



Survey Results

SPONSORSHIP OF CULTURAL EVENTS, ORGANISATIONS AND
ACTIVITIES 2007

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 which contributed so generously to this project.

ISBN 978-0-478-18464-8

© Ministry for Culture and Heritage, 2008

Published by the Ministry for Culture and Heritage
P.O. Box 5364
Wellington
New Zealand

For queries on any aspect of the survey, please contact:

Email: info@mch.govt.nz

<http://www.mch.govt.nz>

Contents

Executive Summary.....	4
Executive Summary.....	4
Introduction.....	7
Corporate Survey.....	12
Cultural Organisations Survey.....	26
Conclusion.....	36

Executive Summary

The Ministry for Culture and Heritage's survey of cultural sponsorship in late 2007 elicited responses from 60 businesses and 38 cultural organisations. Information was sought from businesses and cultural organisations about the types of activities they sponsor or are sponsored for, the level of sponsorship, their attitudes towards sponsorship, and future intentions.

The 2007 Sponsorship Survey results offer a snapshot of sponsorship trends in the cultural sector in New Zealand. This is not a scientific survey; the businesses are chosen because they are known to be involved in sponsorship activities and there are only a relatively small number of cultural organisations operating at a level where corporate sponsorship is a viable proposition. The same organisations or types of organisations have been surveyed for a number of years, with this approach offering a degree of continuity in results which may therefore genuinely reflect changes in the broader cultural sponsorship environment.

Corporate responses

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

Of the businesses which responded, 87% provided some kind of cultural sponsorship. This is consistent with the results of all past sponsorship surveys.

The most common activities sponsored by corporate respondents were arts festivals, pro bono provision of services and single productions or performances.

Corporates decided to give cultural sponsorship mainly to access a particular market segment and raise brand awareness. Other benefits, such as being associated with an event of local significance, client hospitality, being the sole sponsor and serving the public good, were also important.

A trend towards businesses expecting to have a greater involvement in the content of sponsored events or activities continued in the 2007 results. More than 63% expected to have some influence on content and 10% always wanted a say.

Corporates were positive about cultural sponsorship prospects with 47% believing sponsorship levels would stay about the same, with most intending to sponsor the same type of activities. The proportion of budgets to be spent on cultural sponsorships was expected to remain steady.

Some expected that tighter economic conditions could affect future sponsorship. Those changing cultural sponsorship plans were mostly sponsoring other things, including school events or activities.

Cultural survey results

The 38 cultural organisations which responded to the survey listed 161 instances of support received in the past two years. The most commonly sponsored activities were pro bono provision of services, operational and infrastructure costs.

The most common opportunities offered to corporates were marketing and branding at events (92%) and publicity in publications (81%). Networking, hospitality and free or discounted tickets were all offered about two-thirds of the time. An average of 4.9 benefits was offered in 2007, compared to an average of 5.7 in 2005. This may be a genuine drop in the number of benefits offered by cultural organisations, or simply a concentration on a narrower range of benefits.

Around 81% felt the work required to offer benefits to sponsors was more onerous, and about 95% felt it would become more so in the future. This was a significantly more pessimistic outlook than in 2005. Comments indicated the key factors likely to make sponsorship harder to obtain were: greater competition and less sponsorship money to go around, with greater demands and expectations from sponsors.

Introduction

This report presents the findings of the cultural sponsorship survey conducted by the Ministry for Culture and Heritage between October and December 2007.

The first sponsorship survey was developed by the then Ministry of Cultural Affairs in 1998 in response to indications that the level of sponsorship available to cultural sector organisations was likely to decrease. Regular such surveys would allow trends in sponsorship to be monitored over time.

The 2007 Sponsorship Survey was the fifth such survey which the Ministry for Culture and Heritage has undertaken. Not only does the survey provide a valuable snapshot of information at a point in time, but it adds to the growing body of data on the topic.

The survey initially consisted of a biennial survey of corporate sponsors and a more regular survey of cultural organisations. Now, corporate and cultural organisations are surveyed at the same time every two years; the Ministry plans to continue this pattern.

Methodology

The 2007 survey was the third to be 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, the Ministry introduced an online survey in 2003. E-xpert Developments, a Wellington-based web development company, built and hosted the questionnaires on its website. This online survey form, combined with personal approaches to all participants, improved the response rates dramatically. This format was used again in 2005 and in 2007.

Using data from previous surveys, the Ministry identified corporate and cultural organisations that could participate. Each organisation was phoned. Those who agreed to participate (usually the person at the organisation responsible for the sponsorship budget), received an initial invitation when the survey opened in October. Where necessary, there were up to three reminders by email, followed by a final phone call to encourage non-respondents. The email 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, 2005 and 2007. The questionnaire was originally designed by Statistics New Zealand, and has remained virtually the same for all surveys. A few changes are noted below. 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 involvement in sponsorship activity and, in particular, cultural sponsorship. This meant that most businesses that had agreed to participate in the 2005 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 companies, airlines, media, utilities etc). If no obvious alternative were available, then another business was chosen by surveying publications about sponsorship.

There have been changes in the survey questions over the years. 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 been two years only since the previous survey (thus there was an overlap for the year 2000/01). The 2005 survey reverted to questions mainly about activities in the past two years (i.e. since the last survey).

The 2007 survey largely followed the 2005 format. In Questions 7 and 9 of the 2007 survey, corporates were asked to predict ahead two financial years about how much of their sponsorship budgets would be committed to cultural

sponsorship activities. In the previous survey in 2005 those questions covered the next three financial years.

Any comparisons across years should be treated with caution, but the surveys are broadly comparable.

Response rate – corporate sponsors

A sample size of 136 businesses was initially selected for the 2007 survey. Each business was approached individually to obtain contact details of the person with responsibility for sponsorship and to seek their agreement to participate. Sixty responses were received by the close of the survey (44%). This compared with a response rate of 65 from 106 potential participants in the 2005 survey (61%). The decline in number of responses, and significant decline in response rate, is of some concern to the Ministry. When the survey is repeated in 2009, the Ministry will investigate strategies for improving the response rate.

Characteristics of corporate sponsor respondents

The businesses came from a wide range of business types. As in past years, corporates within the wider transport sector, telecommunications and technology, banking and financial, insurance, legal, energy, media, and foodstuffs industries were all well represented. Other businesses came from sectors such as hospitality, retail, advertising and education.

About 50% of the businesses asked to participate made sponsorship decisions from an Auckland base and 30% from Wellington. This was similar to the proportions in the 2005 survey (two-thirds from Auckland and about one-third from Wellington). The small numbers surveyed makes it difficult to draw any particular inferences from the various sectors' responses or from the location of businesses. No sector-by-sector or geographical analysis has therefore been attempted.

