



**SPONSORSHIP
OF CULTURAL EVENTS,
ORGANISATIONS,
AND ACTIVITIES
2005**

Acknowledgements

This report provides government, businesses and cultural organisations with valuable insights into the drivers behind cultural sponsorship. The Ministry for Culture and Heritage would like to thank the corporate sponsors and the cultural organisations who contributed so generously to this project.

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USING THIS REPORT

This survey was conducted in two parts. Over 100 key businesses were surveyed on their sponsorship activities and intentions. Over 40 cultural organisations were separately surveyed about their sponsorship experiences and future expectations. An Executive Summary presents the basic methodology, key findings, and conclusions. The introduction to this report sets out the methodology for both parts of this survey and outlines the characteristics of the respondents separately. The findings of the two parts of the survey are also presented separately. The final section draws together the findings from both parts of the survey and provides some commentary on their implications for sponsorship of the cultural sector.

EXECUTIVE SUMMARY

Late in 2005, 65 businesses and 40 cultural organisations took part in the Ministry's biennial survey of cultural sponsorship. As with earlier surveys, information was sought from businesses and cultural organizations about the types of activities they sponsor or are sponsored for, the level of sponsorship, their attitudes towards sponsorship, and future intentions. The survey, held approximately every two years, was conducted online for the second time in 2005.

Participating businesses represented a range of sectors, including transport, telecommunications and technology, banking and financial, insurance, legal, energy, media and foodstuffs. The cultural organisations involved included galleries, bodies representing music, theatre, dance, literature, film, and heritage, and arts festivals.

Of the businesses who responded, 82% provide some kind of cultural sponsorship. The most common activities were cultural competitions; awards and prizes; single productions or performances; operational costs of cultural organisations; pro bono provision of services to cultural organisations; annual seasons; and arts festivals. These six categories were also the six most commonly sponsored activities in 2003, with similar results in 2001 and 1998. As in 2003, around half of the businesses spent up to a fifth of their sponsorship budgets on cultural activities or organisations.

The survey found that business decisions over cultural sponsorship increasingly depend on the ability to access a particular market segment, raise branding awareness, or foster an association with an event of national significance. The first two of these factors were also the most important in 2003, but the association with events of national significance is a new development. Businesses appear to be increasingly interested in sponsoring larger events such as festivals.

Compared to previous years, businesses in 2005 expect to have a greater level of involvement in the content of particular events or activities which they sponsor. A higher proportion of businesses (63% in 2005; 46% in 2003) now say they expect to have some input into the content of an event or activity that they sponsor, either 'always' or 'in some circumstances'.

In the coming years, businesses intend to sponsor the same type of activities, and at a similar level to in the past. This reflects the general theme of results from the business survey: a consistent sponsorship environment is expected. It was clear, however, that sponsoring businesses are becoming more hard-nosed about seeking concrete benefits.

The three main activities for which cultural organisations sought sponsorship were pro bono provision of services (free or at reduced cost); operational costs; and single productions or performances. Sponsorships for the latter have doubled since 2003. The importance of these sponsorships can be seen in the fact that more than two thirds of the cultural organisations sought sponsorship for these three activities.

In return for sponsorship assistance, all participating cultural organizations offered marketing and branding opportunities at events. A total of 93% offered promotional opportunities in publications related to the event or organisation, 83% offered corporate hospitality opportunities, and the same percentage provided free or discounted tickets for employees of the sponsoring company. An across the board rise in number of benefits offered to sponsors is also evident. A total of 55% of organisations reported having to work harder than in the past to provide benefits. Cultural organizations, therefore, note a change in corporate expectations of sponsorship, towards a clear focus on the outcomes of the sponsorship for the business.

Another noticeable change from 2003 is that a much larger proportion of cultural organisations received up to 40% of their income from sponsorship. In other words, they are becoming more reliant on sponsorship. Cultural organisations were pessimistic about the difficulty of obtaining future sponsorship, with 53% expecting it to be harder and 43% neither harder or easier. This contrasted with a more optimistic view in 2003.

Increasing competition in the wider sponsorship market, the state of the New Zealand economy, and the difficulty of providing benefits to sponsors were all cited as reasons.

There were, however, some positive voices, with some cultural organisations confident about the ability of arts, culture and heritage to reach a certain niche in the market with which other activities such as sport cannot compete.

INTRODUCTION

The first sponsorship survey was developed by the then Ministry of Cultural Affairs in 1998 as a response to indications that the level of sponsorship available to cultural sector organisations was likely to decrease. The intention was to make the survey a regular collection of data so that trends in sponsorship could be monitored over time. The 2005 Sponsorship Survey was the fourth such survey which the Ministry for Culture and Heritage has undertaken, so not only does the survey provide valuable information at a snapshot in time, but a body of data is now beginning to develop. Initially the survey consisted of a biennial survey of corporate sponsors and a more regular survey of cultural organisations. The pattern has, however, settled into one whereby both corporate and cultural organisations are surveyed at the same time, once every two years.

This report presents the findings of the latest survey conducted between October and December 2005 by the Ministry for Culture and Heritage.

Methodology

The 2005 survey was conducted online. Prior to 2003, surveys had been postal questionnaires, and over time the response rates had declined. In an attempt to improve the response rate, in 2003 the Ministry decided to experiment with an online survey. Expert Developments, a Wellington based web-development company, built and hosted the questionnaires on its website. The online survey form combined with personal approaches to all participants improved the response rates dramatically. The 2005 response rates were comparable to those in 2003.

A list of potential participants was drawn up for both the corporate and cultural organisation surveys. All those on the lists were contacted directly by telephone to seek their participation. Those who agreed to participate (usually the person at the organisation responsible for the sponsorship budget) were sent an initial invitation when the survey opened on 25 October, and then up to three reminders by email, followed by a final phone call to encourage non-respondents. The reminders contained the link to the questionnaire, along with basic information about the purpose and uses of the survey.

Survey of corporate sponsors

The corporate survey has been undertaken in 1998, 2001, 2003 and now 2005. The questionnaire was originally designed by Statistics New Zealand, and has remained virtually the same for all surveys. The questions explore corporate sponsors' motivations for sponsoring cultural activities, the activities they sponsor, the proportion of their budget they allocate to sponsorship, and their intentions for future sponsorship.

Businesses were selected on the basis that they were known to have a history of being involved in sponsorship activity, and in particular cultural sponsorship. This meant that a number of businesses that had agreed to participate in the 2003 survey were again

approached. Where a business had ceased to operate, an attempt was made to replace it with one in the same sector (eg banks, law firms, transport, airlines, media, utilities etc) or if no obvious alternative was available in that category another business was chosen by surveying publications about sponsorship (such as the National Business Review 2005 Awards for Sponsorship of the Arts).

Response rate

A sample size of one hundred and six businesses was initially selected. Each business was approached individually to obtain contact details of the person with responsibility for sponsorship and to seek their agreement to participate in the 2005 survey. Sixty-five responses were received by the close of the survey (following three reminder emails and one phone call to encourage responses).

Survey of cultural organisations

The survey of cultural organisations was first undertaken in 1998, and repeated in a modified form in 1999 and 2001. The 2003 survey contained additional questions that had not previously been asked of cultural organisations. These covered the activities for which organisations sought support from sponsors; the benefits they offered them in return for their support; the proportion of income derived from sponsorship; the level of sponsorship they would be seeking in the future; and their perceptions of the amount of work it took to maintain the sponsorship relationship currently and for the future. The 2005 Survey repeated the same questions from 2003.

The Chief Executive of each organisation was notified by letter that the survey was taking place. Each organisation was also contacted by phone and the person responsible for seeking sponsorship for that organisation was told about the survey and asked for their email contact details, with the same process of emails and reminders being followed as for the corporate survey.

