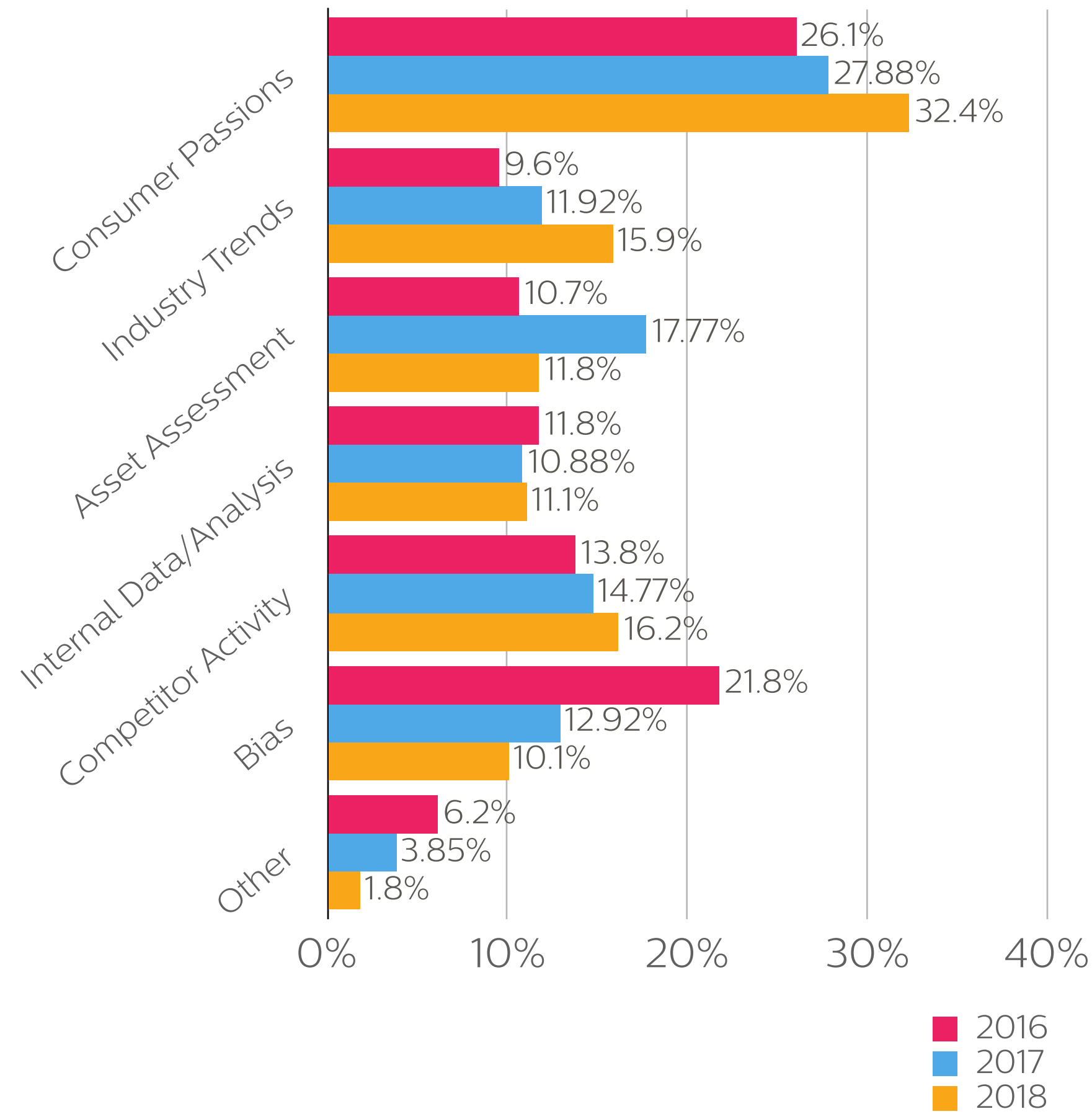
Strategy

DECISION MAKING

Criteria in Decision-Making:
Sponsors



Criteria in Decision-Making:
Agencies on Sponsors Behalf



DATA

Majority

Of Decisions are About
The Right Factors

NOTE ON 2018

Sponsors report 'bias' bounce back
but agencies disagree and report very high "consumer passions"



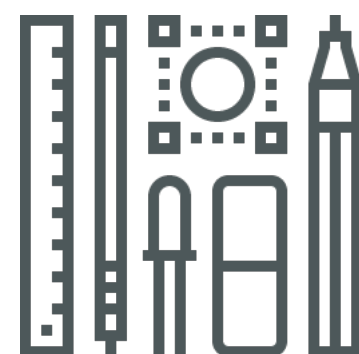
LARGEST SPONSORSHIP CATEGORY



56%
Pro Sport

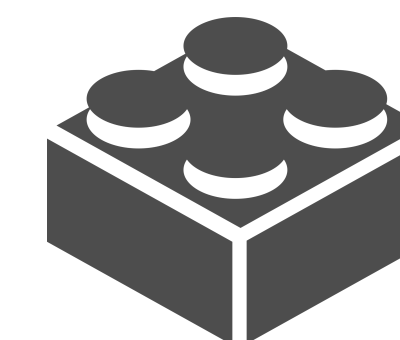


23%
Amateur Sport



22%
Arts

DATA



Triple

The size of largest investments in pro sport versus those in amateur sport or the arts

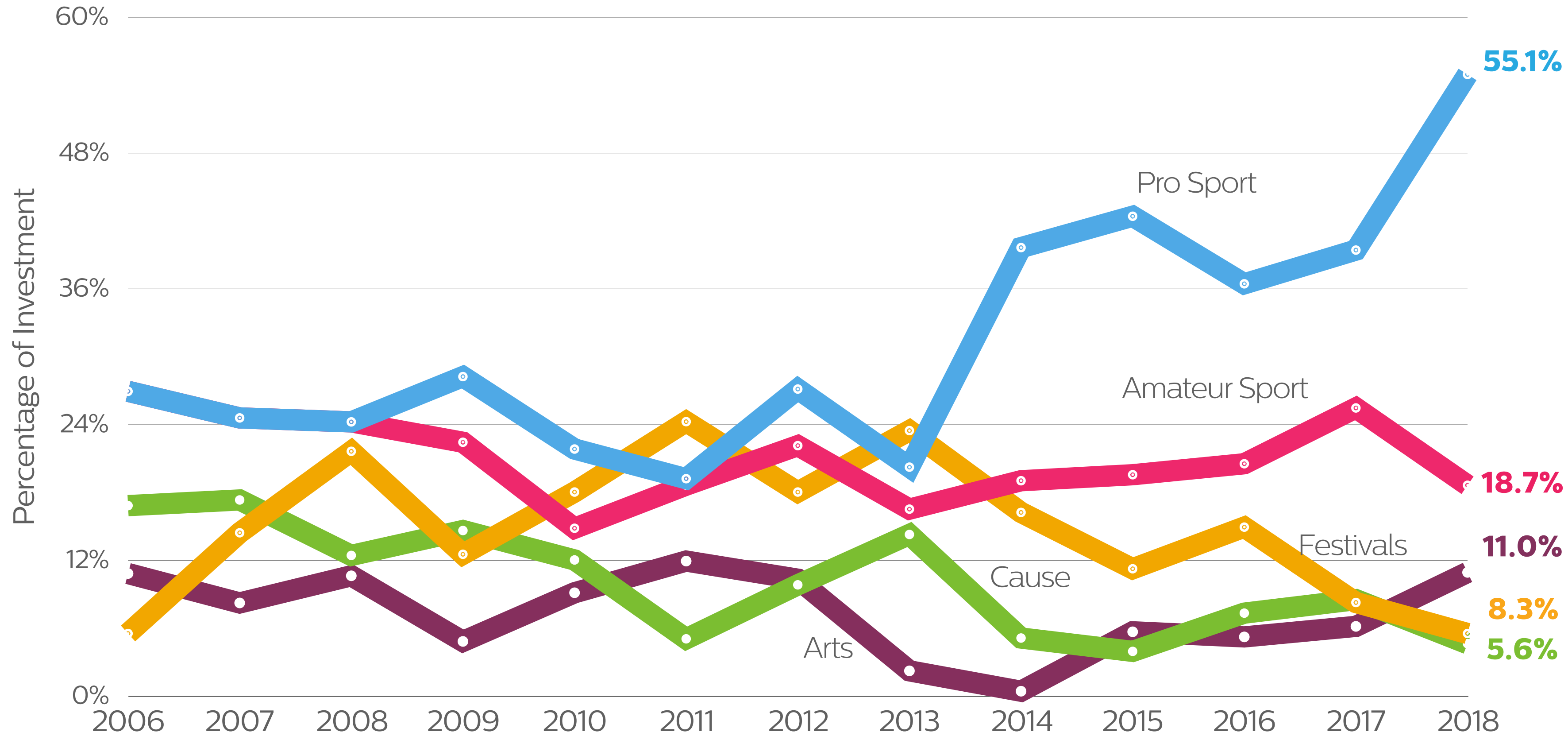
Average Size of Largest Annual Deal: \$1.1M

