



**SURVEY OF SPONSORSHIP  
OF CULTURAL EVENTS  
AND ACTIVITIES 2001**

**CULTURAL ORGANISATIONS**

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# **SURVEY OF SPONSORSHIP OF CULTURAL EVENTS AND ACTIVITIES 2001 CULTURAL ORGANISATIONS**

## **Background**

In 2001 the Ministry conducted the third survey of cultural organisations' perspectives on business sponsorship of cultural activities. This survey complements the survey of New Zealand businesses' attitudes, experiences and intentions in relation to the sponsorship of cultural events and organisations.

Both surveys were first conducted in 1998. The survey of cultural organisations was repeated in a modified form in 1999, and again in November 2001.

The survey canvasses the opinions of the cultural sector organisations (12 organisations) funded through the Ministry for Culture and Heritage; Creative New Zealand's recurrently funded organisations (38 organisations); and a large festival.

## **Introduction**

The paper below summarises the findings from the survey of cultural organisations conducted in November 2001. Organisations were asked to respond to three of the questions from the 1999 survey. They were:

1. Do you anticipate that it will be
  - *more* difficult
  - *less* difficult, or
  - *neither more nor less* difficult,to secure corporate sponsorship for [your organisation] over the next three years (2000-03), compared to the last three years?
2. If *more* or *less difficult*, what factors do you think will influence the availability of sponsorship over this period?
3. In your view, is the sponsorship market for cultural activity in general likely to expand or contract in the next three years, or stay about the same?

## ***Response rate***

Eight of the twelve organisations (66%) receiving funding through the Ministry that were approached, responded to the survey. Fifteen of the 38 organisations (39%) recurrently funded by Creative New Zealand responded. A response was also received from a large festival.

In total 51 organisations were approached and 24 responded giving a response rate of 47%.

### *Caveat*

Just over one third (39%) of the organisations recurrently funded by Creative New Zealand responded to this survey. It is possible that the characteristics of the organisations that did not respond are quite different from those that did. For this reason the results should not be viewed as representative of all the organisations surveyed and should be used with care. Comparisons with previous years should also be treated with caution as only nine organisations responded to the questions in both years.

### *Characteristics of responding organisations*

The majority (15) of the organisations were Wellington-based. Three of these toured throughout New Zealand. Three organisations were based in Auckland. The remaining five organisations were based outside Wellington and Auckland.

Thirteen of the organisations, while located in either Wellington or Auckland, did not limit their activity to these two centres. Their activities had a national focus.

Nine of the organisations could also be classified as ‘infrastructure’ organisations rather than ‘presenting’ organisations.

The majority of the organisations had an operating budget under \$5m (small budget). Two had a budget between \$5m and \$15m (medium). Both were Wellington-based performance touring organisations. The three organisations with budgets in excess of \$15m were also Wellington-based. Two of these had a national focus in their activities.

### **Findings**

One organisation responded but had no experience of seeking corporate sponsorship. For this reason the results that follow are based on 23 responses.

## **CULTURAL SPONSORSHIP SUPPORT IN THE NEXT THREE YEARS**

### **Comparison of the next three years with the last three years**

When asked if they expected it to be more or less difficult to secure corporate sponsorship in the next three years compared with the previous three years, the majority (16) expected it would be more difficult; 5 expected it would be no more or less difficult than it had been, and one expected it would be easier.

### **Factor influencing organisations’ ability to secure sponsorship**

The group expecting it would be more difficult were asked to indicate why they thought this might be the case. There were a number of reasons given for holding this view. They can be broadly classified as:

- the state of the economy
- competition for the sponsorship dollar

- companies moving offshore and company mergers
- sponsor expectations.

#### *The state of the economy*

Eleven organisations saw economic uncertainty as a reason why it may be more difficult to raise sponsorship support in the future. National and/or international fluctuations in business confidence, recession, or retrenchment were mentioned. International uncertainty was likely to be felt more as company head offices moved offshore and decisions were made at the global rather than the local level. Financial uncertainty in sponsoring businesses especially where such businesses were the major sponsors was also given as a reason by one organisation.

#### *Companies moving offshore and company mergers*

The trend for companies to move their head offices out of New Zealand, or to be bought out by international companies was given as a reason by nine organisations. As a result, it was suggested that those who made decisions about sponsorship support would be less sympathetic to the New Zealand/local causes, thus making it more difficult to raise sponsorship in the future. Not only was it likely to be more difficult to secure sponsorship from existing sponsors, it was also likely to be more difficult to forge new relationships. This view was held by organisations looking for large-scale corporate support. As large corporations moved out of New Zealand smaller businesses were replacing them, but because of their size they could not offer the same level of support.

#### *Competition for the sponsorship dollar*

Nine of the sixteen who saw sponsorship support becoming more difficult to obtain said it would be because of intense competition for the sponsorship dollar and the increasingly professional approach of those seeking sponsorship support. Competition was seen as coming from high profile events such as the America's Cup, and from sport in general which had a 'greater reach' in terms of popularity or the personal comfort of those making decisions about sponsorship. It was also suggested that sport gave more exposure for sponsors than cultural activities and events.

#### *What the sponsor expects in return*

Coupled with comments about the competition for the sponsorship dollar were comments from six organisations about what the sponsor expected in return for their support.