Response rate

Forty-four cultural organisations were approached to participate in the 2005 Survey. Forty of these completed the online questionnaire.

Characteristics of Respondents

Corporate sponsors

The businesses that responded came from a wide range of business types. Well represented were the wider transport sector, telecommunications and technology, banking and financial, insurance, legal, energy, media and foodstuffs. Other single businesses that responded came from sectors such as retail, property, consulting and hospitality. In terms of regional spread, just under two thirds of the businesses asked to participate made sponsorship decisions from an Auckland base and just under one third from Wellington.

This was very similar to the proportions in the 2003 survey. This information should essentially be considered only by way of background to the survey result, because the small numbers surveyed means that it is difficult to draw any particular inferences from the numbers of responses from the various sectors surveyed, or from the location of businesses. No such sector-by-sector or geographical analysis has therefore been attempted.

Cultural organisations

The cultural organisations surveyed represented a wide variety of different cultural forms and organisations: galleries, music, theatre, dance, literature, film, heritage, and arts festivals. About half the organisations were Wellington based, with a third from Auckland, and most of the remainder from Christchurch or Dunedin. These numbers include some which are predominantly touring organisations, and others which are national institutions.

Caveat

Neither the corporate sponsors nor the cultural organisations participating in this survey are a random sample of businesses or cultural organisations, and therefore are not representative of businesses or cultural organisations overall in New Zealand. For this reason it cannot be assumed that the responses given by those who completed the questionnaires can be generalised to all businesses or cultural organisations or even to all those surveyed, as the characteristics of those responding may be quite different from those that did not. For this reason the results should not be viewed as representative of all those surveyed and should be used with care. It should also be noted that the numbers responding are small, so results should be used with caution.

CORPORATE SURVEY

One hundred and six businesses were initially approached to seek their agreement to participate in the 2005 survey. Sixty-five responses were received by the close of the survey. The businesses came from a wide range sectors, including insurance, banking, legal, transport, advertising, public relations, communications technology, energy, media, and foodstuffs.

A note on the analysis

The following analysis of results from the corporate sponsorship survey concentrates on the results for the 2005 survey. When appropriate and noteworthy, however, comparisons are drawn with the previous sponsorship surveys undertaken by the Ministry for Culture and Heritage. One difficulty of interpretation should be noted. The 2001 survey included questions which reflected a three year period (back to 1998). The 2003 survey also covered a three year period although it had only been two years since the previous survey (thus there was an overlap for the year 2000/01). The 2005 survey has reverted to asking about activities in the past two years (i.e. since the last survey). Comparisons across years must therefore be treated with caution given the differing time periods.

Number of businesses undertaking sponsorship activities, types of activities sponsored, and levels of sponsorship

Businesses were asked whether they had, in the last two financial years (2003/4, and 2004/5), contributed to any of the following activities:

- operational costs of a cultural organisation;
- capital costs of a cultural organisation;
- infrastructure of or equipment for a cultural organisation;
- provision of services (e.g. legal) free or at a reduced cost to a cultural organisation;
- cultural competitions, awards, or prizes;
- cultural scholarships;
- educational arts or heritage projects;
- annual season of performing arts;
- single productions or performances by an arts or cultural group;
- exhibitions;
- promotional tours by artists, writers, etc;
- arts festivals (whole festival, or single festival event);
- international tours by NZ performers, or artists, or international exhibitions of New Zealand work;
- other cultural events or activities; or
- none of these.

Number of businesses sponsoring activities

Of the 65 businesses taking part in the survey, 53 (82%) had provided some form of cultural sponsorship in the last two financial years. This broadly corresponds with the results in previous years (see Table 1). From the 53 businesses that had sponsored at least one kind of activity, there were a total of 240 activities, which compares slightly unfavourably with the 2003 survey, where 52 businesses noted a total of 252 cultural sponsorship activities.

Table 1 Percentage of businesses providing some form of corporate sponsorship

Year	Percentage of businesses
2005	82%
2003	87%
2001	85%
1998	83%

Note: In previous surveys, the question asked whether businesses had provided any cultural sponsorship in the past *three* years. For the 2005 survey, the question was amended to ask about the previous *two* years only.

Apart from the twelve businesses which had not sponsored any kind of cultural activity in the past two financial years, the remaining 53 businesses usually made contributions to more than one type of activity. Indeed, 36 of the businesses surveyed had undertaken four or more of the different types of cultural sponsorship activities, indicating that many businesses are prepared to contribute in a range of ways to support cultural activity.

Results are broadly comparable with the previous surveys. The 2003 survey noted that 62% of businesses had sponsored *four or fewer* of the activity types (which includes those which did not provide any sponsorship), with the figures being 62% in 2001 and 67% in 1998. The equivalent figure for the 2005 survey was 66% (43 out of the 65).

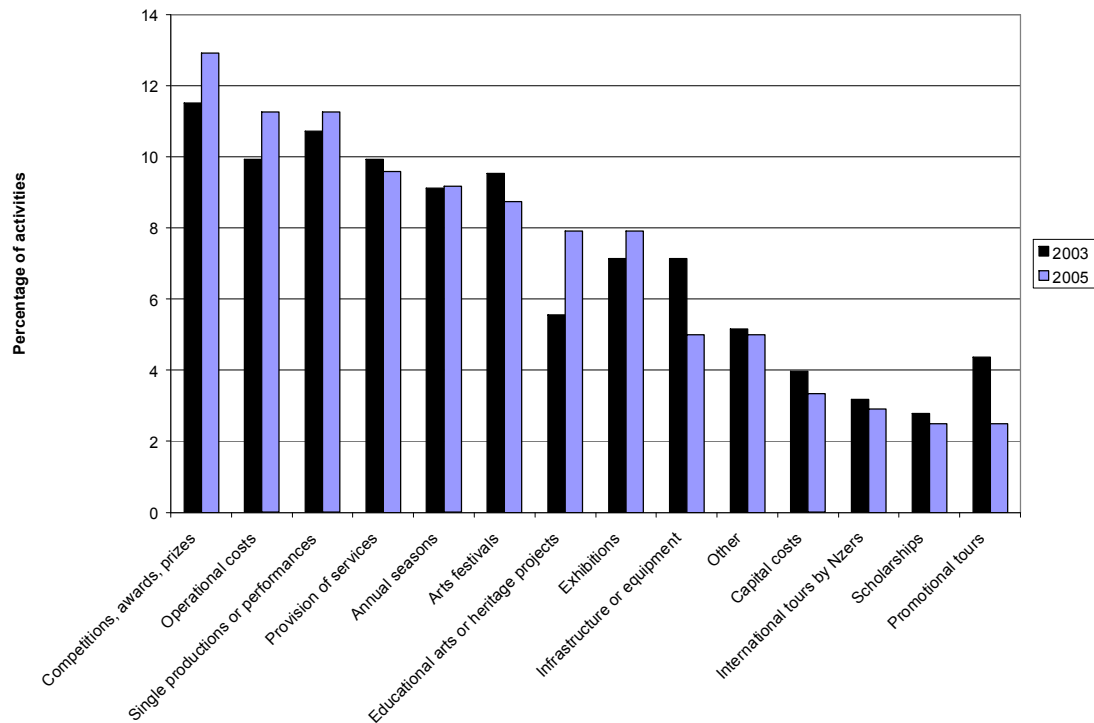
Types of activities sponsored

Of the 240 responses, the most popular categories of activity were:

- Cultural competitions, awards and prizes (13% of all activities sponsored);
- Single productions or performances (11%);
- Operational costs (11%);
- Provision of services (10%);
- Annual seasons (9%); and
- Arts festivals (9%)

These six categories were also the six most popular categories in the 2003 survey, and the results were similar to both the 2001 and 1998 surveys. A comparison of the 2003 and 2005 survey results is presented in Figure 1.