NOTE Pro Sport: \$1.9M



PROPERTY MIX

Historical Sponsorship Investment by Property Type



DATA



55.1%

of Investment is
in Pro Sport

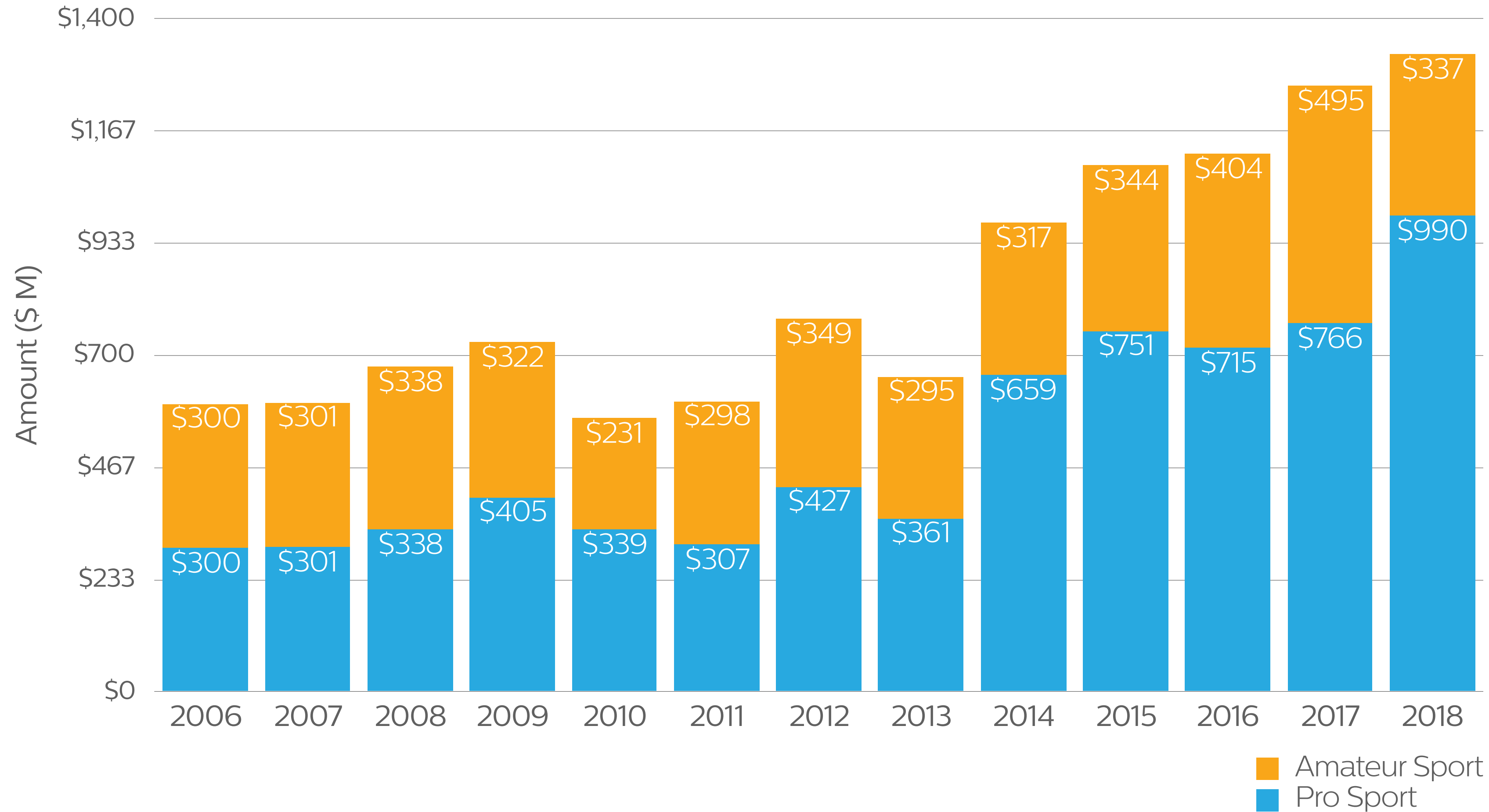
NOTE

Significant shift in
2018 over
previous years



PROPERTY MIX

Historical Sponsorship Investment in Sport



DATA



\$1.33B

in Sports

*5% increase over 2017

NOTE

Pro sport is taking 'share' from amateur sport (and other areas)



SPONSOR INVESTMENT: PROPERTY REACH

13-YR AVG | 2018 DATA

“Go Big or Stay Local”



