

## Sponsorship

Sponsorship is increasingly an important source of income for arts organisations. Before embarking upon the quest for corporate assistance, it is important to consider why, from whom and how you are going to do it.

Many major exhibitions can take place only because a company has agreed to sponsor the event. This is a fairly new phenomenon in the art world, but it has been commonplace in sport and the theatre for many years. Now, individual artists are beginning to realise that sponsorship can also be sought for their art projects.

It is more important to realise that companies do not involve themselves in sponsorships because they think that the objects of the event are worthwhile. They do so because they have a product or service to promote and to sell and the opportunity to do so will be enhanced by an association with the work or event.

Gone is patronage. Gone is philanthropy.

For this reason it is not difficult to see why most corporate sponsorships in the visual arts have concentrated upon major exhibitions and the sponsorship of competitions. It is simply a way of maximising corporate exposure. These are events that have an inherent publicity value, that will need to be advertised and promoted widely in order to be successful. Promotion of the event means promotion of the sponsor's public profile which in turn promotes the corporation's products or services.

Nowadays, however, corporate sponsors can also get very good value by directly supporting the creation of particular works. Such sponsorship is usually given "in kind" rather than in cash, but this can be just as valuable to the artist. For the company, it is preferable to supply goods or services rather than cash. Moreover, backing one-off projects does not involve the long-term commitment or risk that would be involved in supporting individual artists and does not involve the large outlay of cash that is inherent in sponsoring major exhibitions. Instead, the company is able to pick small projects of high quality which have a good potential for public exposure.

This said, in examining how to approach sponsors it is probably most sensible to use as the example, the obtaining of sponsorship for an exhibition. This is relevant not only to the funding of a blockbuster show at the Australian National Gallery but also to an artists' collective. The principles are just as relevant to all forms of sponsorship raising.

### 1. Preparation of the Proposal

In analysing the attractiveness of a proposition for sponsorship, a company will look at the following factors.

#### (a) Quality of the event or work

No one wishes to be associated with inferior work or events that are dreary and drossful. Sponsors seek to improve their corporate image and that of their products by an association with excellence. The company that manufactures ill-designed, physically dangerous or merely boring products, finds no attraction in sponsoring art events that have similar characteristics.

(b) Prestigiousness of the institution, venue or the individuals associated with the project

Large public institutions can use the reputation that they have developed over the years. (Properly handled, this reputation is something as valuable to the company as the money is to the institution). If instead, the organiser is an artist run space, one may make an effort to show the importance of the purpose of such a space, the acceptance it has achieved from its own community and accolades from those individuals with already established reputations. It is sad, but no potential sponsor is going to risk reputation or money on a project in trouble.

(c) Number of people expected to view the event or work

These sorts of statistics impress marketing people. The surveys show that, in Australia, more people go to museums and galleries in a year than go to the football. This extraordinary fact underlies the potential attractiveness of the arts to corporate sponsors. After all, a basis of advertising is market exposure.

(d) Demographics of the expected viewers

Careful consideration will be given to the type of viewer who is likely to attend the proposed event in comparison with those of the company's target market.

(e) Standard of management of organisers

The corporate decision makers are going to need assurance that the project that they are backing will run smoothly and that their corporate goals will be thus achieved. It is one thing to promise and another to deliver. Sponsoring corporations will expect delivery.

(f) Budget for and methods of publicity

Sponsors will want to see properly considered and constructed budgets. If the budget is non-existent or indefensible, you will be lucky to get even a cup of tea from the company.

Those working in the arts can be excellent at devising novel forms of publicity. Often though, the group does not have the resources for proper marketing. However, this is something for which big companies are both geared and adept. Sometimes groups should consider approaching companies, not for money, but for help in promotion and publicity. This is expensive for small fry to obtain but simple, cheap and interesting for companies with an already established marketing machine.

(g) Degree of exclusivity as sponsor

If a company can obtain naming rights for an event (such as "The Mobil Modern Masters") the sponsorship will be more attractive than if the company is only one of many on the list of contributors. The more individual publicity is given to the company, the more there is in it for the company.

