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## *Culture, Companies and Sponsorship – Deleopment and Practice*

English Summary

### **The aims and data**

This study of cultural sponsorship is focused on the underlying principles of issues such as the expectations of businesses when spending money on culture by means of sponsorship, how are suitable institutions, organisations and festivals selected and what qualities and values must they represent. On the other hand, the study tries to answer questions such as why do cultural institutions, organisations and festivals look for money from businesses? What kind of problems are there that prevent sponsorship and what kind of expectations do both parties have on sponsorship?

To begin with, a questionnaire was sent to 130 theatres, 83 art museums, 66 festivals, 27 orchestras and 13 regional operas. These cultural bodies were asked what kind of sponsorships they had received, if any, and what difficulties had there been and how had they influenced their possibilities to operate. Of these 319 cultural institutions, organisations and festivals, 61 percent answered the questionnaire. Museums were the most active with 69 percent answered, and the lowest rate of response (52 percent) was among orchestras.

Half of the theatres, every fourth orchestra and every fifth art museum is situated in the Capital region. Of all the answers to the questionnaire, every third came from the Capital region and Southern Finland. However, only 60 percent of cultural bodies from these regions answered, when nearly all cultural institutions, organisations and festivals situated in Northern Finland returned the questionnaire.

The second part of the study is based on interviews of persons responsible for sponsorship in companies as well as in cultural institutions, organisations and festivals. Altogether 22 interviews were made in these sectors. In addition, two people representing sponsorship agencies were interviewed, as well as the chairman of the Arts Council of Finland. Sponsorship agencies have emerged only after 1995 and one could assume that they will have an important role in cultural sponsorship in the future.

The method applied was theme-interview based on the questionnaire, requiring about one hour per interview. Cultural institutions, organisations

and festivals were selected on the basis of the answers given in the questionnaire, while companies were picked out from the data of an earlier survey about company support for the arts in 1999. Since 1985, the Research Unit of the Arts Council of Finland and the Statistics Finland have carried out six surveys concerning company support for the arts and heritage in Finland. The results reflect the type of support and the extent to which companies have supported the arts and heritage during the 80s and 90s. This data was also used to show what changes there have been in cultural sponsorship during the 90s.

## **Cultural sponsorship in the 90s**

Companies invested altogether FIM 29 million (4.8 million €) in sponsorship and co-operative marketing of arts in 1999. These were the main types of support for all forms of art, as well as for museums and cultural heritage. Most of the money invested went to music and museums. Half of the companies were situated in the Capital region, which is part of the main region Uusimaa, and these companies sponsored the arts and heritage with altogether FIM 26.9 million (4.5 million €).

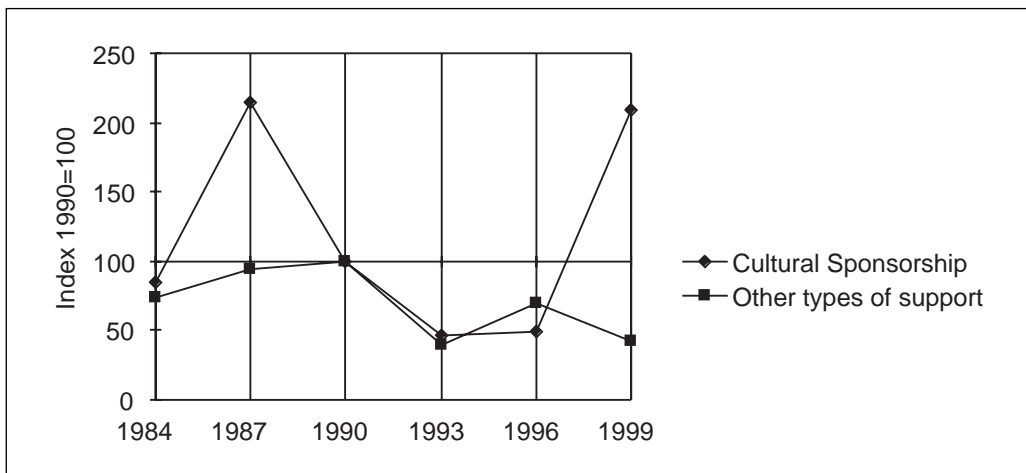
During the economic recession in Finland in the 90s, the most valuable sponsorship contracts were cut down first, and later companies decreased the amount of money spent on sponsorship in general. Since 1995, sponsorship has recovered year by year and nowadays the value of significant contracts seems to be growing more than sponsorship on average. At the same time, an increasing number of companies have taken culture as one sector of their sponsorship, besides sports and social issues. Despite this, less than half of all the companies supporting the arts and heritage were investing in cultural sponsorship. However, in 1999 cultural sponsorship was more common than before.