Survey of cultural organisations

The survey of cultural organisations was first undertaken in 1998, and repeated in 1999 and 2001. The 2003 survey contained additional new questions: 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 and 2007 surveys repeated those questions. Changes in the exact form of survey questions over the years are noted below.

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 informed of the survey and asked for their email contact details, with the same process of emails and reminders being followed as for the corporate survey.

Slight changes in the survey questions since 2005 mean that comparisons should be treated with caution. For instance, in 2007 cultural organisations were asked about activities for which they had *received* sponsorship; previously, they were asked about activities for which they had *sought* funding. The 2005 results about past sponsorships relate only to a single financial year — 2004/05 — rather than to the past two financial years as in the 2007 survey.

The number of cultural organisations in New Zealand is relatively small, so the organisations surveyed are reasonably consistent over time.

Response rate – cultural organisations

Forty-six cultural organisations were approached to participate in the 2007 survey. Of these, 38 completed the online questionnaire, a response rate of 83%. This compares with 40 replies to the online questionnaire in 2005, from 44 approaches (91%).

Characteristics of cultural organisation respondents

The cultural organisations were diverse, and included bodies representing arts festivals, music, theatre, dance, literature, film, and heritage. Of the organisations asked to participate, 52% were Wellington-based, 28% 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

These results should be used with care. The corporate sponsors and the cultural organisations participating in this survey are not necessarily representative of businesses or cultural organisations in New Zealand, as they are not a random sample of businesses or cultural organisations. The results may indicate trends in cultural sponsorship but are not definitive.

The Ministry is likely to repeat the survey again in 2009. The methodology may be altered to ascertain in a more robust form the state of cultural and other sponsorships in New Zealand.

Corporate Survey

For the 2007 survey, 136 businesses were approached and 60 responses were received. The businesses were spread across a wide range of sectors including insurance, banking, legal, transport, advertising, public relations, communications technology, energy, media, foodstuffs, hospitality, retail, advertising and education.

Number of businesses involved in cultural sponsorship

Question 1: In the last two financial years (2005/06 and 2006/07), has your business contributed anything by way of cultural sponsorship?

Of the 60 businesses taking part in the survey, 52 (86.7%) 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). This high number was expected as the Ministry targeted corporates that were known to or likely to participate in cultural sponsorship.

Table 1: Percentage of businesses providing some form of corporate sponsorship

Year	Percentage of businesses
2007	87%
2005	82%
2003	87%
2001	85%
1998	83%

Number and type of activities sponsored

Question 2: Which of the following cultural organisations, events or activities have you contributed to in the last two financial years?

- *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 or financial services), 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 (e.g. subscription series of an orchestra or theatre etc)*
- *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*
- *none of these*

From the 52 businesses that had sponsored at least one kind of activity, there were a total of 197 activities listed. This is a drop in activities compared to the 2005 survey when, from the 53 businesses that had sponsored at least one kind of activity, there were a total of 240 activities. This means that the average number of sponsorship activities undertaken also dropped, from 4.5 in 2005 to 3.8 in 2007.

It is difficult to explain the change from these figures. It may represent a greater concentration by corporates on a narrower range of sponsorship activities rather than a declining amount of sponsorship in monetary terms. The proportion of sponsorship budgets spent on cultural sponsorships (see discussion on Question 3, below) has not changed significantly overall, though it is not possible to tell whether the size of those budgets have changed.

Of the 52 positive responses, the most popular categories of activity sponsored were:

- arts festivals – whole festival or single festival event (14% of all activities sponsored)

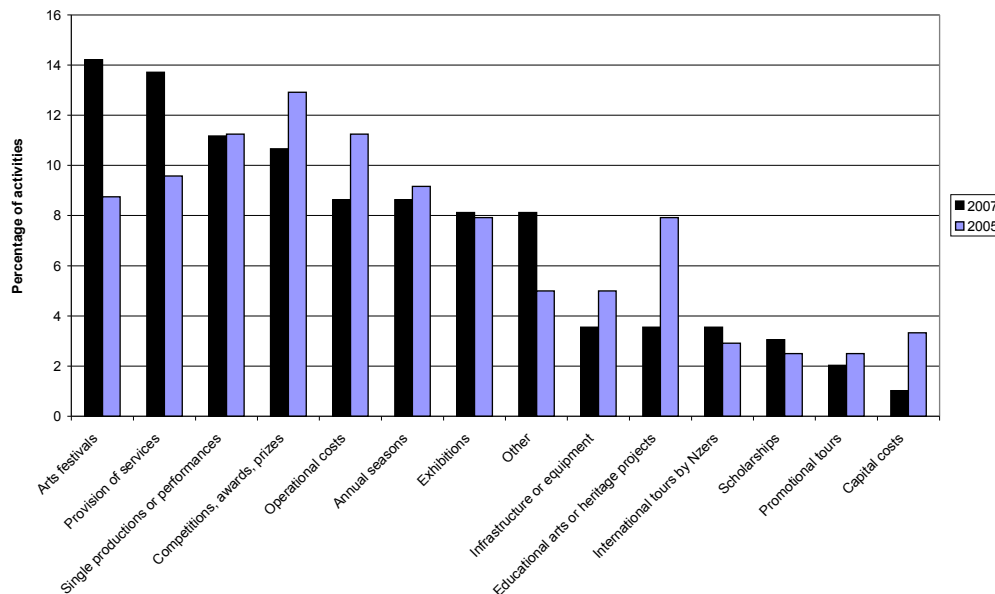
- provision of services, e.g. legal or financial (14%)
- single productions or performances (11%)
- cultural competitions, awards and prizes (11%)
- operational costs (9%)
- annual seasons (9%).

These were the same six categories that were also the most popular in both the 2005 and 2003 surveys, but there have been changes within the results. The sponsorship of cultural competitions, awards/prizes and the provision of operational costs were the most popular sponsorship activities in 2003 and 2005. These two categories dropped in 2007 – awards and competitions from 13% in 2005 to 11% in 2007, and operational costs from about 11% to 9%. There was a fall in educational, arts or heritage projects from 8% in 2005 to 4% in 2007, although the numbers are small and could relate to one-off projects. Other falls were seen in capital costs and infrastructure and equipment.

Other areas were up. The popularity of sponsoring arts festival events had risen from about 9% in 2005 to about 14% in 2007. The provision of free or reduced cost services had also risen, from about 10% to 14%.

Various reasons could account for the changes in popularity. The increased provision of assistance for arts festivals may give corporates better branding and media opportunities. Corporates may also consider free or reduced cost services as a more affordable, indirect expense. Cultural organisations, however, may be concerned that changes seem to be at the expense of sponsorship for the basic operational, capital and infrastructure costs so vital to their survival.