The spirit in which sponsorship support was given was seen to be changing. The idea of the 'corporate citizen' or 'arts philanthropist' was dying, and being replaced by a more aggressive sponsor who wanted a return for their investment, such as naming rights, sole sponsorship of organisations or events, or association of their product with a particular and related event e.g. a telecommunication company's desire to be associated with technology.

Two organisations indicated it would be more difficult to secure sponsorship in the next three years because the target market for cultural activity was often not the target market for potential sponsors. Sponsorship was seen to be about branding and activities needed to support the sponsor's brand. One of the organisations suggesting that things would stay about the same for the next three years had a product, i.e.

contemporary/pop music, that was attractive to sponsors, especially as the New Zealand music industry had had a good year.

Two cultural organisations suggested that sponsors were more likely to support high profile organisations/events or activities, which made raising sponsorship support more difficult for small organisations.

#### *Other reasons*

With the decline in large-scale sponsorship, cultural organisations indicated they were having to seek support from an increasing number of smaller businesses. One organisation commented that they were having to invest substantial resources in servicing those relationships and ensuring that they provided a return for the sponsor. Not all cultural organisations are able to do this at the level that is required.

A perception that Crown agencies did not need private sector support, or the belief that the government should be responsible for sponsorship, were given as reasons by two organisations.

It was also noted by two organisations that companies are increasingly more willing to provide sponsorship in kind rather than in cash.

One organisation suggested there was a reluctance to sponsor Maori-based organisations. The same organisation also suggested that any downturn in the tourist industry would have an adverse effect on its sponsorship.

#### *Sponsorship would be easier to gain*

Only one organisation expected that it would be easier to secure sponsorship support than it had been. This organisation toured arts performances around rural and provincial centres. Interestingly some of the reasons given by other organisations for sponsorship being more difficult to secure were reversed for this organisation. The improvement in the rural economy, increased government support, and the aging (baby boomers) population who had more leisure time and disposable income meant that this organisation was able to take on extra staff to cope with the demand, and also to service the sponsor relationship.

#### *Neither more nor less difficult to gain sponsorship*

The six organisations indicating it would be no more or less difficult to gain sponsorship support in the next three years were most likely to be located outside Wellington or Auckland, or were 'infrastructure' organisations which are potentially less likely to seek sponsorship.

#### **The size of the sponsorship market in the next three years**

The size of the sponsorship market in the next three years was difficult to predict because of the factors identified in the earlier question. However, nine organisations expected the market to remain the same, and seven expected it to contract. Three expected it to increase, and a further three felt it could do either. This was a slightly more optimistic view than that expressed in 1999.

The reasons why the sponsorship market might expand, contract, or stay the same were not clear-cut, with the same reason sometimes being given for more than one possibility. Generally those who expected the market to contract or stay the same also indicated that they would find it harder to secure sponsorship support in the next three years.

The reasons for believing the sponsorship market would contract were:

- a decreasing level of investment in sponsorship
- the rationalisation of sponsorship portfolios with support going to one or two signature events
- competition for the sponsorship dollar
- the unpredictable level of support from previous large investors e.g. power companies
- head offices moving offshore.

Some organisations suggested that it was possible that culture was more likely to get increased support offsetting some of the effects of the points above. Culture would increase its share of support because:

- it was increasingly likely to be seen as an effective marketing tool
- increased government support was likely to attract sponsors
- the product offered.

Two organisations implied however, that while more events etc may receive support, the sponsorship dollar may be more thinly spread.

### **Summary and conclusions**

Overall, the majority of cultural organisations surveyed expected that it would be more difficult for them to secure sponsorship support over the next three years, than it had been in the past. This was particularly true for the five organisations with budgets over \$5m. Three of these organisations also expected the sponsorship market to contract. In particular organisations located in Wellington and Auckland were more likely to think it would be harder. Because most of the organisations responding to the survey were located in these two centres, their responses tend to overshadow those from elsewhere.

Organisations located outside Auckland and Wellington, tended to be more optimistic both about raising sponsorship in the future, and the future size of the sponsorship market. They were most likely to say it would be no more or no less difficult to raise sponsorship, and to say the market would either stay the same or expand. The one organisation with a very positive view of sponsorship prospects was in this group. This view however should be treated with caution because of the small number of organisations involved.

Generally organisations indicated it would be more difficult to secure sponsorship because of economic uncertainty, competition for the sponsorship dollar particularly from sport, and the movement of corporate head offices offshore. It was possible that these factors could be offset by government support for culture, and cultural products

being seen, increasingly in some areas, as a valuable marketing tool. These two factors were likely to attract sponsorship from the private sector.

Generally it was agreed that it was difficult to predict what would happen to the size of the sponsorship market. The loss of the large corporate sponsor, and the rise of the smaller business that was interested in supporting cultural activities, but at a lower level of investment, indicated change. Much would depend on the state of the economy and sponsorship decisions being made offshore. To this end it was recognised by a number of organisations that it was important to be able to devote resources to maintaining and/or building relationships with a wider range of sponsors and being able to offer them something in return for their support without losing integrity.

The findings of the 2001 survey are generally consistent with those of the 1999 survey. The impact of high profile events such as the America's Cup, while mentioned, was less dominant in responses. In the most recent survey some organisations have suggested that such events actually provide an opportunity to raise the profile of cultural events and activities.

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