Figure 1: Past sponsorship of cultural activities, 2003 and 2005 survey results compared



It is also worth noting that the results aligned closely with the activities which businesses *anticipated* sponsoring when asked about this in the 2003 survey. Operational costs (8% anticipated; 11% actual), arts festivals (9% anticipated; 11% actual), and cultural competitions/awards (11% anticipated; 13 actual) were the only (minor) variations in the top six sponsored activities.

Proportion of sponsorship budget spent on cultural sponsorship

Businesses were then asked what proportion of their sponsorship budget had been spent on cultural sponsorship in 2003/4 and 2004/5. The results for the two years were virtually identical, with the distribution of answers showing that half of the businesses spent up to 20% of their sponsorship budgets on cultural sponsorship. The 2003 survey result was slightly better, with 45% of business spending up to 20% (in other words, 55% spent 20% or more on cultural sponsorships). On the other hand, in 2005, 13% of businesses reported spending over 80% of their sponsorship budgets on cultural

sponsorship, a rise from 6% in 2003, and a return to the levels reported in the 2001 and 1998 surveys.

Factors influencing sponsorship decisions

The importance of various factors

Businesses were next asked to rate the importance (very important, quite important, of little or no importance) of a list of factors which may influence the decision on whether to sponsor a cultural organisation, event or activity. The broad outlines of the most important factors can be seen in Figure 2 (“of little or no importance” and non responses have been omitted for clarity).

Figure 2: Factors influencing sponsorship decisions

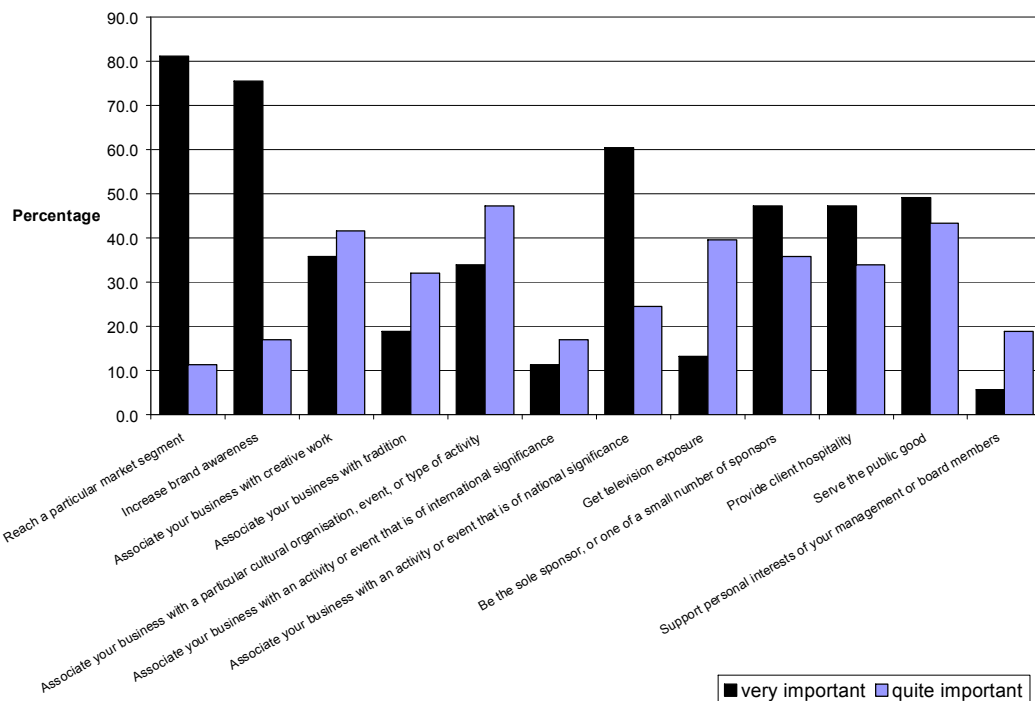


Figure 2 shows that the three most commonly cited “very important” factors were reaching a particular market segment, increasing brand awareness and associating the business with an activity or event that is of national significance. A number of the factors were also rated by many as “quite important”, such as serving the public good, providing client hospitality, being the sole sponsor, or associating the business with a particular cultural event, activity or organisation. Associating the business with tradition, events of international significance, getting television exposure and supporting the personal interests of management or board members were far less important overall.

The ability to reach a particular market segment and increase brand awareness were the two most important factors in the 2003 survey also. To be able to associate with events of national significance was not nearly so important in 2003, which perhaps suggests that increasingly sponsors are interested in sponsoring larger events (such as festivals). This is certainly a view that was suggested by some of the smaller cultural organisations in the responses to the cultural organisations survey (see pages 27-28, and 31). The increase in the number of business citing brand awareness as 'very important' (from 65% in 2003 to 75% in 2005) is possibly reflective of some of the comments made by businesses in comments on this survey, that the concrete benefits obtainable from a sponsorship relationship are becoming increasingly important. Potentially mitigating this is the fact that serving the public good has remained either "very" or "quite" important to around 90% of businesses in both the 2003 and 2005 surveys.

Influence of funding from central government in sponsorship decisions

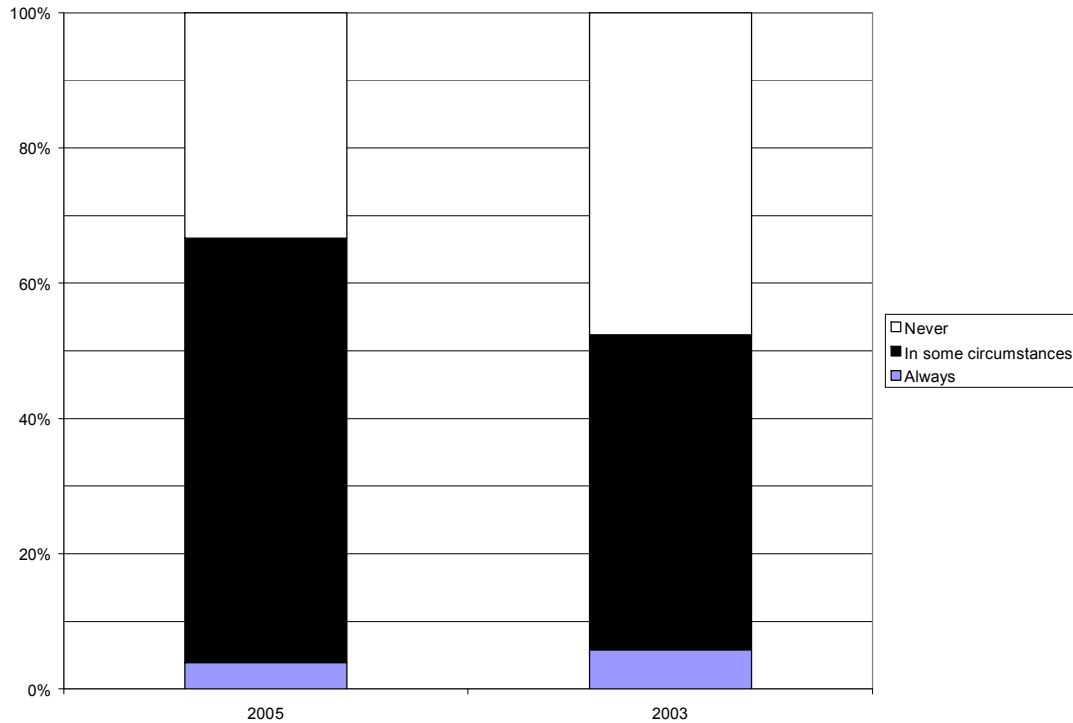
Question 4 of the survey asked businesses what weight they gave to whether an activity/organisation receives funding from central government, or from a government agency, when deciding whether to sponsor a cultural event, activity, or organisation. As well as the options of 'none at all', 'may make us less willing to sponsor it', and 'may make us more willing to sponsor it', businesses were asked to offer any other comments they had. In a result consistent with that in the 2003 survey, 72% of businesses (73% in 2003) stated that government funding had no impact on their decision. In support of this response, the comments "we look at the overall merits of the sponsorship", "Just not important, we sponsor for the outcome rather than the input", and "It is more about the business objectives that we can see that can be delivered from a property [sic] rather than how it is funded" were typical. Of the 17% of respondents who felt that government funding would make it more likely they would sponsor an event or activity, comments suggested that government funding may indicate a certain longevity, stability, or level of quality and creativity that made the event or activity a more attractive sponsorship proposition.