Figure 1: Past sponsorship of cultural activities, 2005 and 2007



The 2005 and 2007 results showed variations in the activities that businesses anticipated sponsoring. The major variations in the top six sponsored activities were

- arts festivals (9% anticipated; 14% actual)
- provision of services (11% anticipated; 14% actual)
- operational costs (11% anticipated; 9% actual).

Proportion of corporate budgets spent on cultural activities

Question 3: About how much of your sponsorship budget over the last two financial years was committed to cultural sponsorship activities such as those listed in Question 2?

Corporates indicated that their pattern of cultural sponsorships had altered slightly in the last two financial years. Overall though, it would seem that a similar average proportion of budgets is being spent on sponsoring cultural activities.

More than 42% of the businesses spent up to 20% of their sponsorship budgets on cultural sponsorship in the financial year 2005/06; in 2006/07, this dropped to 39%. This showed a fall from the last survey when about half of the respondents said they had spent up to 20% on cultural sponsorships in the years 2003/04 and 2004/05.

This fall was balanced by a significant rise in the 2007 survey in the number of businesses committing between 41–60% of their sponsorship budgets to cultural sponsorships. More than 23% said they had committed between 41–60% of their sponsorship budgets to cultural sponsorships in 2005/06 and more than 21% ticked the same category regarding 2006/07. This was a large increase on the previous survey, when just 12% of corporates spent between 41–60% of their sponsorship budgets this way in both 2003/04 and in 2004/05.

The numbers of corporates committing the majority of their sponsorship budgets to cultural projects stayed steady. In the 2007 survey, 10% of businesses reported spending over 80% of their sponsorship budgets on cultural sponsorship during 2005/06; in 2006/07 this rose slightly to 12%. In 2005 11% had committed more than 80% of their sponsorship budgets this way during both 2003/04 and 2004/05.

The survey does not currently ask businesses to state whether their overall sponsorship budgets (for all activities, whether cultural, sporting, educational, or whatever) are increasing or decreasing so how any shifts in the proportions will affect cultural sector organisations is unclear. More companies may be choosing to focus on a smaller number of sponsorships or a more limited range of sponsorship types.

Factors influencing sponsorship decisions

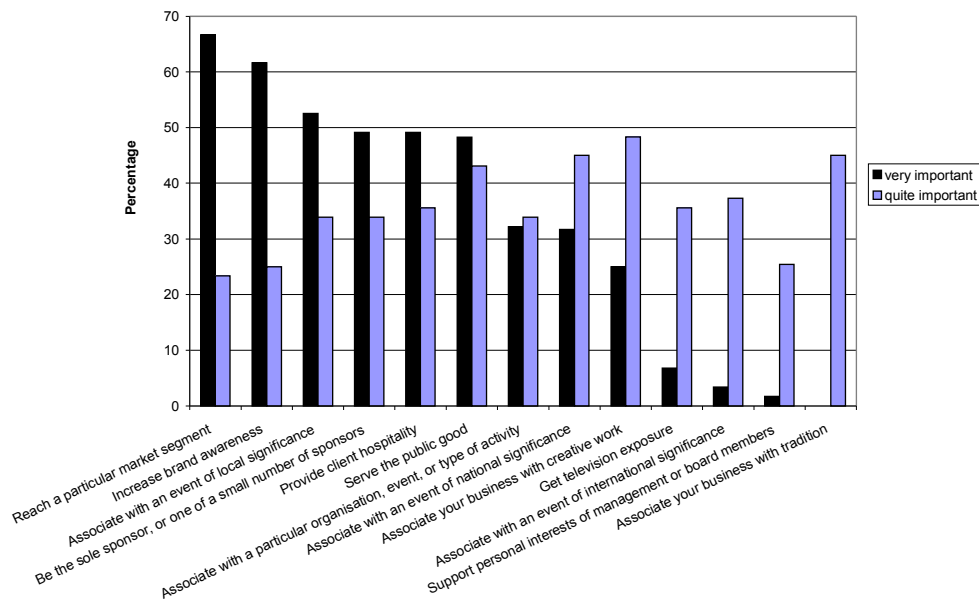
Question 4: When your business is deciding whether to sponsor a cultural organisation, event or activity, how important are each of these factors?

- *reach a particular market segment*
- *increase brand awareness*
- *associate your business with creative work*

- *associate your business with tradition*
- *associate your business with a particular cultural organisation, event or type of activity*
- *associate your business with an activity or event that is of international significance*
- *associate your business with an activity or event that is of national significance*
- *associate your business with an activity or event that is of local significance*
- *get television exposure*
- *be the sole sponsor, or one of a small number of sponsors*
- *provide client hospitality*
- *serve the public good*
- *support personal interests of your management or board members*

Businesses were asked to rate the importance (very important, quite important, of little or no importance) of this list of factors. The broad outlines of the most important factors can be seen in Figure 2. The ‘of little or no importance’ rating and non-responses have been omitted for clarity.

Figure 2: Factors influencing sponsorship decisions



The two most commonly cited “very important” factors were reaching a particular market segment and increasing brand awareness. About two-thirds of respondents rated these factors highly. These were also the two most important factors in the 2005 and 2003 surveys. This shows a stability in the way corporate businesses evaluate sponsorship decisions and that the benefits obtainable from a sponsorship relationship are still of great significance to them.

About half of all respondents also rated as very important: being associated with an event of local significance; being the sole sponsor; client hospitality; and serving the public good. This pattern was similar to the 2005 survey results.

Question 5: When your business is deciding whether to sponsor a cultural organisation, event or activity, how much weight do you give to whether that activity/organisation is getting funding from central government or a government agency?

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.

Government support for an organisation or event had little impact on business sponsorship decisions. In the 2007 survey, the vast majority of businesses (85%) stated that government funding had no impact on their decision. This figure had risen noticeably from 2005 when 72% said it had no impact. Of those businesses which identified some impact of government support, five respondents noted government support would make them more willing to sponsor something; their comments suggest their clients were government agencies and they wished to align with them. Four respondents noted that government support would make them less willing to sponsor.

The few comments indicated that this was not an issue for businesses. Typical comments included:

“Our interest in sponsoring is entirely related to the fit for our corporate or product brands, and is not related to other funding sources.”

“The decision to sponsor is based on the benefits to our organisation, so it will depend on the make-up of the proposal and the relative merits of the package, rather than hard and fast rules about other sponsors.”

“There are many factors for us to consider; government funding is only one of these. We are more concerned with backing events or activities which we truly endorse and stand behind rather than with who else is and isn’t sponsoring it too.”