9.6% | **11.8%**
International



33.8% | **36.2%**
National



10.3% | **20.4%**
Multi-Provincial



17.2% | **7.5%**
Provincial



16.2% | **10.4%**
Regional

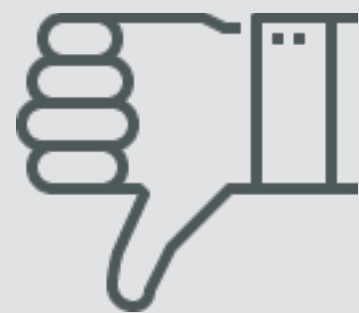


11.9% | **13.7%**
Local



MISALIGNED VIEWS ON THE FUTURE

DECREASE



30.1%
Sponsor

14.5%
Property

0%
Agency

STAY THE SAME



45.5%
Sponsor

41.8%
Property

61.9%
Agency

INCREASE



24.5%
Sponsor

43.6%
Property

38.1%
Agency

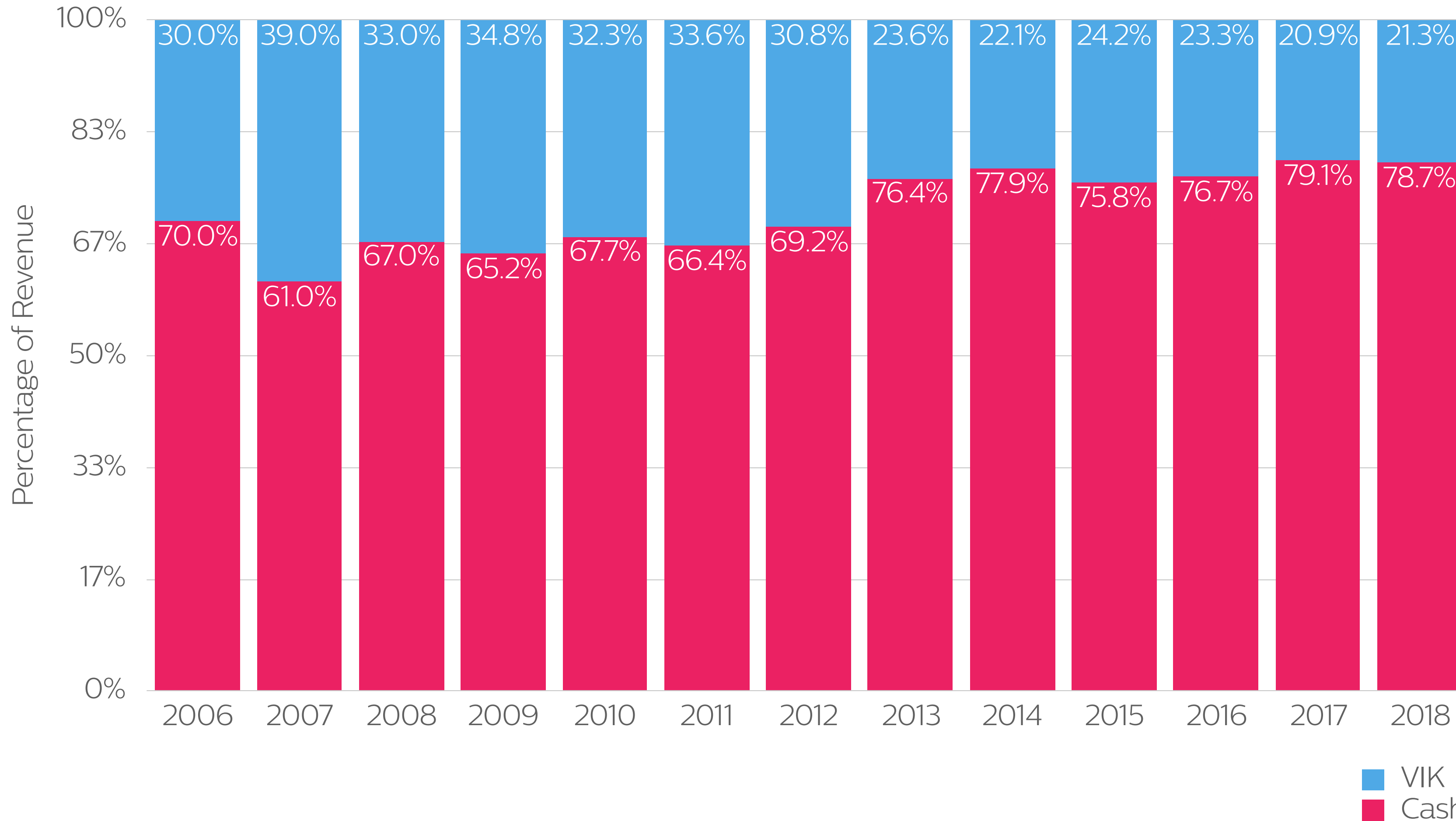


5. Results #2

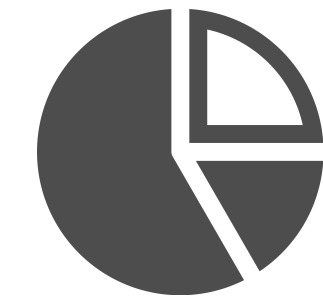
The Deal

DEALS: CASH OR VIK

Historical Cash vs. VIK Mix for Properties



DATA



78.7%

Continued trend towards cash over VIK

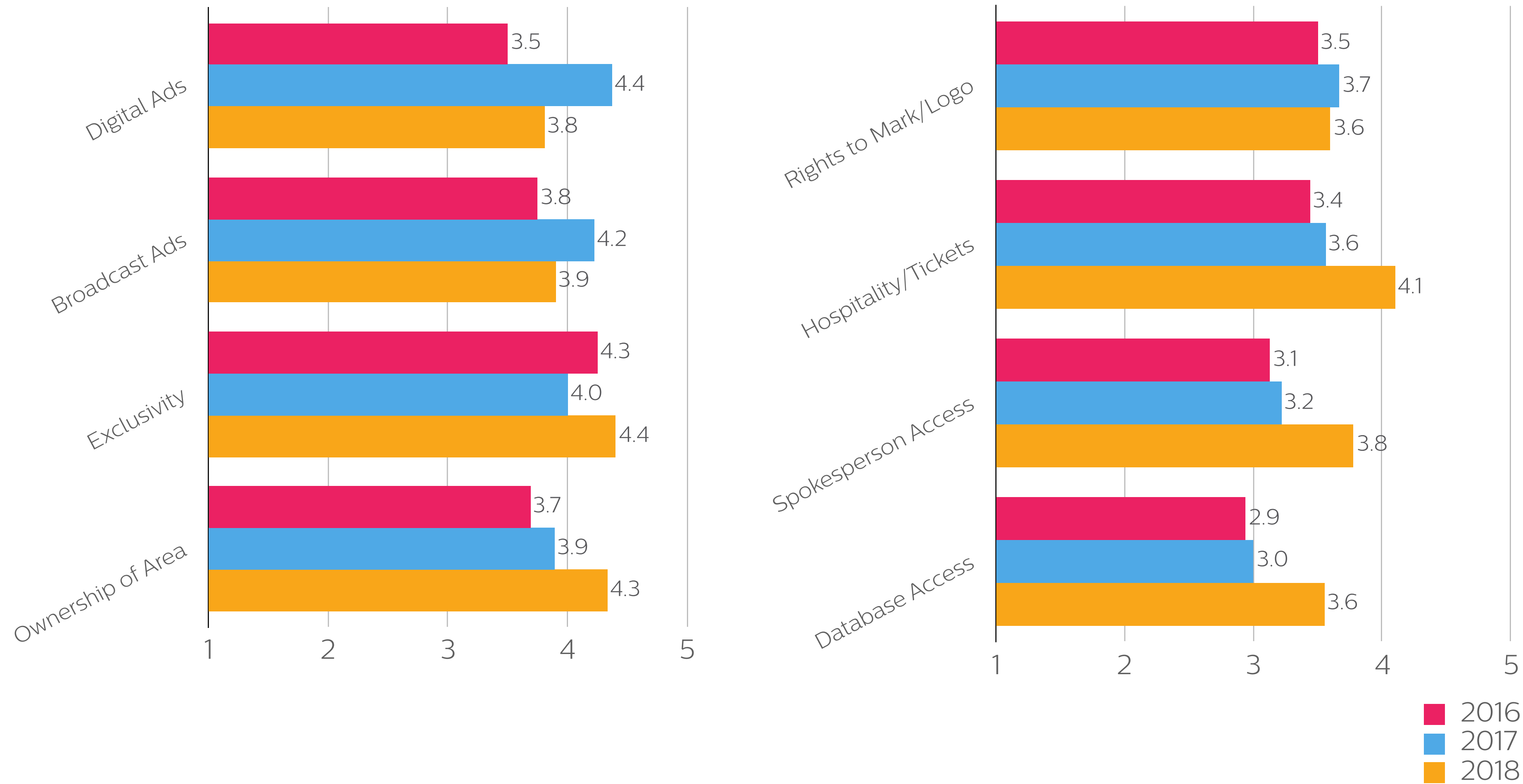
NOTE

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



DEALS: VALUABLE BENEFITS

Most Valuable Benefits Identified by Sponsors



DATA & NOTE

2018 saw a shift in sought benefits by sponsors

Although exclusivity and owned content remained top, access related items (database, tickets, spokesperson) all increased over 2017