Overall, however, the lack of comments in response to the question would appear to confirm that the existence or otherwise of government funding is generally not a big issue for potential corporate sponsors.

Desire to have a say in the content of an event or activity to be sponsored

Respondents were asked whether they wanted to have some say about the content of the event or activity that they were sponsoring. The responses have changed somewhat since the 2003 report, with a much higher percentage wanting to have some input than previously (63% compared to only 46% in 2003), and a lower percentage not wanting any input (33% in 2005; 47% in 2003). These changes can be seen in Figure 3.

Figure 3: Desire to have some say about content of an event or activity



Ten respondents added further comments. Several of those who did *not* expect any kind of input into content stressed that issues about objectionable content or a lack of fit with the company’s aims and objectives in the sponsorship would be dealt with prior to agreeing the sponsorship:

- *We would sponsor the activity or event because it is what it is. We would consider whether the event could contain anything that might be controversial or objectionable in it however we would ask that up front and that would come into the decision to take up the sponsorship or not at the beginning. We are not creative and must leave these things to the people that perform, however if it came to influencing or having a say in hospitality or location or advertising and promotion or other operational areas that would influence reach and leveraging to markets we were particularly keen on, then we may want some flexibility.*

Similarly, but from a respondent who expected input in some circumstances:

- *Our comment and input would be to help ensure quality, excellence etc. rather than to shape cultural content per se. We might challenge the sponsee on matters*

such as whether their activity fits within the overall strategy - encouraging them to think hard about where they want to be in 5-10 years time.

Another business always expected input, for this reason:

- *The sponsor can be closer to the audience/target market and provide a different perspective; particularly if an event has been run a certain way for a number of years. Only by working together in partnership will both the sponsor and the sponsored activity get real value from the association.*

Although the low number of comments means that firm conclusions cannot be drawn, the overall theme was a concern to have input in some circumstances to ensure a ‘good fit’ of business and event. This is consistent with comments from the 2003 survey.

Future sponsorship intentions

Businesses were also asked about their attitudes and intentions relating to future sponsorship of cultural events and activities in the next *three* financial years. This question is consistent with that asked in previous sponsorship surveys.

Numbers of events and activities to be sponsored

The results for this section of the survey were very similar to those for the question about sponsorship in the last two years. 54 businesses stated that they intended to undertake some kind of cultural sponsorship in the next two years (as opposed to 53 who had in the last two), with 234 different activities being mooted as likely recipients of sponsorship funding (as opposed to 240 in the last two years actually receiving money). This result would appear to indicate an overall consistency in the size of the sponsorship pool and the intentions of businesses.

In terms of the actual activities which businesses planned to sponsor, the top six were:

- cultural competitions, awards, prizes (12%);
- operational costs of a cultural organization (11%);
- provision of services (e.g. legal or financial services), free or at reduced cost, to a cultural organization (11%);
- single productions or performances by an arts or cultural group (10%);
- arts festivals (whole festival, or single festival event) (9%);
- annual season of performing arts (e.g. subscription series of an orchestra or theatre etc.) (9%).

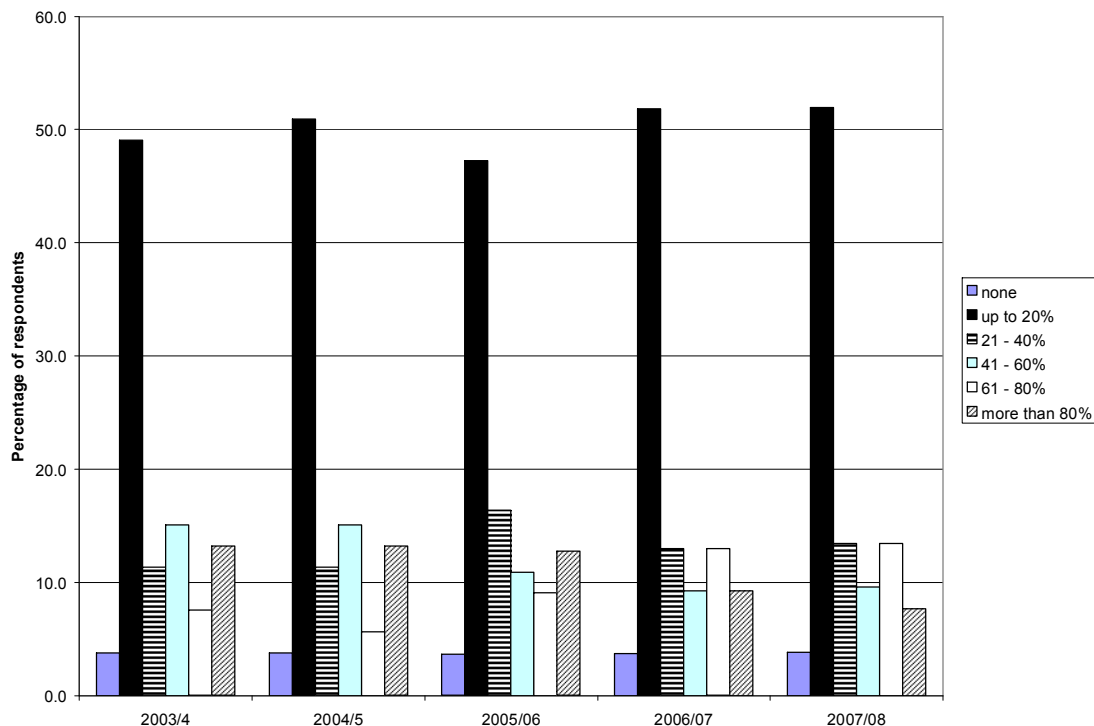
This is very similar to the activities actually sponsored in the previous two years. The only activities that appeared likely to have more or fewer sponsors in the next few years were cultural scholarships (four more respondents identified this as a future activity than had sponsored this activity in the past two years) and international tours (down three).

The numbers are, however, so small as to not be significant in terms of drawing any kind of conclusions about a genuine trend, or the level of support.

Proportion of future sponsorship budgets to be committed to cultural sponsorship

Businesses were asked to estimate what proportion of their sponsorship budgets were likely to be committed to cultural sponsorship in future. Again, the results were very similar to the results for the past two years, as discussed above (page 12). This data is presented in Figure 4. Although the variations are minimal, the consistent level of those businesses which will commit no money towards cultural sponsorship in the next few years means that the slightly higher anticipated number of those only committing up to 20% of their budget in 2006/7 and 2007/8 is not a favourable prospect for the cultural sector. The decline in the ‘over 80% of budget’ category is matched by a rise in the 60-80% bracket, with the increase in the ‘up to 20%’ bracket seeming to come from the 21-40% bracket. The changes are, however, minimal.

Figure 4: Proportion of sponsorship budgets to be committed to cultural sponsorship in the next three financial years, compared to the previous two financial years



Businesses were also asked directly whether they anticipated their firm’s sponsorship of cultural events, activities or organisations was likely to increase, stay about the same, or decrease. The results confirm the conclusions that can be reached from figure 4, with 62% stating it would be about the same, and the 17% anticipating a decrease being

balanced by 13% anticipating they would increase their cultural sponsorships. Eight percent were not yet sure of their sponsorship intentions.