(h) Product identification permitted

Is the company allowed to use the event, the institution, the work or the individual in its advertising? If so in what ways? The right to hang banners and other signage bearing the corporate name, logo or product identification; the permitted areas of such signage; the inclusion of company name, logo and advertising in the catalogue and on all printed material such as tickets; the placement of such inclusions, the right to produce merchandise such as tee-shirts, flags etc. which will identify the event or the work with the corporate sponsor; the availability and preparedness of the event organiser or artist to publicly acknowledge the sponsorship and thus associate the event, institution or individual with the company. (Thanks in the opening speech is one thing, but an acknowledgment in television advertising is quite another.)

(i) Degree of product endorsement involved

Identification and endorsement are related but different. Many people and institutions are happy to be generally associated with certain products or companies but would shy away from endorsing them. Some may see this distinction as somewhat naive, but the fact remains that endorsement comes more expensive than mere association.

(j) Benefits to employees and clients

These will include things such as the provision of entry at reduced or no cost to the sponsor's personnel; the use of the venue for a special company function or other ways in which the sponsorship can be used to benefit either staff or client relations.

(k) Other factors

To the list may be added the personal interest of the company's chief executive, but that usually is a factor that will only enable the person seeking the sponsorship to get a foot in the door; it is not likely to result in a major sponsorship unless the commercial value is also apparent.

## 2. The Sponsorship Contract

In recent years, the complexity of sponsorship contracts has increased in direct proportion to its importance as a form of product promotion and the monetary value of the sponsorships. Those seeking sponsorship can be certain that the sponsorship contract will be drafted by the company's lawyer and that its terms will be calculated to further the interests of the company. It is not their job to be even-handed.

As with all other important legal commitments, the contract should be read by a lawyer who is familiar with such deals. The organisers must be assured that their needs will be protected and that the corporate advantage sought by the company will be compatible with their own ethics, image and purpose.

All sponsorship contracts must be negotiated and drafted with care.

### 3. Current Australian Situation

Readers should already be aware of What Price Culture? by Throsby and Withers (Australia Council, Sydney, 1984) which examined the Australian community's involvement in the arts. Its survey results provide data that is basic to those seeking corporate sponsorship for arts projects. More recently The Enterprise Program by Murray Brown and Anthony Jeffrey of Business Arts Connection (Australia Council, Sydney, 1988) outlined the current state of corporate sponsorship in Australia. The following extract is reproduced with the kind permission of the authors.

#### "2. THE SURVEY

'We believe corporations would donate more liberally if they were made aware that support of the arts is plain good business. Employees are proud of a firm's cultural support; potential customers gain a more favourable image of a business; and communities are strengthened by the spin-offs from arts activities.'

J. P. Strimas, Chairman,  
Corporate Contributions Committee,  
Northern Telecom Limited, Canada

What are the current patterns of private sector support for the arts?

How much money is coming into the arts from the private sector? Where is it coming from? What do business executives think of arts fundraisers? Could more businesses contribute to the arts? These were some of the basic questions that needed answers before we could develop a rationale for the rest of the study. Our recommendations had to be based on the real situation in the market place.

We commissioned Yann Campbell Hoare Wheeler, a leading firm of market research consultants, to undertake this initial phase of the study.

#### Survey methods

Statistical and attitudinal issues were incorporated in two questionnaires, one for business organisations and the other for the arts industry. The design of the arts questionnaire was to some extent determined by responses received from the business questionnaire.

The target group for the business questionnaire was limited to companies with at least 20 employees. Branch offices of larger organisations were excluded, as most sponsorship decisions are ultimately made in head office.

Questionnaires were mailed to the chief executives of a representative sample of 5,000 businesses selected from the authoritative Dun & Bradstreet list. Respondents returned 1,065 completed questionnaires, a response rate of 21%. Data collected from the questionnaires was weighted to correct a slight bias in the respondents away from the larger states.

Arts questionnaires were sent to 466 art organisations identified by Business Arts Connection. Of these, 191 responses were received, a return rate of 41%. Data was again weighted to correct variations in the return rate from different states.

The questionnaires contained attitudinal information, which is by definition subjective and which relies on interpretation. We therefore took the precautionary step of following up the survey results with a series of face-to-face and telephone interviews with business executives and arts administrators.