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

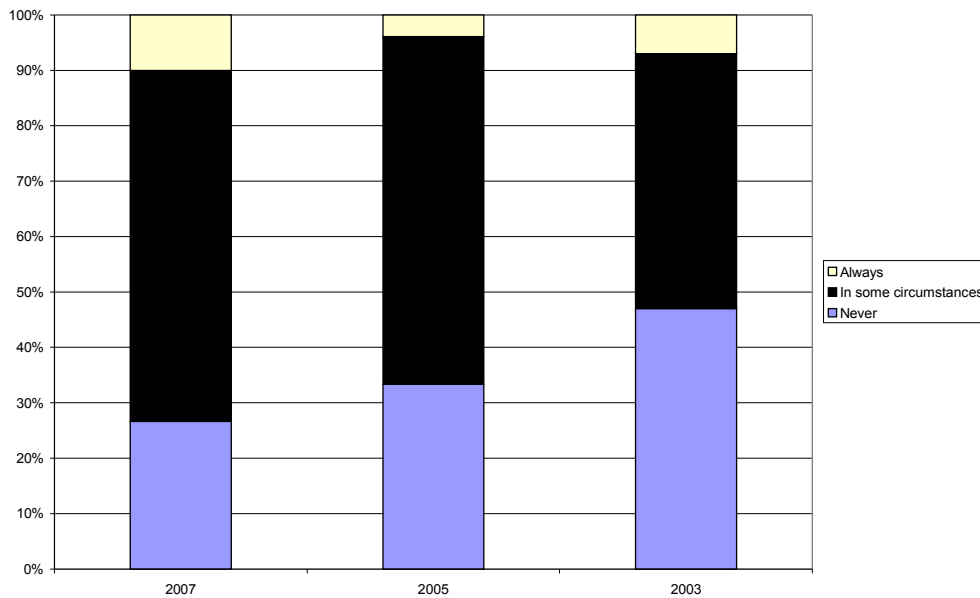
Question 6: When sponsoring a cultural activity or event, does your business want to have some say about its content?

Respondents were asked to choose from the options “never”, “in some circumstances” or “always”. They were also asked to comment on their answer.

More than 63% said they would want a say in some circumstances — about the same as in 2005. Another 10% always wanted to have a say, compared to about 3% in 2005. About 27% never wanted to be able to affect content — down from 33% in the last survey.

This slight shift may not be statistically significant but it confirms a trend towards more sponsors wanting to be consulted on content. The 2003 survey found a much lower percentage (46%) wanting to have some input, with 47% not wanting any at all. This trend is shown in Figure 3.

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



About 14 respondents added further comments. Some of those who did not expect input into content said 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. Typical comments included:

“If we felt the content of a proposed sponsorship partner was inappropriate for us, we would not fund it. We would never want to become arbitrators on the creative content of a cultural event.”

“We would only sponsor something that we were happy with in the first place.”

“We do not want to get involved in arts content/design issues and would only have a role to intervene if there was a conflict of interest with our company or its policies.”

“It will be more about the appropriateness of the material to our brand and the likely impact on our target audience. If it is not attractive from either of those viewpoints then we will not proceed with the proposal.”

Other comments included:

“We need to ensure that the content would not prove too contentious.”

“Sponsorship is not just about giving a group or organisation money, we make sure there are synergies between our company and the benefactor, so we can gain maximum leverage for our brand. We like to work with the sponsor partner and create innovative connections.”

“Not artistic content per se. However, we have developed partnership solutions which serve both parties’ needs and happen to be creating ‘content’.”

Future sponsorship expectations and intentions

Question 7: In the next two financial years (2007/08 and 2008/09) will your business contribute anything by way of cultural sponsorship?

The 2007 results suggest that future sponsorship plans will be fairly stable. In 2007, 49 businesses stated that they intended to undertake some kind of cultural sponsorship in the next two years. This was a slight decline compared to 52 companies who stated (Question 1) they had undertaken cultural sponsorships in the last two years.

In 2005, 83% (54 out of 65) of businesses indicated their intention to undertake some kind of cultural sponsorship in the next two years; 87% (52) in the 2007 survey confirmed that they had undertaken sponsorship during those years. This may suggest an overall consistency in the size of the sponsorship pool and the intentions of businesses.

Question 8: Which of the following cultural organisations, events or activities do you expect to contribute to in the next two financial years?

- *operational costs of a cultural organisation*
- *capital cost of a cultural organisation*
- *infrastructure of, or equipment for, a cultural organisation*
- *provision of services (e.g. legal or financial services), free or at reduced cost, to a cultural organisation*
- *cultural competitions, awards, prizes*
- *cultural scholarships*
- *educational arts or heritage projects*

- *annual season of performing arts (e.g. subscription series of an orchestra or theatre etc)*
- *single productions or performances by an arts or cultural group*
- *exhibitions (touring or not)*
- *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 NZ work*
- *other cultural events or activities*
- *none of the above*

In 2007 the top six activities that corporates expected to sponsor were

- arts festivals (whole festival, or single festival event) (13%)
- provision of services (e.g. legal or financial services), free or at reduced cost, to a cultural organisation (12%)
- other cultural events or activities (11%)
- single productions or performances by an arts or cultural group (9%)
- cultural competitions, awards, prizes (9%)
- operational costs of a cultural organisation (8%).

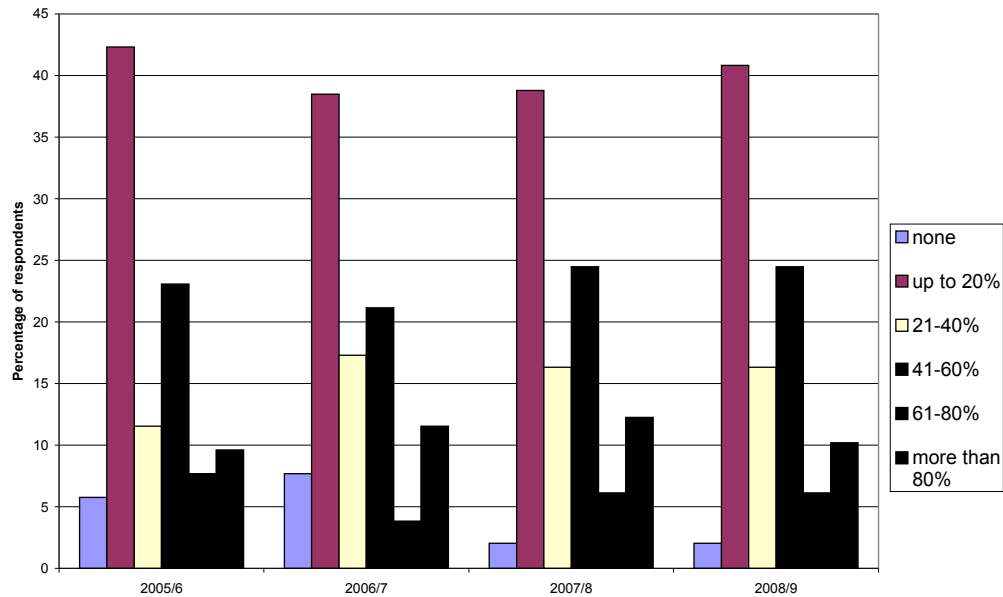
This is very similar to the activities actually sponsored in the previous two years and it reflects the changes shown in the replies to Question 2. It seems likely that sponsorship of cultural competitions, awards and prizes will decline further and the popularity of sponsoring arts festivals and free or reduced cost services will continue. The category ‘other cultural events or activities’ is also increasing in popularity with more than 11% of corporates selecting this, as compared to 8% who actually sponsored events in this category in the last two financial years.