Those who anticipated a decrease in their levels of cultural sponsorship (9 businesses) were further questioned on why that might be. Of this small number, the majority stated that it was because they would be sponsoring other things – primarily major sporting events, including the Commonwealth Games in Melbourne in March 2006. Two were dissatisfied with the results of the sponsorship, and two others had reasons particular to the circumstances within their company.

General attitudes to cultural sponsorship by New Zealand businesses

In the last section of the survey, businesses were asked some more general questions about the level of cultural sponsorship by New Zealand businesses. Over half of the surveyed firms were of the opinion that levels of sponsorship of cultural organisations, events and activities would stay about the same; 21% felt that cultural sponsorship was likely to increase; 13% predicted a decrease, and 10% did not have an opinion either way. Compared to the result for the same question in the 2003 survey, this result confirms the overall picture of stability that appears to emerge from the 2005 results. In the previous survey only 37% felt sponsorship would stay the same, with larger proportions predicting increases, decreases, or not knowing what might happen. Those results appeared both more volatile and less positive.

Respondents were given the opportunity to explain why they answered as they had. Of those who stated that cultural sponsorships were likely to stay at about the same level, the comments actually included a number of hints which suggest that cultural sponsorship could nonetheless be under pressure in the future. Comments were similar to those offered by those predicting a decrease in cultural sponsorship, and included:

- *Cultural organisations are getting smarter about what they offer businesses, and businesses are getting smarter about what they get from their sponsorships and how they align with their objectives.*
- *Increasingly business is approached for a variety of initiatives, many of which are arts or culture related, however, many of the (perceived) bigger value initiatives are not in that sector, e.g. sports and for many businesses that is more appealing. I don't expect that contribution to the arts will diminish in dollar terms but the proportion of a business's overall contribution may decrease.*
- *Our business wishes to change its strategy and move towards business development related sponsorships and away from arts. Although our experience of a cultural sponsorship has been excellent we are unable to get the broad reach into the community and the staff involvement that we desire. It also doesn't have as good a fit with our target audience as it could and is not national in scope. Cultural sponsorships remain an essential part of the world of sponsorship and I am wholeheartedly in support of them. I believe they will remain attractive to many*

companies but they are increasingly competing for resources as more and more companies pursue the trend towards cause-related sponsorships that have a more direct and measurable impact on low socio-economic areas of the community. Their attractiveness will largely depend on the brand a company has and the value of being aligned with cultural initiatives in preference to other sponsorships.

- *Maybe it will stay the same. However, there could be a reshuffle of corporate sponsors. Over the past 2 years, more corporates are taking a strategic approach to sponsorship and aligning to their brand. Hosting is no longer considered true sponsorship and properties need to be leveraged to deliver returns to the sponsor.*
- *There will be a Labour-led government until 2008. Other factors could be competition with sports sponsorship (due to events like the Rugby World Cup in 2011, where some organisations may save their sponsorship dollar for the next few years in order to get involved at some level with the Cup). Also competition for the sponsorship dollar with business-related sponsorships, such as the Institute of Directors (as an example).*

More positively, from those who expected an increase in cultural sponsorships:

- *We have recently, in the last 3 years, extended our commitment into cultural and arts sponsorships and see it as being a necessary component of our sponsorship mix. The NZ cultural landscape is fertile and exciting and if we can help support young NZ talent to national and international success then we consider that very worthwhile. On the commercial side our customer base appreciates the opportunity to take part in these events and to see the brand they support supporting their own interests in turn.*
- *Astute businesses see association with arts and cultural activities as good for their business. Government commitment to arts and the general growth in creative sector both ensure that there continue to be exciting opportunities for business to pursue in this field.*

CULTURAL ORGANISATIONS SURVEY

Forty-four cultural organisations were approached to participate in the 2005 Sponsorship Survey, and forty of these completed the on-line questionnaire. The organisations surveyed included those in areas such as music, art galleries, museums, theatre, dance and arts festivals.

Notes on the analysis

The following analysis of results from the cultural organisations sponsorship survey concentrates on the results for the 2005 survey. When appropriate and noteworthy, however, comparisons are drawn with the previous cultural organisations sponsorship surveys undertaken by the Ministry for Culture and Heritage.

One difficulty of comparison with the corporate survey in the first part of this report should be noted. The results for the corporate survey relate, when asking about past sponsorship, to the previous *two* financial years. The results below about past sponsorships relate only to a single financial year – 2004/5.

Furthermore, the cultural organisations survey of 2003 asked a question about what kind of sponsorships had been undertaken in the *current* financial year (at that time, i.e. 2003/4), unlike the 2005 survey which asked about past sponsorships in the last *completed* financial year (2004/5). While this gives a sense of continuity between the two reports, the difference in emphasis means that comparisons between the two surveys should be treated with caution.

As the number of cultural organisations in New Zealand is relatively small, however, the organisations actually surveyed are reasonably consistent from survey to survey.

Cultural sponsorship in the past financial year (2004/5)

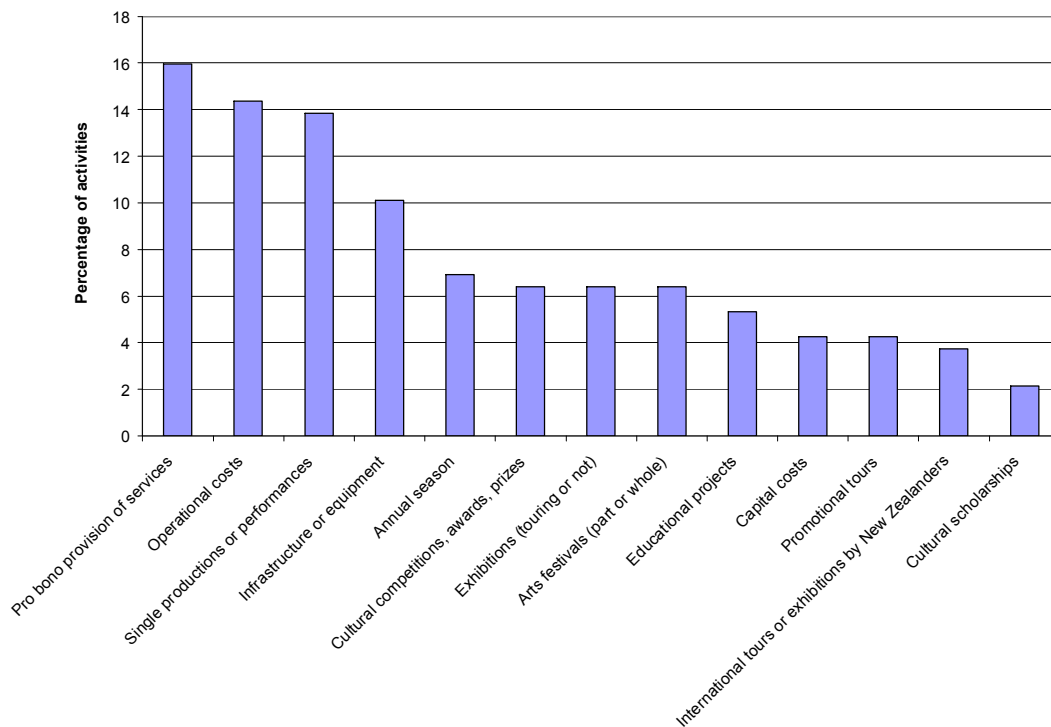
Cultural organisations were asked what kind of support they requested from sponsors in 2004/5. On average, cultural organisations sought sponsorship for 4.7 activities, a slight increase from the 2003 Survey, with four activities being the most commonly sought by the organisations. The top four activities, as can be seen in Figure 5, were:

- Pro bono provision of services (e.g. legal or financial services) free or at reduced cost to a cultural organization (16%);
- Operational costs of a cultural organization (14%);
- Single productions or performances by an arts or cultural group (14%);
- Infrastructure, or equipment for a cultural organization (10%).