According to the long-term data on company support for the arts and heritage, economic fluctuations affect sponsorship more rapidly and deeply. The changes have been greater than for other types of support. It also seems that the growth in cultural sponsorship has reduced the amount of money companies have spent on other types of support like purchasing art and donations. There have been noticeable changes in this respect especially between 1996–99. (Figure 1.)

In the beginning of the 90s, the changes in sponsorship were most noticeable in the area of music. However, in proportion the cut down was even more dramatic in the forms of art which were least supported by companies. Since 1996, the proportional increase of sponsorship has been directed to museums and cultural heritage. Most of the money spent has gone to art museums in general, and especially to the few nationally significant art museums. Because of the previous low level of sponsorship, the increase has also been noticeable in absolute terms. However, it was still only one fifth of the amount of money spent on music sponsorship. Music events, festivals, concerts etc. vastly outnumber museums and other forms of arts, and in general companies spend more money on sponsoring music.

Manufacturing, financial intermediation and insurance & pension funding have traditionally been the most important sectors supporting the arts and heritage. In the beginning of the 90s, they began to spend less and less money on sponsorship. The middle of the decade was the turning point and ever since manufacturing and wholesale & retail trade in particular have increased sponsorship again while financial intermediation is still on the decrease.

Figure 1. Company support for the arts and heritage by sponsorship and other types of support in 1984, 1987, 1990, 1993, 1996, and 1999.



The most noticeable increase has taken place in transport, storage and communication, as well as in real estate, renting and business activities. This is because they were counted as parts of other industries and not surveyed with the same accuracy as in 1999. Also, in contrast to other sectors, most of the support from the real estate, renting and business activities sector came from small and medium-sized enterprises.

### Questionnaire

Most of the cultural institutions, organisations and festivals replying to the survey had a total budget of less than 850,000 € per year. Nearly every fifth of the cultural bodies had a budget under 85,000 €. Cultural bodies with smaller budgets were mainly situated in the Capital region and in the main region of Northern Finland. This is because most small theatres and dance groups work in the Capital region. The budget of every fourth of the cultural institutions, organisations and festivals was at least 850,000 €. These were mainly national and municipal institutions or music festivals situated in different parts of the country.

Every third theatre and 14 percent of museums replying to the questionnaire did not have a sponsor. All the festivals and regional operas that did respond had a sponsor, as well as almost every orchestra. The majority of cultural bodies without sponsorship were theatres and museums.

Almost all cultural bodies replying to the survey had received sponsorship between 1995–2000. Only 17 percent did not have any sponsor because they did not need one or had not been able to find one yet. From this point of view cultural sponsorship seems to be more common than according to the data on company support for the arts and heritage.

Every third of the cultural institutions, organisations and festivals receiving sponsorship were situated in the main region of Southern Finland, and 25

percent in the Capital region. However, 63 percent of the cultural bodies without sponsors were also located in the Capital region.

The most common estimated value of sponsorship was 1,700–17,000 €, but the cultural institutions, organisations and festivals with a smaller budget had not received as much as those with a larger budget. Only 7 percent of sponsorship was in kind, but in many cases sponsorship was a mixture of cash, co-operative marketing and partnership collaboration between enterprises and cultural institutions, organisations and festivals.

Cultural bodies have nearly always been the initiator in sponsorship. In most cases, they do not have enough personnel, marketing knowledge and financial resources to find suitable companies or take care of sponsorship sufficiently. The cultural institutions, organisations and festivals replying to the questionnaire were mainly satisfied with the sponsorship, which had given them more publicity, better economics, and brought new audiences as well as new business contacts.

Financial benefits were often found small compared to the time and work that sponsorship demanded. Two cultural bodies out of three saw that they should have done some things differently, but 40 percent answered that sponsorship had succeeded as planned and matched up to expectations. The most difficult aspect was to find something in return for sponsorship. It seems that companies have also been satisfied with cultural sponsorship, because only in 8 percent of the cases the sponsorship was not renewed.