In these interviews we were able to explore in some detail questions which had emerged from the survey. We also took the opportunity of testing our early proposals with interviewees, in order to ensure that our report would have relevance and meet the real needs of the arts industry.

#### Principal findings of the business survey

- One in every 8 (13%) Australian businesses supports the Arts.
- Every second (48%) arts organisation receives support from the private sector.
- The dollar value of corporate support for arts organisations is nearly \$30M per annum, made up as follows:
  - Corporate sponsorship \$13.9
  - Cash grants \$7.6M
  - Advertising, services & products \$7.9M
- In addition, the corporate sector expends \$7.6M annually on the purchase of art works.
- 72% of corporations expect 'direct commercial returns' from their arts support. Most companies consider their arts sponsorship program is targeted to their marketing objectives, and particularly to the development of a positive public profile.
- 68% of companies already assisting the arts believe that arts organisations should improve their fundraising practices in order to better earn the support of the private sector.
- 48% of companies with a payroll of 1,000 or more employees support the arts (compared with the overall average of 13%).
- Outside the head offices of corporations in Sydney and Melbourne the corporate sector tends to direct its arts funding to local markets.
- The untapped corporate sector market shares sufficient similarities with current arts sponsors to indicate that penetration of the business world by arts fundraisers can be increased substantially.
- 50% of current non-supporters of the arts in the private sector have consumer target markets and accept the broad arguments for the arts/business relationship.

- The retail sector shows the greatest potential for growth in arts funding, while the contributions from communications, finance and insurance could also be increased substantially.

What do the survey results mean?

The major piece of good news to emerge from the business survey is that, while only one in every eight Australian businesses contributes to the arts, there is considerable potential for further growth. In its report to Business Arts Connection the market researchers remarked that, given a 'comfortable environment, a professional proposal and direct commercial returns', 69% of non- arts supporters might be expected to favourably consider contributions to the arts.

The survey has also revealed that large corporations are more cost- effective targets for funding applications than small businesses. The business sectors most likely to be responsive to fundraising efforts have also been identified. This in itself will be a considerable aid to future fundraising campaigns.

On the other hand the news that most companies direct sponsorship dollars to local, rather than national, markets will be heartening to smaller community-based arts organisations. They traditionally see themselves as the losers in the sponsorship race compared with the large flagship companies.

Principal arts survey findings

- Only 60% of fundraising applications satisfactorily explain the benefits of arts sponsorship and provide sufficient information on the arts organisation and on the tax deductibility of financial contributions to the arts.
- Fundraising targets and timetables are set by a minority of arts organisations.
- There is an average 60% success rate in the total number of approaches made by the arts to the private sector. This indicates that the industry's doubts about its capacity to attract corporate sponsorship are unfounded.
- 89% of arts organisations wish to increase their funds from the private sector.
- 85% of arts organisations wishing to increase their private sector income believe they need improved resources to accomplish this task.
- A majority of arts organisations regards the private sector as a better prospect for funding growth than governments.
- 78% of arts organisations believe that business does not understand the needs of arts organisations.
- 63% of corporations believe that arts organisations do not understand the needs of business (59% of arts administrators agree with them).

What should the arts industry do?

The business survey reveals the potential for increased private sector support. The challenge for the arts industry is to earn this increase by increased professionalism and a greater understanding of the needs of the private sector.

Figures from the arts survey show that the industry certainly sees the private sector as a potential funding growth area (at least in comparison with governments). Arts organisations also recognise the need for better management resources to enable them to tap this potential more effectively.

There are, however, clear indications of a somewhat prickly and equivocal relationship between most arts organisations and their sponsors. It is certainly in the best interests of the arts industry to improve this situation so that more productive arts/business partnerships can emerge and flourish.

This study was made possible by the financial assistance of the following government and business organisations:

Australia Council; Department of Arts, Heritage & Environment; Office of the Minister for the Arts in New South Wales; Victorian Ministry for the Arts; Division of Cultural Activities, Department of the Arts, National Parks & Sport in Queensland; Department for the Arts in South Australia; Department for the Arts in Western Australia; Department of Territories and Local Government; BP Australia Ltd; Esso Australia Ltd; James Hardie Industries Ltd; Price Waterhouse."