This marks a slight change from the 2003 Survey, where educational arts and heritage projects represented 10% of the activities sponsorship was sought for, whereas in 2005 it was at 5%. Sponsorships sought for single productions or performances have doubled from around 7% in 2003.

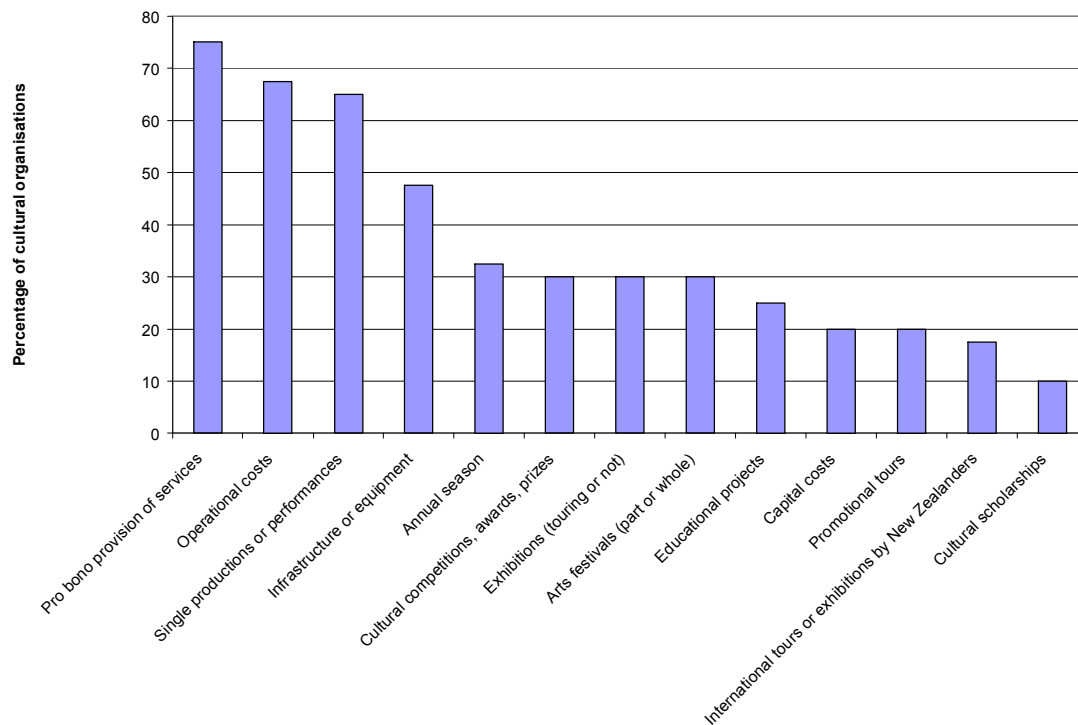
This represents a reasonably good fit with what corporates said they had sponsored. Single productions, operational costs, and provision of services were also in the top few activities which corporates provided sponsorship for. Annual seasons and cultural competitions or prizes, which appeared in the corporate top six activities, were also among the six most commonly sponsored activities for cultural organisations, albeit at a lower level than the top four referred to above, as can be seen in Figure 5.

Figure 5: Activities for which cultural organisations sought sponsorship in 2004/5



The results can also be looked at in terms of the proportions of cultural organisations that sought each type of activity. Three quarters of cultural organisations sought the pro bono provisions of services, exactly the same result as for 2003. Around two thirds sought assistance with operational costs (68% of cultural organisations) or single productions (65%). Almost half sought sponsorship for infrastructure or equipment (48%). Figure 6 presents this data in full.

Figure 6: Proportion of cultural organisations seeking sponsorship for activities



Benefits offered to sponsors by cultural organisations

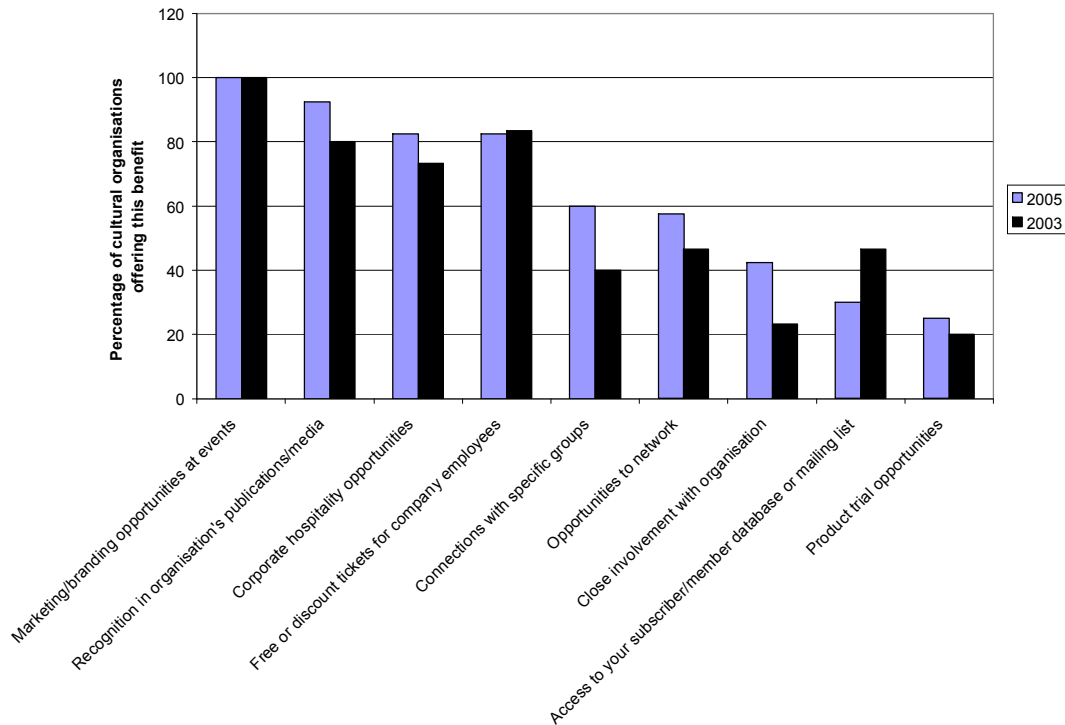
In return for their support, financially or in kind, most sponsors expect some sort of return on their investment. This aspect of sponsorship has been reinforced by the responses to a number of questions in the corporate sponsorship survey presented earlier. In order to understand the relationship from the point of view of the sponsored organisations, cultural organisations were asked what benefits they offered potential sponsors in the financial year 2004/5.

Every single cultural organization surveyed offered marketing and branding opportunities at events, which was the same result as in 2003. For example, 93% of cultural organisations offered sponsors promotional opportunities in publications related to the organization, event or activity, with 83% offering corporate hospitality opportunities, and free or discounted tickets for employees of the sponsoring company.

These benefits are shown in Figure 7, compared as percentages to the results from the 2003 Survey. The top four benefits were the same in 2005 as in the 2003 Survey. In nearly all categories, except access to databases/ mailing lists, the percentage of cultural organisations offering each benefit has gone up. This suggests that cultural organisations are having to work somewhat harder (and feel as though they have to work harder, see the next section), something which is partly

confirmed by the fact that per organization, an average of 5.7 benefits was offered compared to 5.1 in 2003.

Figure 7: Benefits offered by cultural organisations to sponsors, 2003/4 and 2004/5.



