

2.3 ESTIMATED INDUSTRY SIZE (1990)

North American companies currently spend approximately \$4 billion on sponsorship rights alone and another combined \$12 billion on event marketing to leverage these rights for a specific return on investment. The ratio by country is as follows:

	CANADA	UNITED STATES
Sponsorship	\$800 million	\$3 billion
Event Marketing	\$2 billion	\$10 billion
# of Companies Sponsoring Events	680	4000
Percent Spending Increase	+ 22	+ 20

The ratio of sponsorship spending alone and that which is spent to leverage a sponsorship (event marketing dollars) is important for sponsorship "sellers" to appreciate.

Sophisticated event marketers should spend at a ratio of 2 or 3:1. In other words, for every \$1 spent on obtaining sponsorship rights a corporation should spend \$2 to \$3 leveraging those rights to obtain maximum return on their investment. Thus where \$800 million was spent on sponsorship in 1990, \$2 billion was spent leveraging that sponsorship to obtain a meaningful return on the investment.

This value for event organisers is significant. Any additional spending by a corporation above and beyond the direct sponsorship serves to further promote the event/activity. The event organiser has significant impact over the use of this extra spending through contract stipulations. It is important to work with a sponsor to provide them with appropriate sponsorship rights so that they are able to leverage their investment, i.e., right to run a promotion, guarantee of tickets, right to use event logo, etc. Increasing the commitment and involvement of the corporation in the sponsorship process will help in bringing corporations additional corporate dollars to the event. How to involve the corporation in this process is explained in detail in Section 4.

As indicated by the chart above, corporate sponsorship has increased significantly. Sponsorship is a legitimate tool that corporations use to meet real business objectives. The challenge and opportunity for event organisers is to present a solid business case to the corporation for sponsoring their event. The following outlines where corporate