Question 9: Over the next two financial years (2007/08 and 2008/09) about how much of your sponsorship budget will be committed to cultural sponsorship activities such as those listed in Question 8?

Most corporates predicted spending about the same proportions of their sponsorship budgets on cultural sponsorships in the next two years as what they spent in the previous two years. About 40% predict to spend up to 20% of their sponsorship budget on cultural projects. Another quarter estimate between 41–

60%, and 10% predict spending more than 80% of their sponsorship budgets on cultural sponsorships.

Figure 4: Proportion of sponsorship budgets to be committed to cultural sponsorship (2007/08 and 2008/09)



Question 10: Comparing the next two years with the last two years, is your business's sponsorship of cultural organisations, activities or events likely to: increase; stay about the same; decrease; or don't know yet?

These results show that around three-quarters of respondents think their level of cultural sponsorship will be about the same. About 6% anticipate increasing their cultural sponsorships; 12% planned to decrease their involvement; 8% percent were unsure of their sponsorship intentions.

The 2007 result may be more stable than the expectation suggested in 2005. In that survey, 62% of respondents stated their expectation was that sponsorships of cultural activities would be about the same; 13% anticipated they would increase their cultural sponsorships; 17% anticipated a decrease; 8% were unsure.

Question 11: Which of the following has influenced your business to make that change?¹

- *state of the economy*
- *will be sponsoring other things*
- *dissatisfied with what the business got from past sponsorship*
- *other (please state)*

Most respondents to this question (10 out of 21) said that any change would be due to sponsoring other things. Five were dissatisfied with the results of their sponsorships, and two blamed the state of the economy. Four had ‘other’ reasons which included increasing costs, company circumstances, or sponsorship of a one-off major event.

Question 12: Please tick the events or organisations you think your sponsorship will be linked to (directly or indirectly).

- *Olympic Games*
- *other major sporting events*
- *schools*
- *other (please state)*

Perhaps surprisingly only one business responding to this question expected some of their sponsorship to be linked to the Olympic Games. Another four expected to be associated with other major sporting events. Schools were favoured by six businesses. Most, or 9 respondents, opted for the ‘other’ category. These included: community projects, business or energy ‘opportunities with commercial synergies’, Canteen or other charities, and health and family violence prevention events.

Question 13: Over the next two years (2007/08 – 2008/09), what do you think is most likely to happen to the amount of sponsorship of cultural organisations, events, and activities by New Zealand businesses? Do you think it will:

- *increase?*
- *stay about the same?*

¹ This question, and Question 11, was only asked of those respondents which responded with “decrease” in Question 10.

- *decrease?*
- *don't know?*

Almost 47% of the surveyed firms were of the opinion that levels of sponsorship of cultural organisations, events and activities would stay about the same. About 17% felt that cultural sponsorship was likely to increase, the same percentage predicted a decrease, and 20% did not know. This result is similar to that found in the 2005 survey and confirms an overall picture of stability.

Respondents were given the opportunity to explain their answers. Many who commented believed cultural sponsorships were likely to decrease. Comments included:

“Given the tighter economy, business will be closely examining sponsorship returns. It is still very difficult to assess sponsorship return value.”

“The current realignment going on in sponsorship will take some time to filter through to arts organisations who will need to pull up their socks to meet the expectations and drivers of the realignment.”

“Huge competition for sponsorship dollars and more focus on measurable business outcomes mean arts sponsorships will become more (difficult to) justify in business cases as opposed to goodwill or board whims.”

“I think there will be a greater emphasis on corporate social responsibility.”

“There will be an increase in terms of sport. I believe the only other change will be dependant on the economy and its outlook. A change in government may also have an impact.”

Cultural Organisations Survey

For the 2007 survey, 46 cultural organisations were approached and 38 completed the online questionnaire. The organisations represented many areas of art and culture including music, dance, art galleries, museums, theatre, and arts festivals.

Cultural sponsorship in the past two financial years

Question 1: What kind of support did you receive from sponsors in the 2005/06 and 2006/07 financial years? Please tick all that apply.

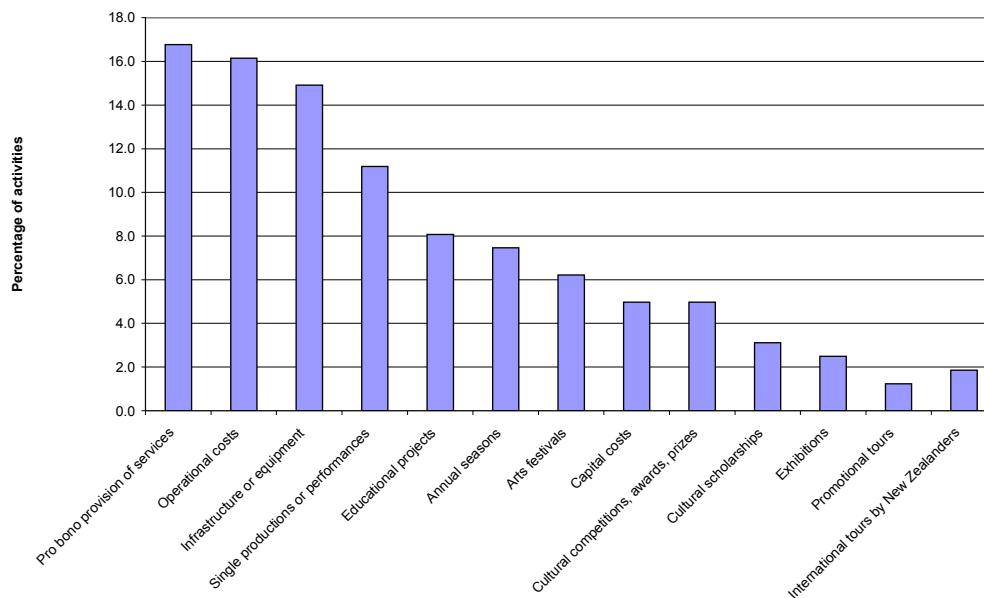
- *operational costs of a cultural organisation*
- *capital costs of a cultural organisation*
- *infrastructure of or equipment for a cultural organisation*
- *provision of services (e.g. legal or financial services), free or at a reduced cost to a cultural organisation*
- *cultural competitions, awards, or prizes*
- *cultural scholarships*
- *educational arts or heritage projects*
- *annual season of performing arts (e.g. subscription series of an orchestra or theatre etc)*
- *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*

The 38 respondents listed 161 instances of support received in the past two years.