A common concern was felt about the effects of sponsorship on public funding. According to the answers given in the questionnaire, only in few cases state or municipal funding had changed some way, and there was no indication that it was because of sponsorship. On the other hand, sponsorship had not made these cultural bodies more tempting targets for companies in a larger scale. Most respondents considered sponsorship important for their own economy as well as for the publicity and repertoire.

The respondents were aware of the fact that besides the requirements for high quality, good organisation and balanced economy, the sponsorship must be useful for the company's own marketing and public relations. There was also a lot of controversy. Some cultural institutions, organisations and festivals were convinced that companies were only interested in large events and exhibitions with good publicity. Others saw that there was more demand for small special events made for small special groups. Furthermore, national and international targets were searched for as much as regional and local ones. Some cultural bodies had found that companies financed only high culture but others said that popular culture, entertainment and sports were the most wanted ones.

Cultural institutions, organisations and festivals look for sponsors from large or middle scale industries that are successful in their own line of business, nationally or internationally. The companies should also be reliable and have commitment to long term sponsorship. Cultural knowledge, positive attitude and good ethical values were considered very important, too.

The majority of respondents said that sponsorship had influenced culture and the arts supply in Finland in the 90s. The rest took a different view according to which there has not been any real influence, because of the lack of large scale sponsorship. Some thought that sponsorship had centralised and uniformed supply, resulting in a lower artistic level. Others said that sponsorship has

given more opportunities, more room for experiments, a better supply and in general better working conditions for the arts and culture.

Companies became more interested in culture in the 90s. The publicity value and importance of culture also increased. Marketing culture has become more acceptable and this has brought new audiences and improved economy. However, sponsorship has been directed mainly to large cultural bodies and certain forms of arts. Budgets have increased and it is even more difficult to find a sponsor for a small cultural institution, organisation or festival. The search for publicity emphasises images, forcing cultural content to become secondary.

According to the respondents the state should take an active role in order to make cultural sponsorship more tempting. Suitable measures could be first of all tax reductions for companies that sponsor culture. The state should also attach greater value to culture by increasing funding and informing companies about the possibilities and importance of culture. Some respondents' view was that the state does not have any means of furthering sponsorship and that it should be left between the companies and cultural bodies involved. Accordingly, the state should strengthen its own share of funding culture and not transfer responsibility increasingly to companies.

## **Interviews**

The interviews brought out similar aspects as the questionnaire but gave more detailed views of the basic differences between companies and cultural bodies. Co-operation has become an important element of sponsorship and both parties preferred to use the term instead of sponsorship. There were some slightly different views about sponsorship as a concept but these did not prevent successful co-operation.

Cultural institutions, organisations and festivals are still the active partner in seeking sponsorship. This has led to a situation where many companies make their decisions based more on supply than demand. One condition for successful sponsorship is that the interests of both parties can be linked together. Cultural aspects should support the company's image and sponsorship must not be in contrast to the main principles of the cultural body.

In many cases, companies have put an end to the sponsorship because expectations have not become realities. This is also one of the reasons why negotiations often end without positive results. Lack of knowledge of each others aims and working methods leads negotiations to a dead end.

Companies have too little knowledge of the different sectors of culture and of the possibilities that culture has to offer. There is also a lack of knowledge about how and where to find useful information. This seems to be one of the main reasons why companies concentrate mainly on few forms of culture and in the same cultural institutions, organisations and festivals. Geographical distance can also be a key issue. Most of the companies or their head quarters are located in the Capital district and it can take a lot of time, effort and money to get business associates together on events which usually take place in provinces. There must be a convincing argument for sponsorship if there is no airport nearby.

On the other hand, cultural bodies find it difficult to know how to make themselves more visible and interesting for companies. One common problem for both parties is how to make the best use of sponsorship. Companies want to

get value for their investments but in many cases cultural bodies have too little to offer or have difficulties in finding suitable products.

Sponsorship agencies need customers, and valuable deals between large scale companies and well known cultural bodies are more profitable and bring good publicity. It is in the interest of sponsorship agencies to see and help sponsorship to increase and develop.

Some companies have refused to use agencies because of the extra charges. They also value the importance of personal contacts in sponsorship and think that a better way to find cultural bodies is to use their own networks and experiences. Most of the cultural institutions, organisations and festivals found sponsorship agencies too expensive. However, those cultural bodies that had used the services of agencies found that money had been well spent. It had allowed them to concentrate on their main functions and had given valuable knowledge of marketing and of the business world in general.