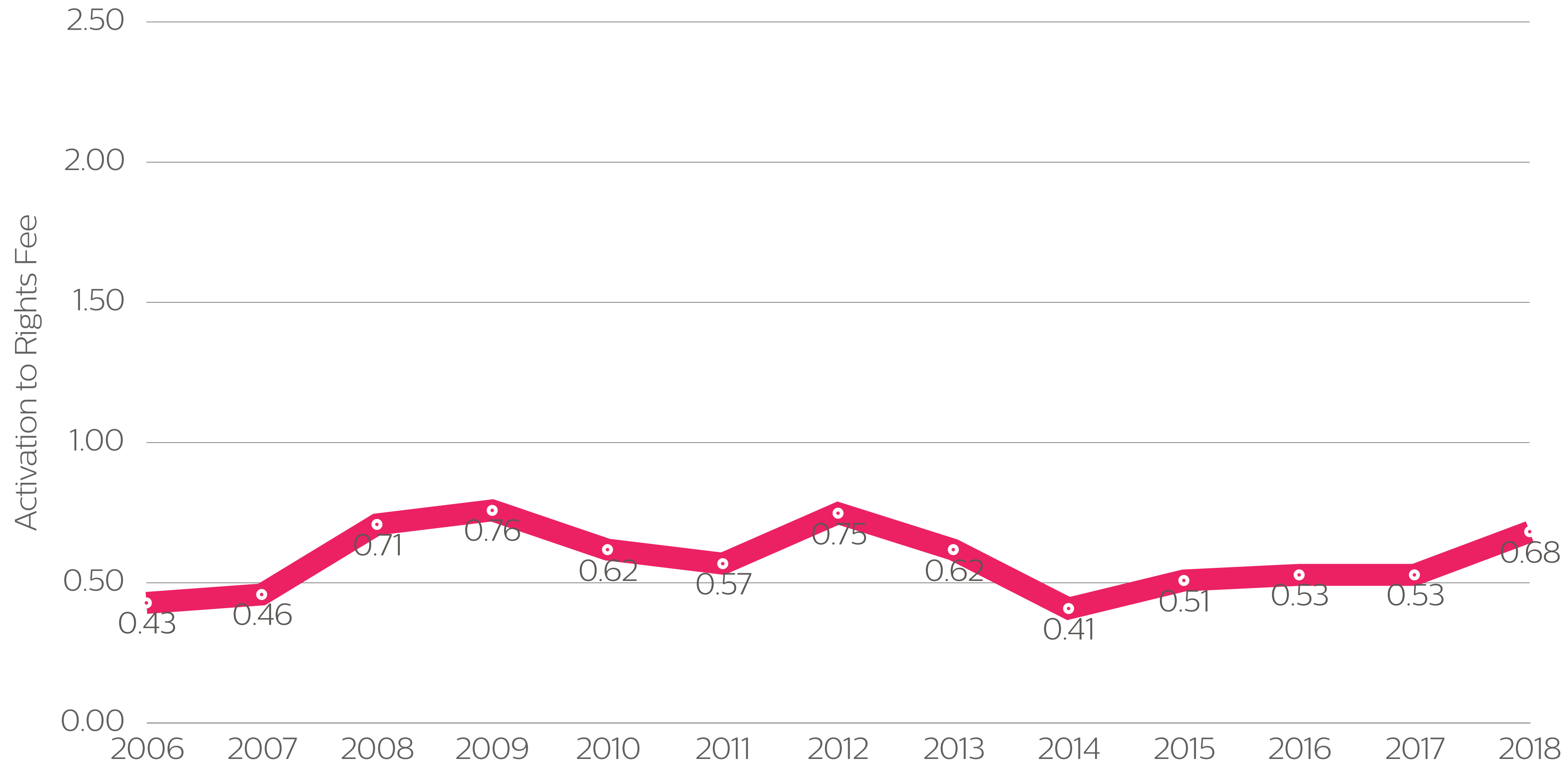


6. Results #3

Activation

ACTIVATION: RATIO

Historical Activation Ratio: Canada



DATA



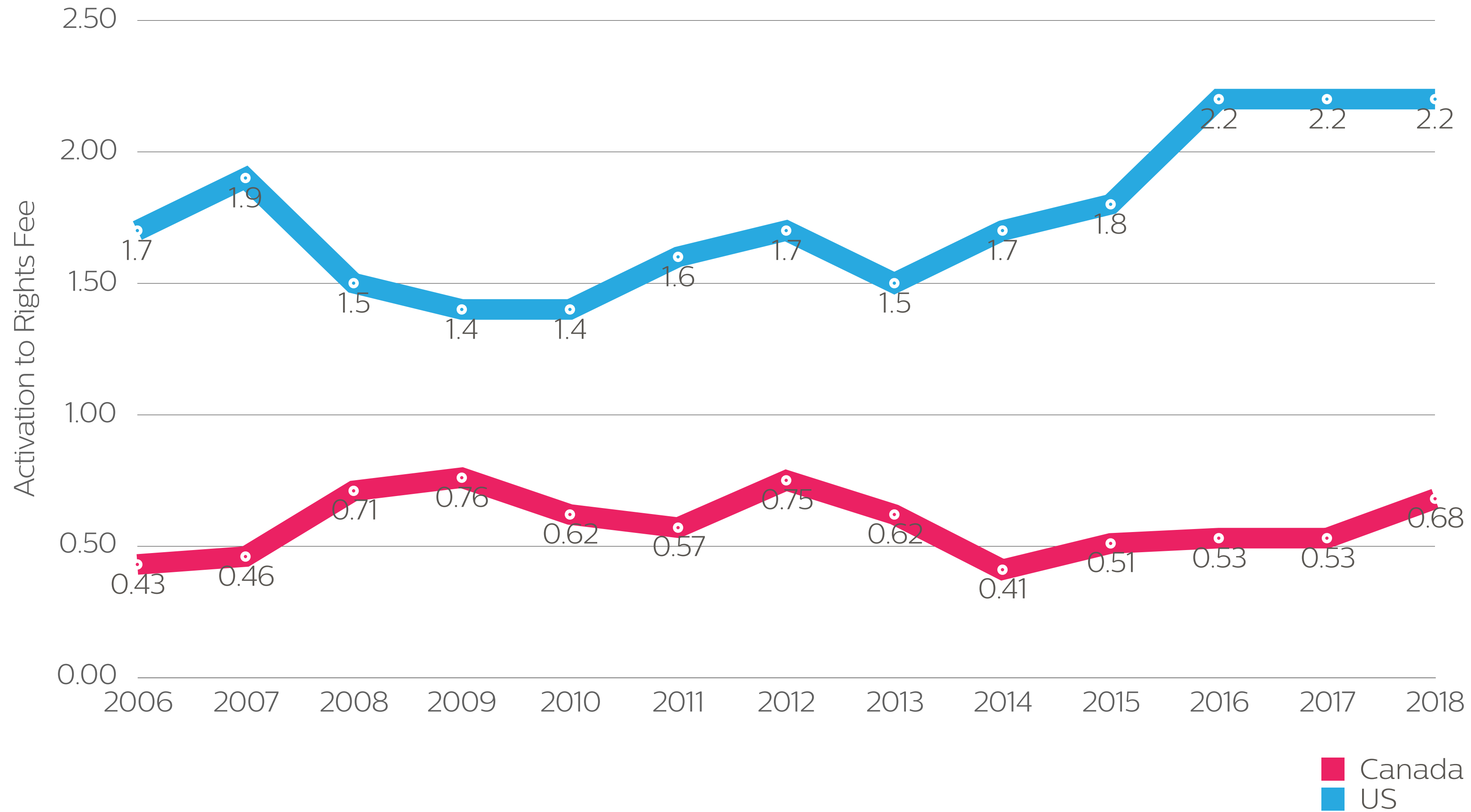
0.68

Activation to Rights Fee in Canada. The highest recorded number since 2012.



ACTIVATION: RATIO

Historical Activation Ratio: Canada & US



DATA



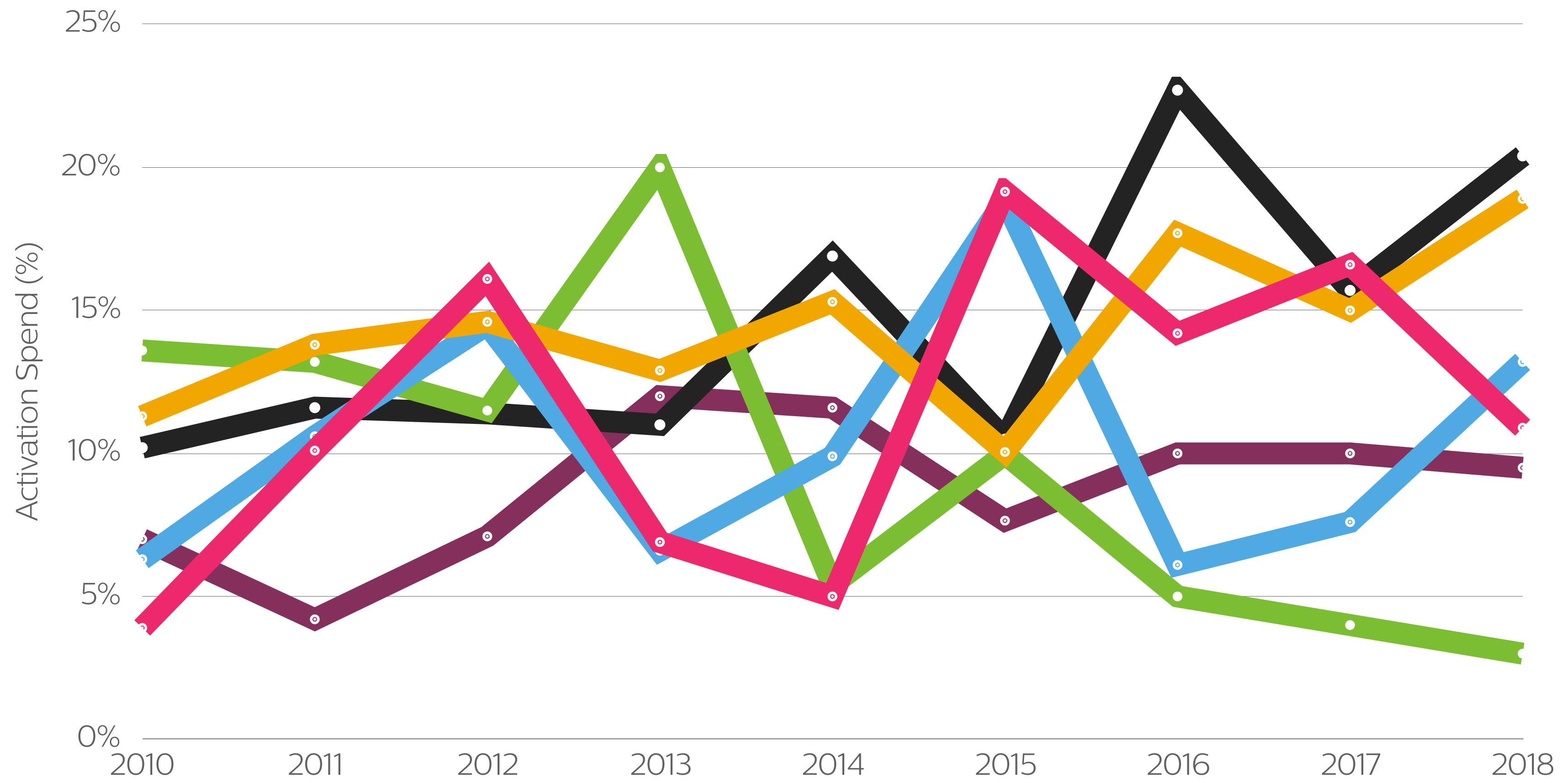
2.2

Activation to Rights Fee in US

Although improved in 2018, the activation ratio in the US is more than **3X higher** than in Canada.



ACTIVATION: MIX OF INVESTMENT



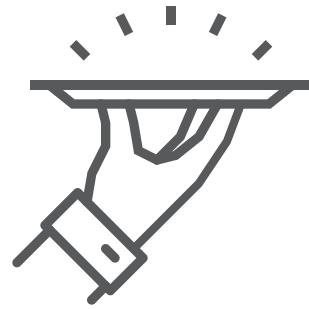
- Branded Content
- Hosting/Hospitality
- Product Sampling
- PR
- Advertising
- Social Media

Shift back to Advertising, Hosting and Sampling.

Others of note:
 Ancillary Events (4.1%),
 Co-Promotions (6.8%),
 Sales Promotions (5.9%)