The survey showed the most common sponsored activities were pro bono provision of services (17%), operational costs (16%), infrastructure or equipment (15%), and sponsorship of single productions or performances (11%).

These results can be seen in Figure 5.

Figure 5: Activities for which cultural organisations received sponsorship in the past two financial years (2005/06 and 2006/07)



The 2007 results were very similar to those from 2005, notwithstanding the change in emphasis from ‘seeking’ sponsorship to ‘receiving’ sponsorship. Pro bono provision of services remained top at 16%, and operational costs were second at 14%. In 2005, sponsorship of single productions or performances was slightly higher, at 14%. Infrastructure or equipment was slightly lower, at 10%.

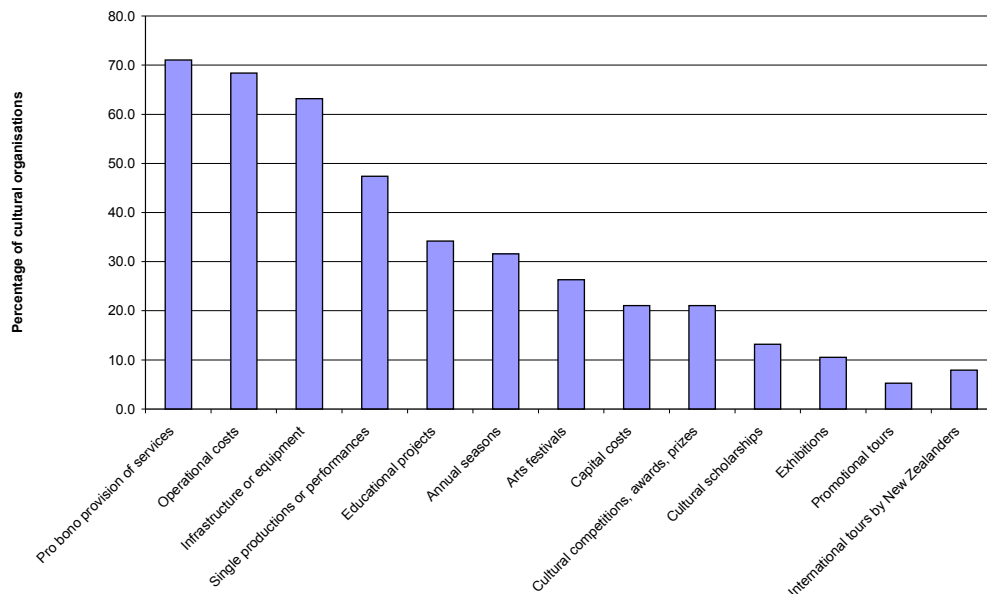
The 2007 results show some mismatch between what corporates say they sponsor and what organisations indicate actually gets sponsored. Sponsorship of arts festivals was the most popular activity listed by corporates with 28 responses (14%), yet only 10 cultural organisations (6%) indicated sponsorship

in this area. Operational costs received 26 cultural organisation ticks (16%), but only 17 from corporates (9%). Infrastructure was similarly skewed with 27 cultural organisation responses, compared to just seven instances cited by the corporates surveyed. The discrepancy probably reflects the small size and low response rate to the survey, and factors such as multiple sponsorships by corporates. A more comprehensive survey would likely show a closer data match.

The results indicate the proportions of cultural organisations that received sponsorship for each type of activity (see Figure 6, below). More than 71% of cultural organisations received the pro bono provision of services (about the same level sought in the 2005 survey). About 68% received assistance with operational costs (also the same sought in the 2005 survey). More than 63% received sponsorship for infrastructure or equipment, which was a significant rise on the 2005 figure where 48% sought this kind of sponsorship.

Other drops between the 2007 and 2005 results were single productions or performances 47% (about 65% in 2005); cultural competitions and awards 21% (about 30% in 2005); and exhibitions 11% (about 30% in 2005).

Figure 6: Proportion of cultural organisations seeking sponsorship for activities, 2007



Benefits offered to sponsors by cultural organisations

Question 2: What kind of benefits did you offer to potential sponsors in the 2005/06 and 2006/07 financial years? Please tick all that apply.

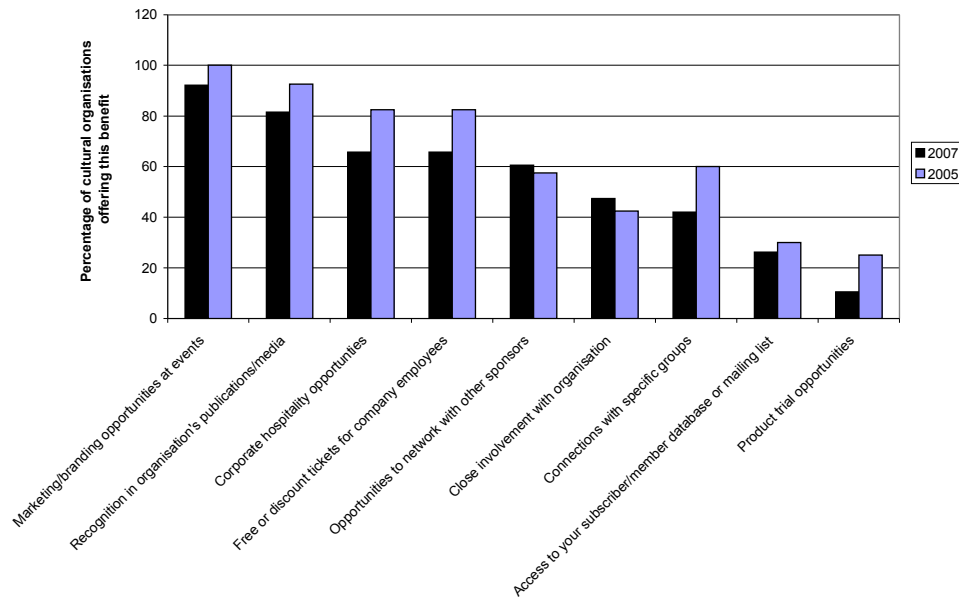
- *opportunities to network with other sponsors*
- *marketing/branding opportunities at events*
- *product trial opportunities*
- *access to your subscriber/member database or mailing list*
- *corporate hospitality opportunities*
- *free or discount tickets for company employees*
- *opportunities for company to become more involved with your organisation e.g behind-the-scenes tours, exclusive viewings, volunteering, corporate training*
- *opportunities for the company to connect with specific groups such as young people, Māori, regional communities*
- *promotion of the sponsorship in your organisation's publications and media releases*

Most sponsors expect some sort of return on their investment and the cultural organisations understand this well. The vast majority of cultural organisations surveyed (92%) offered marketing and branding opportunities at events. This was a drop from the 100% in both the 2005 and 2003 surveys. In 2007 about 81% of cultural organisations offered sponsors promotional opportunities in publications related to the organisation, event or activity (93% in 2005), with 66% offering corporate hospitality opportunities, and free or discounted tickets for employees of the sponsoring company. The only areas where numbers of benefits increased slightly were in offering opportunities to network with other sponsors and a close involvement with the organisation.