Sponsorship has become a trend. Cultural institutions, organisations and festivals seek for a sponsor because others have one, and for the same reason companies start sponsoring without making it first clear what they want, what they can do and what are the needs of the other party. Cultural bodies have the best knowledge of their own cultural branch but usually they do not know marketing or have economic resources. The situation in companies is often quite the opposite. Some improvements have been made and nowadays applications pay more attention to the needs of the sponsor and even artists are seeking sponsorship.

Both companies and cultural bodies as well as sponsorship agencies saw that sponsorship can and will increase even more in the future. However, the companies' opinion was the least optimistic. They saw that the number of potential companies and money that could be spent on sponsorship will remain limited and only part of it will be used for culture. Cultural bodies must also find new and good benefits to offer.

Tax reductions was most often mentioned as a way to improve sponsorship by cultural bodies. This seemed to be an easy solution without own efforts, although cultural bodies were aware of the other problems, too. Companies were not so certain of the positive impact of tax reductions and did not find them a very realistic option either. Taxes are not the main problem in sponsorship, and decisions are based on quite different premises. Sponsorship has always been strongly bound to economic fluctuations, too.

All parties agreed that the state should be the main financier of culture in the future. If financing is increasingly transferred to companies, it is very likely that companies will lose their interest in cultural sponsorship. Instead, the state is expected to strengthen its share and guarantee basic operations for all forms of cultural institutions, organisations and festivals. Otherwise, the state does not have any measures to promote sponsorship and it is best to be left between the companies and cultural bodies.

The impact of sponsorship on culture was a matter that brought out strong defence at first. All parties wanted to point out that sponsors do not interfere on cultural aspects or have demands on productions. Cultural bodies also denied that there is a tendency to plan productions on the presumption that they will meet the expectations of sponsors. However, companies found this kind of planning to have become more common in recent years. This has been the case

especially when sponsorship agencies have been involved, because their applications were better prepared.

Both parties agreed that sponsorship has brought more opportunities and a more solid economic base to work with. Some thought that cultural bodies try to make their programmes suitable for certain companies. However, the audience is one of the most important factors that interest companies. There is no sponsorship without audience, but there is no audience without a good quality programme. Audience is more important for cultural bodies than sponsorship, and it is very difficult to find an audience once it has been lost. Sponsorship has brought new audiences with the help of better marketing, publicity, and contacts with companies.

According to some interviews, the value of sponsorship has been so small that it has not had any larger scale impact on culture. It has made it possible to organise some one-time commercial events which have attracted audiences more because of appearance than programme. These events have been more interested in publicity than in developing culture.

From the audience's point of view, culture has become a better option to spend leisure time and money. At the same time culture, as a part of the marketing mix, has strengthened its role while cultural bodies have become more reliable partners. Better economical opportunities have made better productions possible. On the other hand, most of the possibilities have concerned only large productions, especially festivals which need wider audiences in order to survive in the future.

Despite the limited economic possibilities, it seemed that cultural sponsorship can be increased in the future. Expanding the diversity of sponsorship and finding new ways to use culture lead to better quality, and companies can also learn to see other than commercial aspects of sponsorship. However, the cultural bodies saw that first there have to be the necessary economic conditions for sponsorship. They need more public funding in order to manage their normal activities and sponsors. Sponsorship agencies were the most optimistic about finding new types and large scale sponsorship.

Cultural sponsorship has become a part of the marketing mix and both parties used it to increase their publicity. Cultural bodies seemed to be more interested in the direct economic impact of sponsorship than companies, which often have to be content with immaterial aspects like client contentment etc. Companies were looking for new ways to make use of co-operation. Instead of big, one-time events companies are more willing to sponsor smaller scale events with special productions. These can give better publicity and opportunities to concentrate on hosting their own business contacts. Long-term contracts are also preferred, and three year contracts are coming into general use.

There are some hindrances for large scale sponsorship. Because of the commercial aspects and the publicity involved, sponsorship can only be used by quite a limited number of companies and cultural bodies. Most of the parties involved have resources which are too small to take care of successful sponsorship or co-operation. In many cases it is more important for cultural bodies to concentrate their knowledge and resources on developing their main functions, which can also bring new audience and might arouse companies interest. It is not necessary, and sometimes not even possible, to make a business or product of everything.