Work required to provide benefits to sponsors

Responses to the question about benefits provided to sponsors suggest that cultural organisations are having to offer more to businesses when seeking sponsorship. When directly asked whether they felt that they had been required to do more work to provide benefits to sponsors in the *past three years*, the majority of cultural organisations (22 out of 40, or 55%) agreed that this was the case. Furthermore, looking forward, 27 out of 40 (68%) of cultural organisations felt that in the future they would be required to do more work to provide benefits to sponsors.

Those who thought more work was being required either now *or* in the future were questioned on why that was. The most consistent theme in the comments was about a perceived change in corporate attitudes towards sponsorship, particularly a very clear focus in the corporate world on the results of the sponsorship. Increasing competition in the sponsorship 'market' was also another strand of thinking evident in the comments. This reflected very much the tenor of some of the comments in the corporate survey. Both these themes were also stated as being the two key ones to emerge from the same question in the 2003 Survey. The number of organisations

commenting at length on these issues, and the similarity of the comments between organisations, seems to have increased however, since the last survey.

The selection of comments below reflects the range of responses to this question. It is worth quoting them at length, because within the overall theme as described above, there were quite a range of issues identified as contributing to the perceived tightening of the sponsorship environment. Each bullet point is the response of a separate respondent.

- *To provide a robust Partnership, an ongoing "involvement" is essential. This always takes TIME. I am however very happy to make this time available because I believe that without this personal involvement the Partnership is nothing more than a money-grab.*
- *There has been a gradual move away from the "Chair" dispensing favours and a sense of corporate duty to more of a focus on marketing / corporate outcomes before sponsorships can be agreed.*
- *Corporates now scrutinise every dollar they give to arts organisations. No longer is sponsoring a 'warm fuzzy' "good citizenship" thing to do but a hard and real market of what is in it for them. They demand accountability, scrutiny of value for their dollar. Position of logos, acknowledgements etc are now of paramount importance to the corporate and they demand sign off for all collateral.*
- *Sponsorships have moved from being benevolent grants to ones that require more indepth marketing deliveries. Need to deliver greater acknowledgement in print and media advertising for all sponsors than previously, hence have to manage cross sponsor portfolio more closely. Also with movement of major corporates out of area (and companies combining) there is a reduction in large (\$200,000+) sponsorships. These have been replaced by smaller corporate packages (\$20,000+) that require an increased level of staffing and resource to deliver to.*
- *As corporates become more aware of the benefits and opportunities afforded through sponsorship, their expectations grow and the commitment of resources from both partners to deliver these benefits increases. Above all else in order for us to maintain and grow our sponsorship relationship we must deliver and exceed their expectations in what is becoming a very competitive environment.*
- *My sense that companies are undertaking fewer sponsorships. We are a small organisation so we don't particularly fit well with very large corporates. Our fit is with smaller/niche companies. Traditionally much 'sponsorship' has been a form of donation or patronage. Those companies that are committed to sponsorship require a more sophisticated relationship.*

Very small organisations often cannot deliver and service such a complex relationship.

- *There is competition for the sponsors' dollars that require constantly revising, modifying, creating 'benefits' systems for the sponsor.*
- *In the future I suspect it will become increasingly difficult to be able to demonstrate value for the sponsorship dollar against the rather more esoteric nature of heritage/cultural activities. Finding creative ways of providing more than the normally expected name recognition, promotion and networking is becoming more difficult and sponsors are becoming more and more discriminating about how they spend sponsorship budgets - they are seeking measurable returns on brand building and business returns rather than the just feel-good factor of being good corporate citizens.*

Other issues included:

- The difficulty of matching up sponsors' expectations with what the organization could provide: for example, having to provide complimentary seats to performances at a period during the run when the organization was actually having no problem filling seats, or matching more difficult artistic work with sponsors who may prefer less challenging artistic productions;
- Recent negative press about so-called "dodgy" arts and cultural funding, whether justified or not (Venice Biennale, hip hop tours);
- The shift away from smaller centres (including the smaller major cities of Wellington, Christchurch and Dunedin) of major corporate head offices.

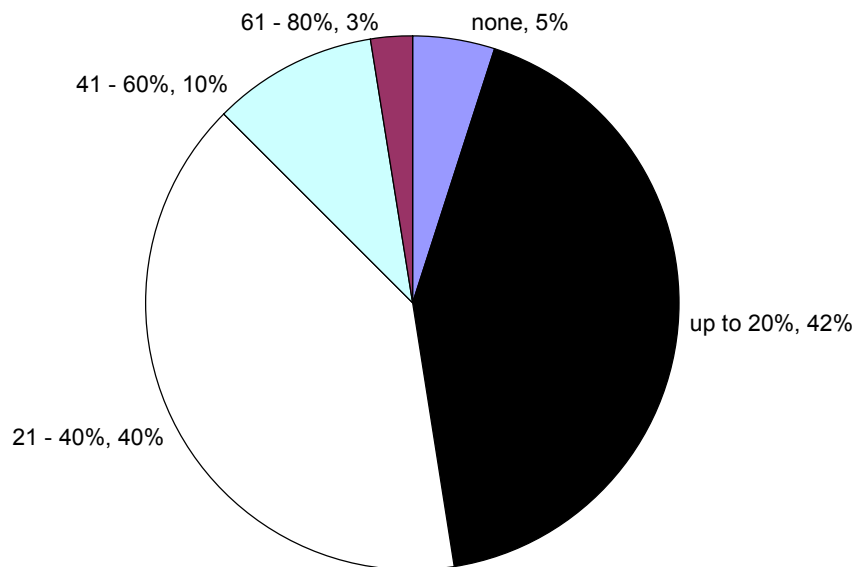
The overriding theme of the comments, however, centred around the increased 'hard' benefits which corporate sponsors were requiring.

Proportion of budgets derived from sponsorship

Cultural organisations were asked what proportion of their annual budget for 2004/5 was derived from sponsorship. Two of the organisations received no money from sponsorship, and no organisations received more than 80% of their budget in sponsorship. The major trend compared to the 2003 survey is that a much larger proportion of cultural organisations are receiving between 21% and 40% of their income from sponsorship (40% in 2005 as opposed to 20% in 2003). This seems to be the result of a much lower proportion of cultural organisations having budgets comprising less than 20% sponsorship money, perhaps therefore indicating that these organisations are becoming increasingly dependent on sponsorship. The 41-60% category has also increased (though the change from 3% to 10% of organisations receiving this proportion of budget in sponsorship funds represented

one organization in 2003 and four in 2005), possibly at the expense of the 61-80% category.

Figure 8: Proportion of cultural organisations budgets derived from sponsorship (number of organisations, percentage of organisations)



Attitudes towards future sponsorship

Despite the difficulties of the sponsorship environment as noted in the comments which were reported earlier (see pages 27-28), in each of the next three financial years (2005/6, 2006/7 and 2007/8), three-quarters of cultural organisations will be seeking to increase their levels of corporate sponsorship. Another fifth will be seeking to keep their sponsorships at the same level, with the rest intending to decrease the amount they seek from corporate sponsors.

When asked how difficult they thought it would be to secure sponsorship in the next three years (whether they were seeking less, the same or more sponsorship), about half of the surveyed cultural organisations thought it would be more difficult (52.5%), another large proportion thought it would be neither more or less difficult than at present (42.5%), with only two organisations (5%) thinking it would be easier to obtain sponsorship. This contrasts with the slightly more optimistic view in the 2003 survey, where almost equal proportions thought it would be “more difficult”, or “neither more or less difficult”, and represents somewhat of a return to

the pessimism of the 2001 report where a clear majority thought it would be *more* difficult (73%).

Cultural organisations were finally asked to identify the features of the sponsorship environment in the next three years which made them think it would be more, less, or no more or less difficult to obtain sponsorship. The responses can be grouped into several headings, which are broadly similar to the themes reported in the 2003 Survey.