An average of 4.9 benefits per organization was offered in 2007, compared to an average of 5.7 in 2005 and 5.1 in 2003. The 2007 results show, therefore, that benefits are declining. This may be due to a slightly lower number of respondents to this survey (38 rather than 40), but it could also mean that cultural organisations are focusing on a narrower and more carefully targeted

range of benefits. This possibly meets the needs of the donor organisations as well as being the easiest and most financially astute option for the cultural organisations. They may not, for example, offer so many free or discounted tickets.

Figure 7: Benefits offered by cultural organisations to sponsors, 2007 and 2005 surveys compared



Work required to provide benefits to sponsors

Question 3(a): Has the amount of work required to provide benefits to sponsors become more or less onerous over the last two years?

The 2007 survey results suggest that the number of benefits offered to sponsors has declined in the past two years, but a large majority of cultural organisations — 31 out of 38, or 81.6% — said they believed the work required to provide benefits was more onerous than previously. This compares with the 2005 result of 55%. Offering fewer benefits does not necessarily correlate with lower workloads for the organisations in serving their sponsors. Organisations may be

concentrating on particular types of benefits and expanding those, rather than offering a wider range. Comments from some of the cultural organisations also indicate that sponsors are demanding more extensive relationships with the organisations; this can take a lot of management. Both corporate sponsors and cultural organisations agree that there are higher expectations from sponsors than in the past.

Question 3 (b): Do you think the work required to provide benefits to sponsors is likely to become more or less onerous over the next two years?

Looking forward, 36 (about 95%) of cultural organisations felt that in the future they would be required to do more work to provide benefits to sponsors. This compared with 27 out of 40 (68%) of cultural organisations in 2005.

Respondents were asked to elaborate on their replies, and explain why they considered more work was being required either now or in the future.

Common themes concerned a perceived change in corporate attitudes towards sponsorship, such as corporates focusing more on concrete results, and increasing competition in the sponsorship arena. These themes were also voiced in the 2005 and 2003 surveys and are reflected in some of the comments in the 2007 corporate survey.

Comments included:

“(There is) less money available generally from sponsors, (and) greater competition for the decreasing pool of sponsorship funds. More competition for the sponsorship dollar means that we must find greater benefits for our projects to appeal to sponsors.”

“Many sponsors are increasingly wanting commercial returns which we are unable to give them. Having to convince them of the value of intangible benefits is time-consuming and ongoing.”

“(There are) higher expectations from sponsors, more leveraging activity required by the sponsor. (We) need to always remain competitive by offering more tailor-made benefits and to service sponsors more.”

“Sponsors have more organisations seeking a limited pool of funds. Sponsors are reviewing their sponsor programmes on a more regular basis. There are less long-term sponsorships, so the cycle is shorter, therefore more energy (must be) spent applying then obtaining a great sponsorship and reviewing and maintaining the sponsorship programme.”

“More and more sponsors require ‘more bang for their buck’. This is understandable and reasonable but needs to be very carefully equated to the ‘value’ of the sponsorship. It can very easily get out of hand.”

Proportion of budgets derived from sponsorship

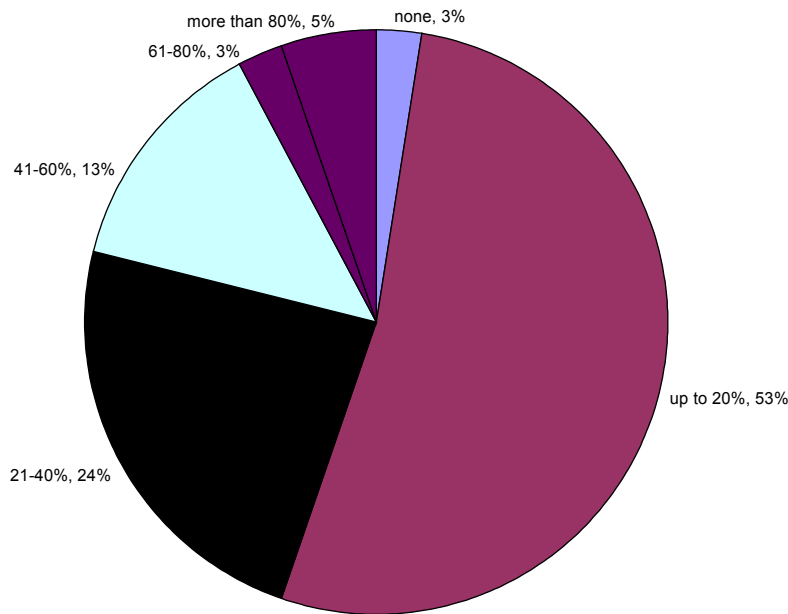
Question 4: Approximately what proportion of your annual budget for the 2005/06 and 2006/07 financial years was derived from sponsorship?

Respondents were asked to nominate categories from: none; up to 20%; 21–40%; 41–60%; 61–80%; or more than 80%.

The results for the two years were very similar. In 2006/07, the majority (more than 52%) received up to 20% of their income from sponsorship (43% in 2005). Almost a quarter received between 21% and 40% of their income from sponsorship in 2007 (40% in 2005 and 20% in 2003). Just one organisation received no money from sponsorship, and two received more than 80% of their budget in sponsorship in 2006/07.

The results provide a rough measure of the degree to which organisations are reliant on sponsorship. There is a noticeable shift in more cultural organisations drawing up to 20% of their budgets from sponsorship, with a concomitant fall in the numbers receiving between 21–40% of their budgets in sponsorship. This may reflect increasing difficulty in getting sponsorship. Without more information about income levels, it is unclear if sponsorship is falling or incomes are increasing.

Figure 8: Proportion of budgets derived from sponsorship, 2006-7



Attitudes towards future sponsorship

Question 5: What level of private sector sponsorship will your organisation be seeking in 2007/08 and in 2008/09?

- *decreased level*
- *same level*
- *increased level*

Despite experiencing some difficulties in the current sponsorship environment, most cultural organisations surveyed said they expected to seek more sponsorship in the next two financial years.

More than 60% of cultural organisations said they would try to increase their levels of corporate sponsorship for 2007/08. The figure seeking more sponsorship in 2008/09 was even higher, at 84%. For 2007/08, about 37% planned to keep their sponsorships at the same level, while only about 16% planned to stay at the same level in 2008/09. Only one intended to decrease the amount they sought from corporate sponsors, and that only in the year 2007/08.