ACTIVATION: DRIVERS OF ROI - SPONSOR VIEW



#1
Hosting/Hospitality



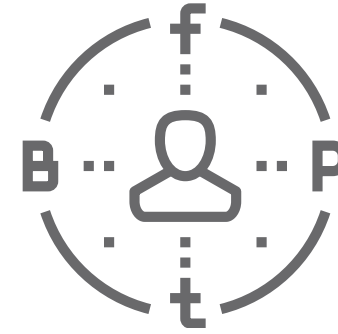
#1
Product Sampling



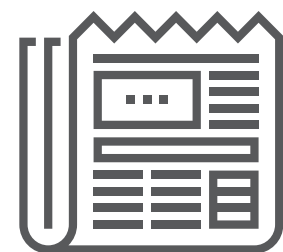
#3
Advertising



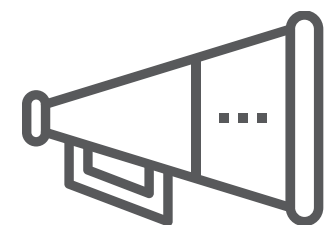
#5
Athletes



#5
Social Media



#7
Branded Content



#7
Public Relations



#7
Sales/Consumer Promotions

DATA

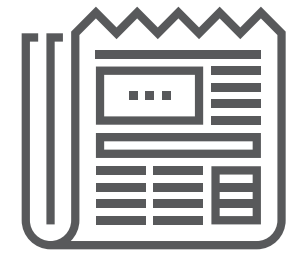


Shift

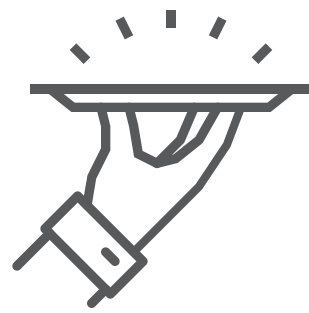
Changing of views
in 2018 over 2017



ACTIVATION: DRIVERS OF ROI - PROPERTY VIEW



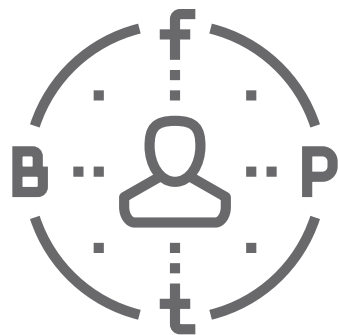
#1
Branded Content



#2
Hosting/Hospitality



#2
Product Sampling



#4
Social Media



#4
Sales/Consumer Promotions

DATA



No Shift

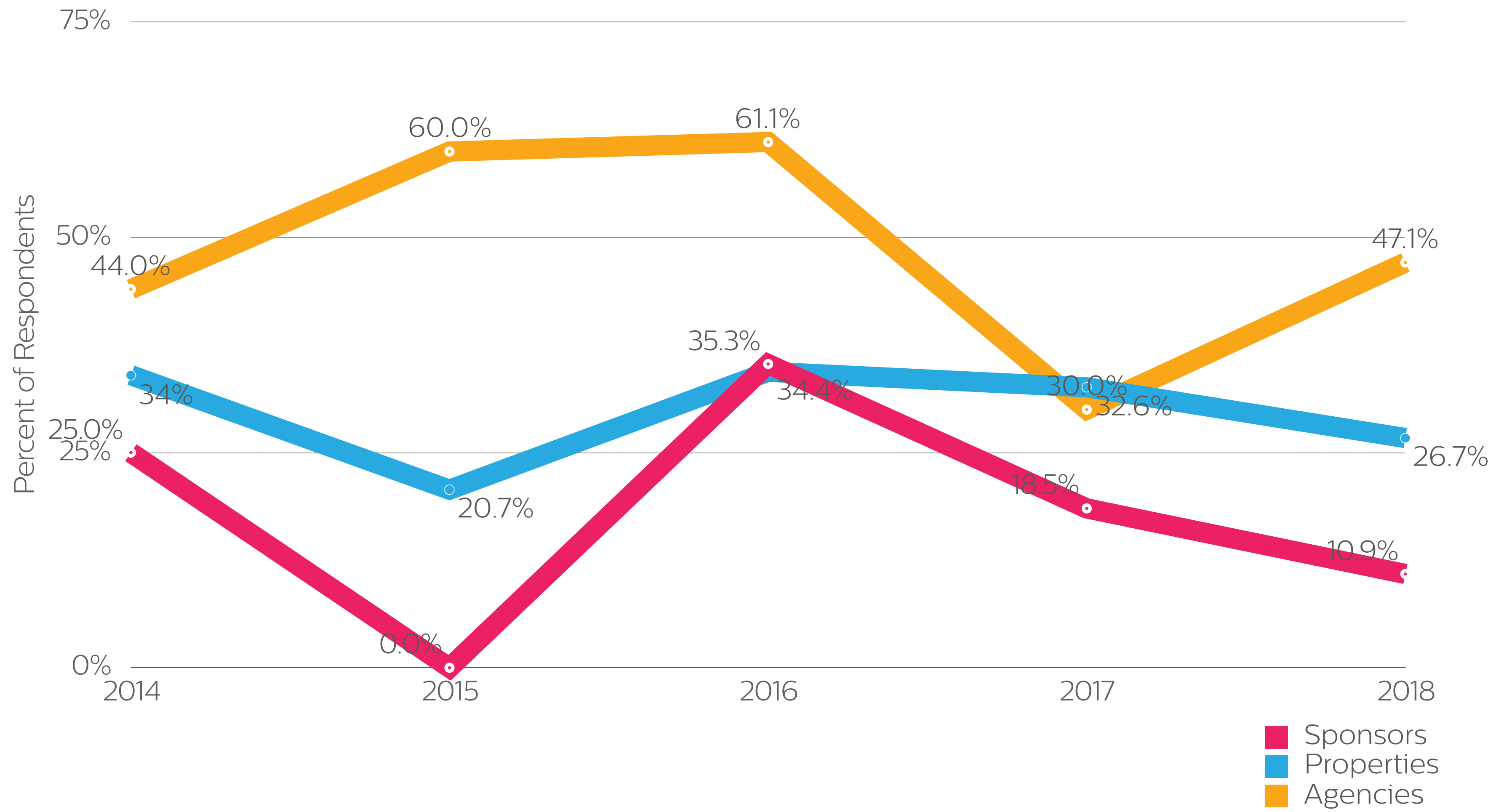
Views in 2018
same as 2017

Should properties and agencies take note?



ACTIVATION: BRANDED CONTENT

Historical Activation Tactic that Best Drives Business Results



DATA



1ST

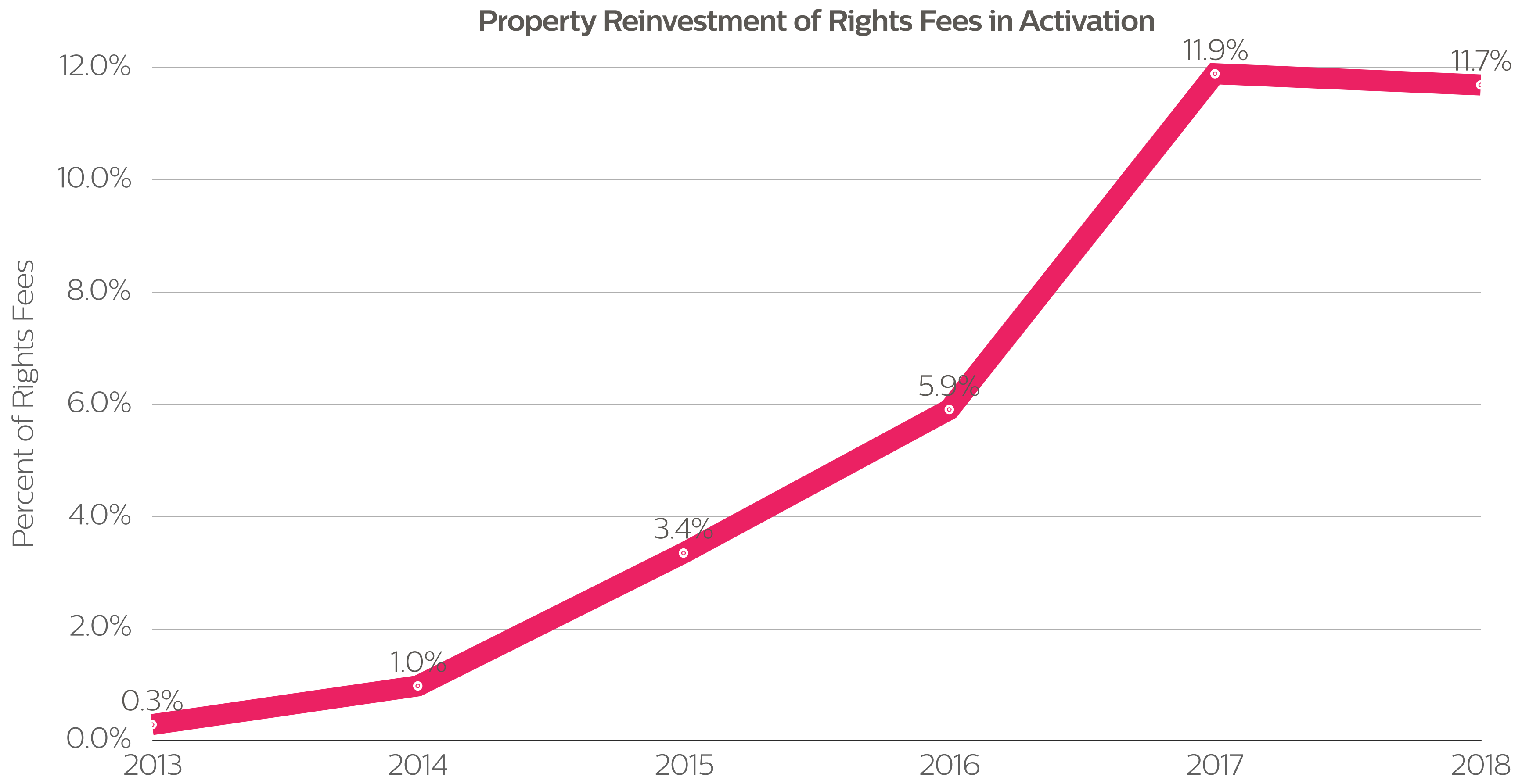
Best Tactic for Properties and Agencies

NOTE

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



ACTIVATION: PROPERTY REINVESTMENT



DATA



11.7%

Reinvested by Properties in Activation

NOTES

20.8% of respondents reported no re-investment in activation

- Most Common Tactics**
- #1 - Hosting/Hospitality
 - #2 - Advertising
 - #3 - Branded Content