Reasons why sponsorship may be more difficult to secure in future

Competitive sponsorship environment

Many of the organisations surveyed commented on the competitive nature of the sponsorship environment. Competition was identified as coming from a number of sources: sports and community groups seeking sponsorship, larger arts organisations taking a larger portion of available arts and culture sponsorship money, and perceived smaller sponsorship budgets. A typical comment was this one:

- *More and more social organisations are seeking sponsorship in order to cover shortfalls in government funding. Even schools are heavily into trying to attract sponsorship. We are all competing.*

One interesting aspect of the competitive environment was a perception that the late 2004 implementation of smokefree legislation had had an impact on gaming profits with a consequently larger number of sponsorship-seeking organisations of all types turning to private sponsorship instead.

State of the New Zealand economy and global events

The general state of the economy, including global events which impact either financially or ‘mood-wise’ on local sponsoring businesses, was also seen as an important factor in increasing the difficulty of obtaining sponsorship. Ultimately, such wider economic factors would lead to tighter budgets:

- *Increased oil prices, potential pandemics, [and] terrorism will focus corporate resources. Sponsorship will have to compete more effectively with other marketing options for an increasingly tight budget.*

Difficulty of providing benefits to sponsors

Unsurprisingly, some of the comments in this section echoed those from the earlier section (see pages 27-28) which asked about the difficulty of providing benefits to sponsors:

- *I think that the business environment will be tighter, and that money will not be as available for cash sponsorships, although I think that pro bono sponsorships may not be so affected in the same way. I think that there will be more organisations seeking sponsorship and they will need to come up with innovative ways of providing the benefits to the potential sponsor.*

Location of corporate head offices

As in the 2003 Survey, the movement of corporate head offices away from provincial centres to the major metropolitan centres or offshore was given as a reason for difficulties in obtaining sponsorship. One organization commented that even for those organisations based in a city such as Wellington:

- *The reality is that corporates are moving out of the city. It is hard to get a corporate interested in what is basically a regional arts organisation when they are based in Auckland or overseas.*

Other comments about sponsorship being more difficult to obtain

At least two respondents noted issues that relate to the problems faced by smaller arts, culture and heritage organisations. One respondent suggested that:

- *[T]he more recognised arts organisations in NZ are continuing to grow larger and with this growth they are benefiting from increasing government support. This allows these arts organisations to offer world class performers, thus offering sponsors greater recognition. For example, if these arts organisations seek \$100 - \$200k of sponsorship, the effect/result is to leave less corporate sponsorship available for smaller arts organisations seeking between \$10 - \$50k. It also follows that these smaller arts organisations have less impressive benefits to offer in return, yet their need for extra income is just as great, if not greater.*

Another respondent noted that with the increasing demands to provide ‘hard’ benefits for sponsors, and consequently more rigorous oversight into how sponsorship money is used, the mindset of smaller organisations may need to change, and stated that:

- *My organisation needs to do some work on its own internal systems and processes to be better able to manage and account for monies received via sponsorships or other fundraising efforts.*

The same respondent also noted the difficulty of getting corporate sponsors interested in some of the more esoteric, less concrete aspects of arts, culture and heritage activities.

Less difficult to obtain sponsorship in future

Two organisations felt that it would be less difficult to obtain sponsorship in future. For one, this was due to the long term relationship building that had gone into current sponsorship relationships, with consequent benefits for their reputation as a sponsorship partner. The other felt that the “*brands' of projects we will be seeking sponsorship for are much more visible than previously.*” Finally, one respondent noted an interesting trend which may influence the ability of arts, culture and heritage organisations in the future, commenting that:

- *All the new sponsorship people we've talked to this year have expressed an interest in the arts to the possible detriment of sport because they want to host women at their events and they also believe arts events allow more for more relaxed networking. We think this view will become more entrenched in the years to come which may take the edge off the difficulty factor.*

CONCLUSION

The results of the 2005 Sponsorship Survey are marked, firstly, by a sense of stability in relation to the current state, attitudes towards, and intentions of corporate sponsors of cultural events and organisations. On the other hand, the responses of the sponsored cultural organisations suggested a degree of pessimism about some aspects of the future sponsorship environment for those organisations. Interestingly, this compares markedly with one of the conclusions in the 2003 report, that “the tenor of responses from cultural organisations were generally optimistic” (page 20 of the 2003 report).

Cultural organisations continue to derive a substantial proportion of their income from sponsorship, with almost half drawing between 41% and 60% of their budget from sponsorship, a proportion that has increased since 2003. At the same time that cultural organisations appear to be becoming more dependent on sponsorship, the comments made it clear that it is also getting more demanding to manage the relationship with sponsors. Furthermore, there was a strong sense that a greater number of concrete benefits were having to be provided so as to attract and retain sponsors.

Such concrete benefits included increasing the ability of the sponsoring business to reach their target audiences, heightening the brand awareness of the business, and a range of corporate hospitality opportunities. The importance of such benefits was emphasized in the comments made by corporate sponsors on the survey questionnaire. Several of these emphasized the importance of the ‘return on investment’, and contrasted it with a situation that perhaps existed a number of years ago where sponsorships were less strictly tied to benefits that may accrue to the business from the relationship.

It would seem that this situation is likely to be reinforced in the coming few years. Both corporate sponsors and cultural organisations were in agreement that factors such as a slowing economy, and changes in the sponsorship environment (including a growing pool of community groups seeking sponsorship), would make it very important for sponsorship relationships to be managed carefully, and with a keen eye on the bottom line for both parties. On the other hand, when directly asked about sponsorship intentions, most businesses were in agreement that the level of cultural sponsorship would stay the same. Despite the difficulties of entering into and maintaining sponsorship relationships, a large majority of cultural organisations nonetheless noted that they would be seeking to increase their levels of corporate sponsorship.

The picture was not entirely pessimistic from the cultural organisations, however, with some respondents quite clear that sponsorship played an important and useful role in the cultural sector. At their best, sponsorship relationships were seen not only as a way for cultural organisations to survive, but also to reach out to new audiences, and to take organisations to new levels. Others (both corporate and cultural organisations) were also positive about the prospects for cultural organisations in the overall sponsorship environment, believing that they have a well established niche that other sponsorship propositions, particular sport, cannot match.

It should be reiterated that the sponsorship survey is not a random or scientific survey. The businesses are chosen because they are known to be involved in sponsorship activities. The cultural sector in New Zealand has a relatively small number of organisations operating at a level where corporate sponsorship is a viable proposition. While this selection may contribute to a lack of rigour from a statistical point of view, it does lend a certain continuity to the results over several repetitions of the survey. In addition, when considering the results from previous surveys, what is noticeable is the consistency of responses, particularly in relation to questions about the proportions of budgets spent on and derived from sponsorship, and about the type of activities which are most popularly sponsored. When changes do occur to a significant degree, therefore, it is reasonable to cautiously believe that the results reflect actual changes in the environment.

The Ministry is likely to repeat the survey again in 2007. By then, the three year projection about sponsorship intentions will take in to account those sponsorship intentions corporates may have around the Beijing Olympics in 2008, although perhaps not any indicative trends looking further ahead to the 2011 Rugby World Cup to be held in New Zealand. It will be interesting to see if events such as the Olympics have an impact on cultural sponsorships, or whether, indeed, cultural sponsorship does occupy an important and significant niche that is resilient to the impact of large-scale (often sports) events.

Finally, it is also hoped that in the future, more robust data about the *overall* size of the sponsorship market, and what proportion of that might go to cultural organisations and events, can be obtained through Statistics New Zealand's annual collection of business data. Such information would provide an important basis for understanding the true scale of sponsorship opportunities, and allow the Ministry's survey to function primarily as information about attitudes and intentions.