This continues a trend of growing demand for sponsorship. The 2005 survey found that three-quarters of cultural organisations planned to seek to increase their levels of corporate sponsorship in each of the following three financial years.

Question 6: Compared with the last two years, do you anticipate securing sponsorship over the next two years will be:

- *more difficult*
- *less difficult*
- *neither more nor less difficult*

Regardless of the amount of sponsorship sought, 66% of the surveyed cultural organisations thought it would be more difficult than previously. Another 34% thought it would be neither more nor less difficult than at present. Not one said it would be easier to obtain sponsorship.

This compares with the 2005 survey when 53% of the surveyed cultural organisations thought it would be more difficult, 43% thought it would be neither more or less difficult than at present, and 5% thought it would be easier to obtain sponsorship.

Question 7: What factors do you think will influence the availability of sponsorship over the next two-year period?

The state of the national and global economy, and a more competitive sponsorship environment, have been the main factors identified in all surveys to date.

In 2007, many people also cited tighter sponsor budgets, changes to the tax system such as offering more relief for donors, the upcoming election, and more difficulty providing benefits to sponsors. Other factors included: the shifting of head offices to Auckland or offshore; the amalgamation of companies; direct digital marketing overtaking sponsorship; fewer dedicated brand managers; and the adoption of corporate social responsibility principles.

Most commonly respondents cited expectations that wider economic factors would lead to tighter budgets overall. This comment example is typical:

“The tightening economic climate. Any downturn in the financial health of the country will influence sponsorships.”

Many commented on the competitive nature of the sponsorship environment. A number of respondents mentioned the 2011 Rugby World Cup proving a strong competitor for sponsorship funds. Other comments included:

“Government funding priorities are leading to increased competition for the corporate dollar.”

“The number of choices for sponsors is increasing, eg more events, festivals etc, all competing for the sponsorship dollar.”

“Tightening in the economy, and competition from other activities including arts, pressure from sports organisations with major sporting activities coming up for New Zealand.”

More specific comments included:

“Simple sponsorship – the provision of cash in return for a package of benefits – is now very challenging to obtain. We are devising new packages for corporate sponsors and replacing corporate dependence with a wider ‘community base’ sponsorship concept – with attendant increase in management.”

“Lack of knowledge of corporate social responsibility and the desire to have a corporate global presence. Also the moving of industry out of New Zealand that makes it less desirable to invest locally.”

“Being Wellington-based there is competition from the national arts organisations in the city – bigger attraction, less local headquarters, more discerning corporates wanting much more from their sponsorship than a locally-based arts organisation can offer.”

“Specifically, the forecast in the Otago region would indicate an aggressive call upon corporate money for the new Stadium in Dunedin. Thus making our access results less successful considering the pool isn’t very big to start with.”

Conclusion

The 2007 Sponsorship Survey results offer a snapshot of sponsorship trends in the cultural sector in New Zealand. This is not a scientific survey; the businesses are chosen because they are known to be involved in sponsorship activities and there are only a relatively small number of cultural organisations operating at a level where corporate sponsorship is a viable proposition. The same organisations or types of organisations have been surveyed for a number of years, but this approach offers a degree of continuity in results which may reflect changes in the broader cultural environment.

Although the results of the 2007 Sponsorship Survey indicate a fairly stable current environment in cultural sponsorship, cultural organisations have a significantly more pessimistic outlook for the future. This was also the case in 2005, although the 2003 survey drew relatively optimistic responses from cultural organisations. The pessimism in this survey largely centres on the increasing work required to ensure that sponsorship relationships were maintained for the benefit of both parties, rather than concern about the actual levels of sponsorship available (which seem to have remained largely stable for some time). Perhaps this pessimism is borne out in the changing level at which corporates wish to have some say in content, in what seems to be a narrowing of the range of benefits offered by corporates and received by cultural organisations, and in comments about the effort required to keep sponsorship relationships healthy. It may be interesting to include in future surveys questions related to the longevity of particular sponsorship relationships to ascertain if some of this extra work and refinement of matching the benefits offered on each side is paying off in terms of stable relationships.

The activities for which cultural organisations received sponsorship remained fairly similar to those sought in the 2005 survey. The most common included pro bono provision of services, operational costs, infrastructure or equipment. There were changes in the types of activities which corporates said they

sponsored in the last two financial years. Arts festival events and the provision of free or reduced cost services rose noticeably while the sponsorship of cultural competitions, awards/prizes and the provision of operational costs fell. The discrepancy may indicate a trend that concerns cultural organisations - what such organisations want or need assistance with may not necessarily align with the interests of corporate sponsors.

Changes in the proportions of corporate budgets allocated to cultural projects may suggest that more companies are choosing to focus on a smaller number or more limited range of sponsorship types.

Comments from cultural organisations make it clear that the relationship with sponsors requires greater management, with more demand for concrete benefits. The importance of benefits such as increasing the ability of the sponsoring business to reach a particular market segment or heightening the brand awareness of the business, is also emphasized in the comments made by corporate sponsors, with many focusing on good returns on their investment.

The 2007 survey results show that the overall number of benefits offered dropped from 2005, yet the cultural organisations consider the work required to serve sponsors to be more onerous and they expect it to get worse in the future. It seems that more organisations may be focusing on particular types of benefits rather than offering a wide range. Sponsors also appear to want more of an ongoing relationship with organisations which may place a heavier workload on those organisations. More sponsors also want to have a greater say in the content of the cultural activities or events sponsored.

Cultural organisations continue to derive a substantial proportion of their income from sponsorship. The 2007 survey results show that more are drawing up to 20% of their budgets from sponsorship with a fall in the numbers receiving between 21–40% of their budget from sponsorship. This may just reflect a growing difficulty in obtaining sponsorship or, possibly less likely, a lower reliance on sponsorship because of greater income from other sources

Despite this tightening, more organisations are seeking greater amounts of sponsorship than in the past. More than 84% said they would be seeking more sponsorship in 2008/09. Meanwhile almost two-thirds of cultural organisations surveyed believed gaining sponsorship would get harder. Their pessimism may

be unwarranted, for most corporates expected their level of cultural sponsorships to stay the same. Businesses also predicted they would spend very similar proportions of their budgets on cultural sponsorships in the next two years.

It is unclear whether there will be a decline in the number of events and activities corporates sponsor in the next two financial years. The anticipated number was down from the last survey, but it was very similar to the actual number of activities which received money in the last two years.

Corporate sponsors and cultural organisations both agreed that the main factors influencing sponsorship — a slowing economy and more competition — may make the environment more difficult in the future. Some hoped tax changes and the wider adoption of corporate social responsibility principles might alleviate the pressure.