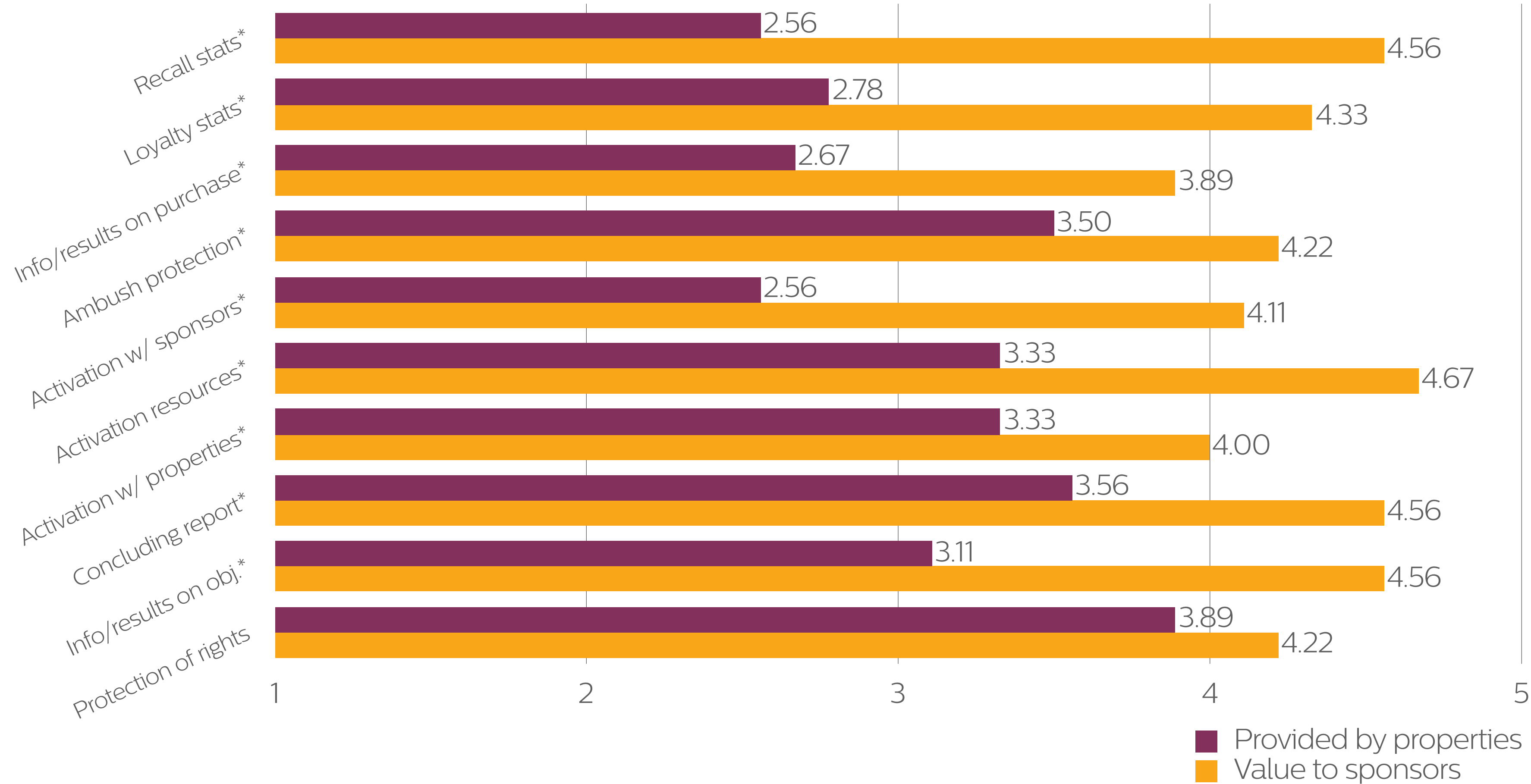


7. Results #4

Servicing

SERVICING: SPONSOR PERSPECTIVE

Services to Sponsors: Viewed by Sponsors



DATA



9 of 10

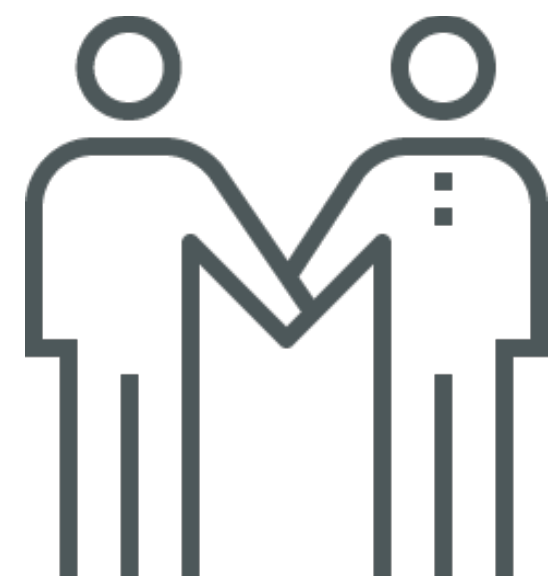
are Statistically Significant Differences (*)

NOTE

In most cases, sponsors do not feel that they are being serviced to the level they'd hope



PROPERTIES INVESTMENT IN SERVICING ON THE RISE



Servicing - 2017

10.7%

of sponsorship revenue is allocated to servicing

Servicing - 2018

16.6%

of sponsorship revenue is allocated to servicing

DATA



55.1%

Increase from 2017 to 2018

NOTE

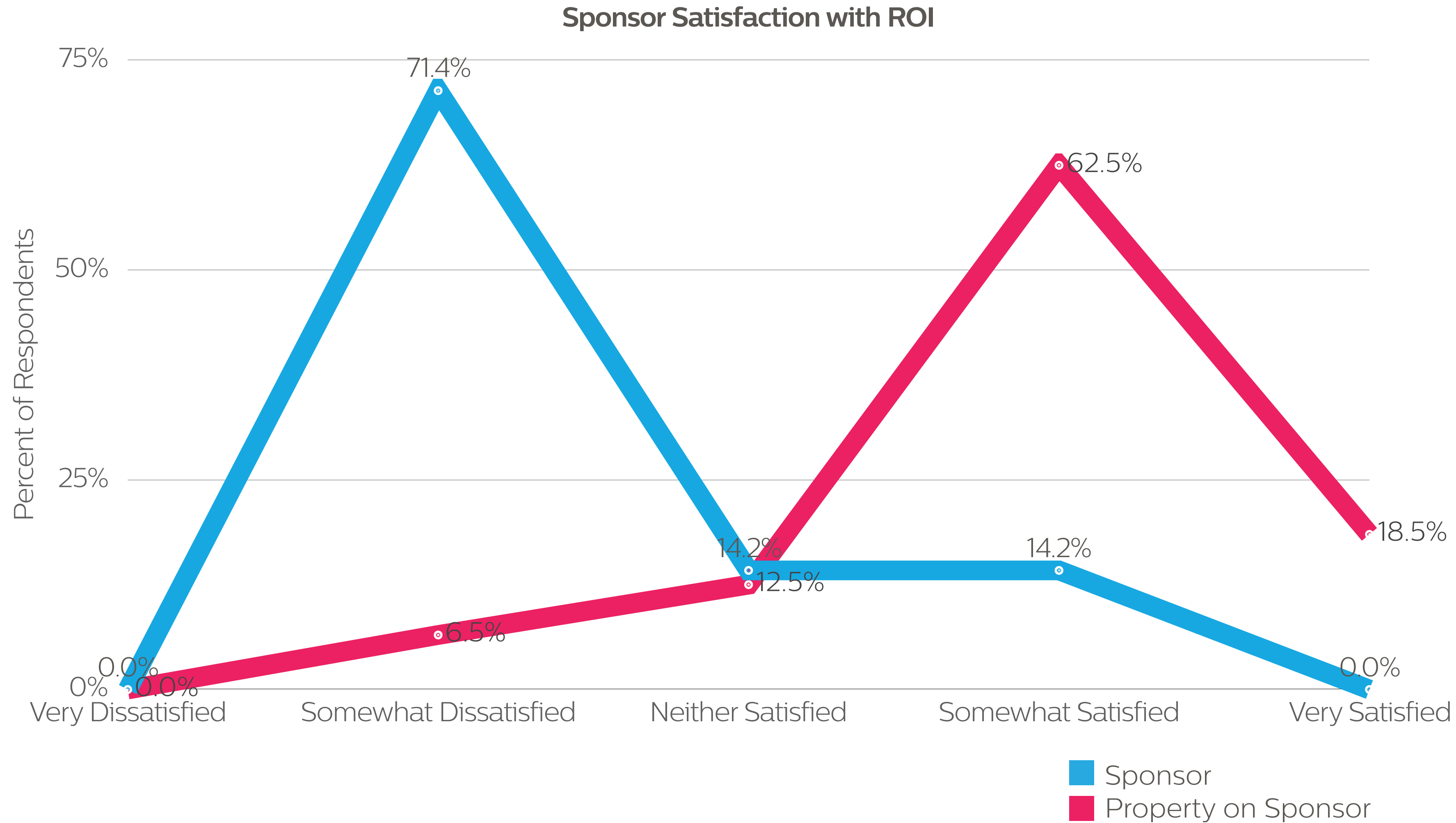
Only 7.5% of property respondents reported no investment in servicing.



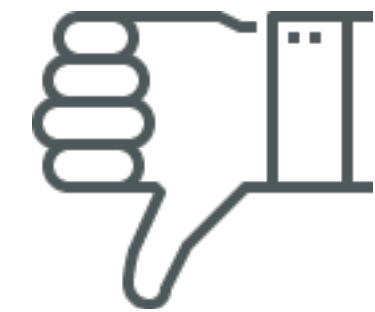


8. Results #5
Evaluation

LAST YEAR'S ROI GAP (2017)



DATA



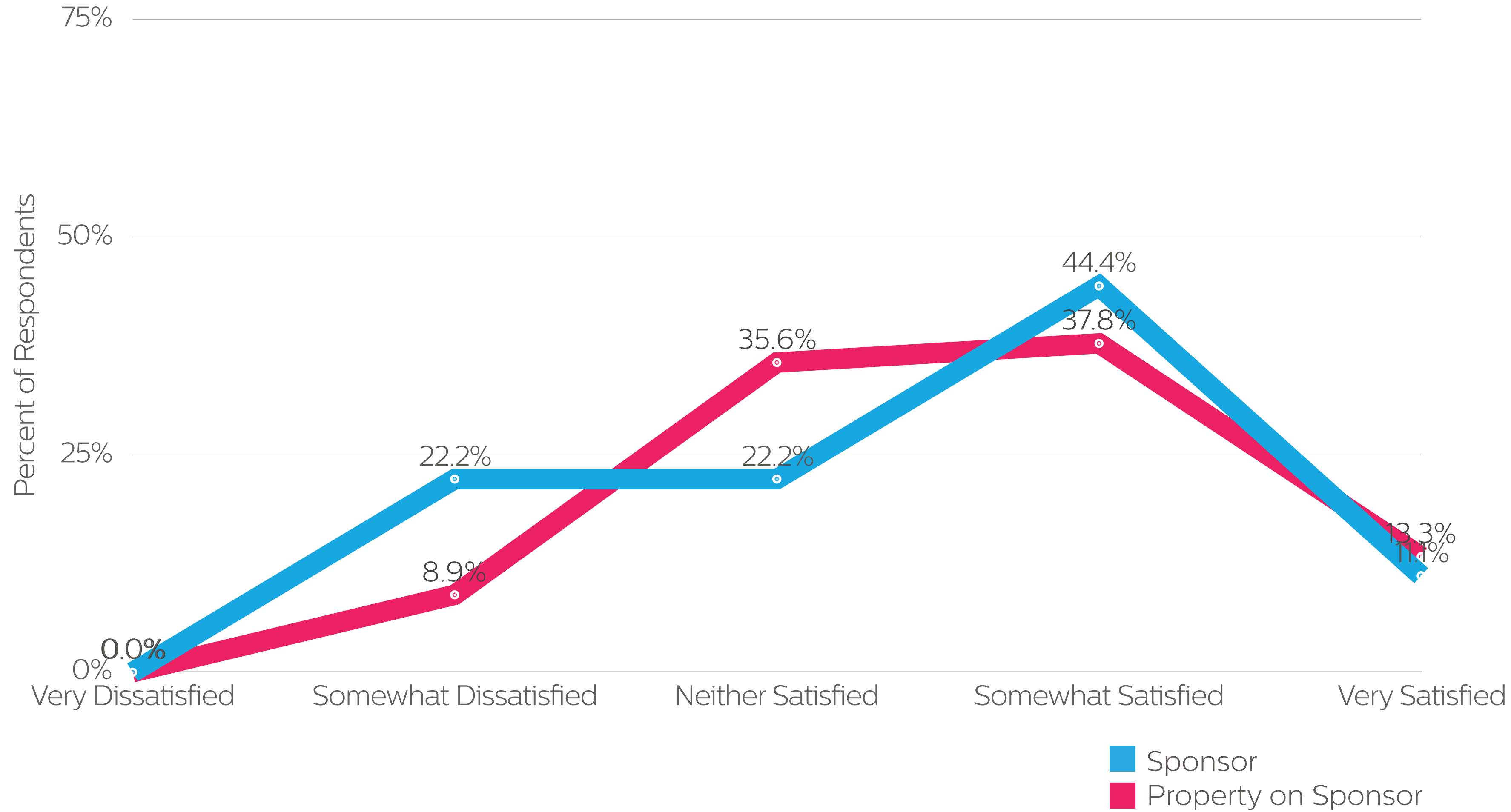
NOTE

This gap was consistent with previous years' results as well.



THIS YEAR'S ROI GAP (2018)

Sponsor Satisfaction with ROI



DATA



3.61 Sponsor Mean
3.66 Property Mean

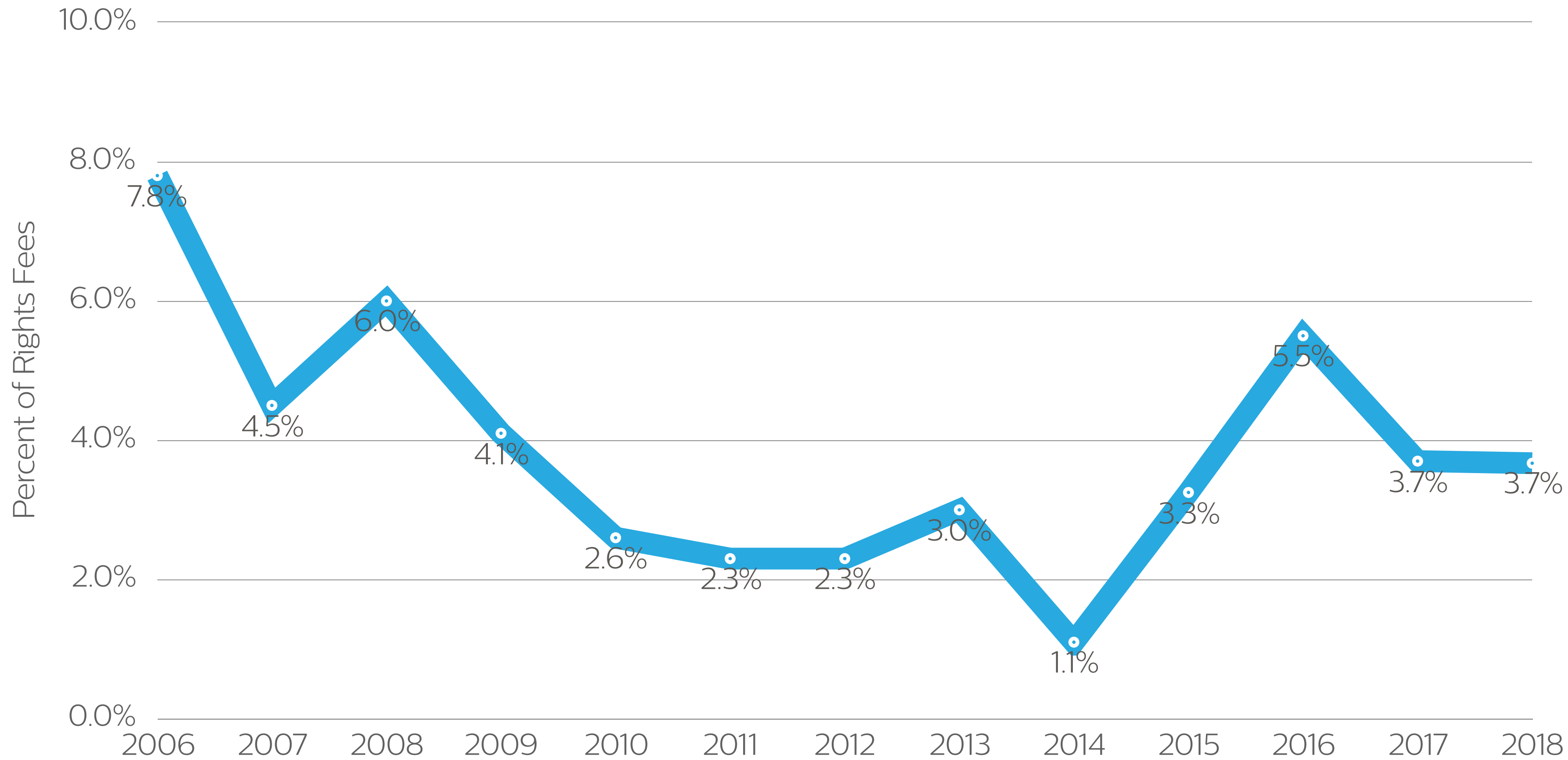
NOTE

Alignment!



EVALUATION INVESTMENT

Historical Evaluation Spend



Pre-evaluation: 10.6% 3.6% 12.6% 8.5%

DATA



3.7%

of Rights Fee Spent on Evaluation

NOTE

17% reported spending nothing on evaluation.

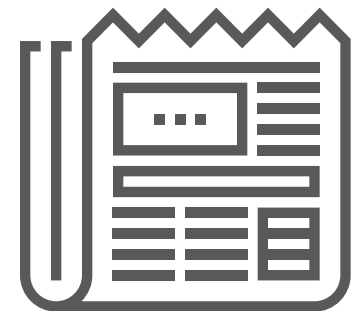
Work needed here.

Pre-Sponsorship evaluation spend was

8.5%.



PROPERTY EVALUATION



GOOD NEWS

5.4%

Proportion of sponsorship revenues invested in sponsorship evaluation

10.1%

Proportion of those dollars allocated to pre-sponsorship evaluation



LESS GOOD NEWS

30.4%

spent zero on sponsorship evaluation

48.2%

spend nothing on pre-sponsorship evaluation

DATA



++

Properties spending relatively more than sponsors on evaluation

AGENCIES AND ROI

New Question:

In 2018, we asked agencies to tell us what techniques and measures they utilize to demonstrate ROI for their clients.

Topical Themes

- Proprietary (Custom) Models for Valuation and Evaluation
- Baselines, Benchmarks and Pre-Post
- Brand Exposure
- Social Media Metrics

Specific Recos

- Independent research
- Consistent methods
- Depends on objectives/goals/KPI's to measure against
- Share of wallet and share of mind

Select Quote:

‘ROI measurement strategy for each client is customized. Some is sales driven against timelines and given factors; for others it is brand recognition and others employee engagement.’



MEASUREMENT IS COSTING US SLEEP

Top Concerns	Meeting Targets*	Demonstrating ROI	Demonstrating ROI	Other*	Demonstrating ROI	Demonstrating ROI	Meeting Targets** Evaluation/Measure
Year	2012	2013	2014	2015	2016	2017	2018

“How to measure ROI on my sponsorship investments.”
- Sponsor

“Delivering on the promised benefits”
- Property

“How to measure its effectiveness.”
- Agency

“Determining the value of social and digital benefits.”
- Sponsor

“Demonstrating sufficient ROI to prospects and clients.”
- Agency

*Demonstrating ROI #2
 **Demonstrating ROI #3





9. Discussion

So What?

SO WHAT?

Big Changes...Many of Them Positive

>\$3B

Total Sponsor Spend

4,000+

Total Historical Responses

0.68

Activation Ratio

55.1%

Increase in Property Servicing

Cosmic Shifts

- Professional sport rise
 - Nearly \$1B in rights fees
- Return of experiential assets on ROI, sought sponsor benefits & activation
 - hospitality, product sampling and advertising
- Perception of sponsor ROI disappears in properties
- Activation (CAGR 7.5%) outpacing rights fees (CAGR 3.8%)

Important Signals

- Shift in reach:
 - “Go big or stay local”
- Property investment in servicing, activation, evaluation
 - Is bias back for sponsors but not for their agencies?
- The rise of the “sponsorship agency” (39 out of 66 respondents)
- Measurement the priority

Same Ole

- VIK needs attention
- Servicing gaps remain
- Misaligned forecasts
- Evaluation flat for sponsors
- Gender
 - Leadership 50/30/20
 - Low on sponsor targets

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CANADIAN SPONSORSHIP LANDSCAPE STUDY

Deep Dive

Not-For-Profit Sponsorship

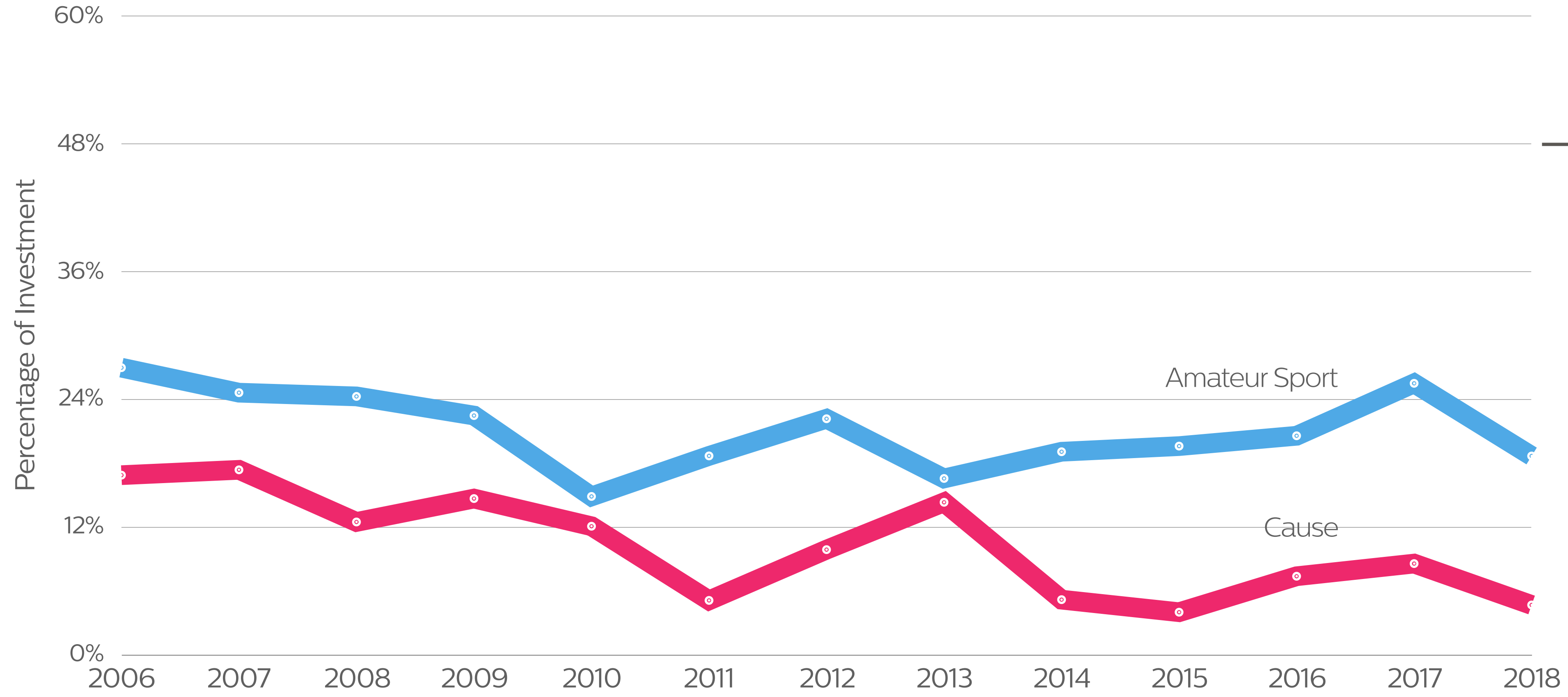
SPONSORS ARE 'PRETTY EQUAL' IN THEIR SPENDING

In 2018, sponsors spent \$1.8 billion on sponsorship rights fees in Canada, of which 42.5% was on not-for-profit property partners

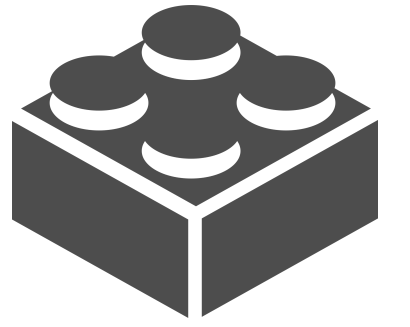
Estimated Spend
\$765 million

NOT-FOR-PROFIT HISTORY - TYPICAL CATEGORIES

Historical Sponsorship Investment by Property Type



DATA



NOTE

Declining proportion of a growing market “Dogs”
 Note: other areas of NFP properties (education, municipalities, etc.) all <1% in 2018



SPONSORS:

“How important is cause when you decide to sponsor a particular property?”

n=46



IMPORTANT 9%

“100% critical.”

“Assez importante.”

“Increasingly important for Gen Z.”

NO VALUE 15%

“Don’t sponsor causes. Its a rubbish investment and does nothing for the brand.”

“Cause is not important.”

“We have [another] division that deals with cause/purpose separately.”

IMPACT ORIENTED 22%

“Eyeballs and meaningful integration.”

“Hire sponsorship professionals to sell and not fundraisers.”

“Create business with those donors, engagement.”

IT DEPENDS/ROI LINK 54%

“Identify connection points...how can I as a sponsor connect with their donors/patrons/fans and create attribution.”

“Cele depend du rayonnement l’entreprise. Plus il est grand, plus la cause semble important.”

“Depends, it is not the first consideration, more of a nice value add.”

“Has to be contextually relevant to our brand.”



Properties:

“How important is cause to your ability to attract sponsors?”

n=130



VERY/EXTREMELY 79%

“All of our sponsorship opportunities are tied to cause.”

“It is critically important as we build the positive consumer/client/employee perception of our partners.”

MODERATELY/FAIRLY 21%

“Important but not the top consideration.”

“Market in the same manner that leading not-for-profit properties already are and start with what the property can do for the partner, rather than just the great work they do for a cause.”



KEY LEARNING FOR CAUSES:

YOUR PARTNERS DO NOT NEED YOU AS MUCH AS YOU NEED THEM.

“It is critical that the cause of the property is aligned with my brand, otherwise it creates a point of conflict.”

- Sponsor

DEEP DIVE

All:

“According to historical CSLS data, investment by sponsors in cause properties has declined. What do you believe is (are) the reason(s) for this trend?”

n=171



KEY LEARNINGS FOR CAUSES:

THE TREND IS REAL. TIME TO CRANK UP YOUR MARKETING.

NAVEL GAZING

- “The public has become more dialed-in with what’s real and what is not...make sure that the partnership is authentic on every level.”
- “Causes are not able to demonstrate their specific demographics.”
- “Charities not investing in the appropriate personnel and resources needed to sell, manage, & deliver.”

COMPETITION INTENSE

- “Cause properties are unable to support sponsors in the same way as festivals.”
- “Analytics is replacing ‘doing good’.”
- “Too many charities asking for sponsorship.”
- “Crowded.”
- “From an ROI perspective, there is an inability to compete.”
- “Brands treat causes as donations.”

ACTIVATION IMPROVEMENT

- “Challenged to figuring out how to leverage cause and purpose as a means to driving their brand and business goals.”
- “Difficulty showing ROI.”
- “Inability to meet or create ROI.”
- “Lack of tangible assets to complement intangible value.”
- “Saturation and lack of creative storytelling.”

CSLS

CANADIAN SPONSORSHIP LANDSCAPE STUDY

www.sponsorshiplandscape.ca

Thank You!