A&B

Arts & Business *working together*

An evidence based case for arts sponsorship

Part 1: influencing key decision-makers

March 2005

A report for Arts & Business by
David Cowan, Forensics

Foreword

For nearly thirty years Arts & Business has been increasing resources for the arts from business and its people and enabling business and its people to be more successful by engaging with the arts. The Arts & Business mission truly is a dual one; we are passionate in our belief that both arts and business have an enormous amount to gain from working together.

But we know that it takes more than passion to win over hearts and minds - a really compelling argument is one that is based on cold, hard, inescapable facts. Over the years Arts & Business has gathered a wealth of anecdotal evidence that has helped us to demonstrate the value of business-arts partnerships to business, to the arts and to the broader community. Recently, however, we've also recognised a growing need for a more scientific approach to the collection and presentation of evidence and in response to that need we were proud to establish the Arts & Business Research, Evaluation & Information team in 2004.

The approach of the team is straightforward. It asks: what it is that businesses and arts organisations are trying to achieve? What evidence is there to demonstrate that by working together, businesses and arts organisations can help each other to achieve their goals? And where are the gaps in our knowledge that future research can fill?

I am pleased to welcome you to the first of a series of papers that will seek to answer some of these questions by digging a little deeper into the factors that motivate business to engage with the arts. Here David Cowan of Forensics presents a compelling, evidence-based case to demonstrate that the arts can have a major impact on a key business driver: the need to reach and influence key decision-makers such as clients, journalists and politicians.

The preparation for this paper was a truly collaborative effort and my thanks go to all the businesses and arts organisations that contributed invaluable data. I hope you agree that the collective voice is a powerful one and I look forward to working with you to drive the debate forward in the future.

Colin Tweedy
Chief Executive, Arts & Business
March 2005.

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Figures and diagrams

Introduction

Arts organisations need business sponsorship and businesses benefit when they sponsor the arts. More businesses should take advantage of the opportunities arts sponsorship offers. The purpose of this document is to outline the benefits available to arts sponsors, based on evidence gathered through the analysis of real-life case studies.

There are many benefits for businesses that sponsor the arts. However, this paper focuses on just one central motivation for a business to invest in arts sponsorship: to reach and influence senior clients and other key decision-makers. Future papers in this series will assess the evidence that arts sponsorship can deliver on a range of other objectives, from increased staff motivation to improved community relations.

Why businesses should invest in arts sponsorship

Why should a business, which may already be sponsoring sports or television programmes, invest in arts sponsorship? One central reason is because

the arts provide a most effective way to reach and influence senior clients and other key decision-makers

It is very important to have a good reputation amongst these VIPs. Clearly senior clients, existing and prospective, are crucial to any firm in a direct way. But there are also other groups external to the organisation that are highly important: MPs and local councillors, for instance, as well senior civil servants or framers of policy at the regional or local level. The leaders of non governmental organisations can, for some companies, be of critical importance. Journalists are a key group for any company because their writings have a huge impact on a firm's reputation. And then there are shareholders and fund managers; a company's reputation is particularly important amongst small shareholders because their attitudes and loyalty to a business are often affected by sentiment as much as by financial performance.

All of these groups are important and the arts are particularly effective in influencing them. According to an article in The Times last year:

> *"Arts sponsorship works. It connects a number of key audiences, including opinion formers, which other sponsorship cannot.*
> *In terms of bang for your buck, sponsoring the arts is the best way to attract influential people. It cannot match sports sponsorship in the mass market, but it can tweak the perception of a brand.*
> *BP, Morgan Stanley and Aviva have proved how powerful sponsorship of the arts can be. Deutsche Bank's clever sponsorship of London's 2004 Frieze Art Fair, say, would not have cost it much and should be the envy of every FTSE 100 company."*
>
> *Times Newspapers Ltd, 2004*

So where's the evidence to support all this?

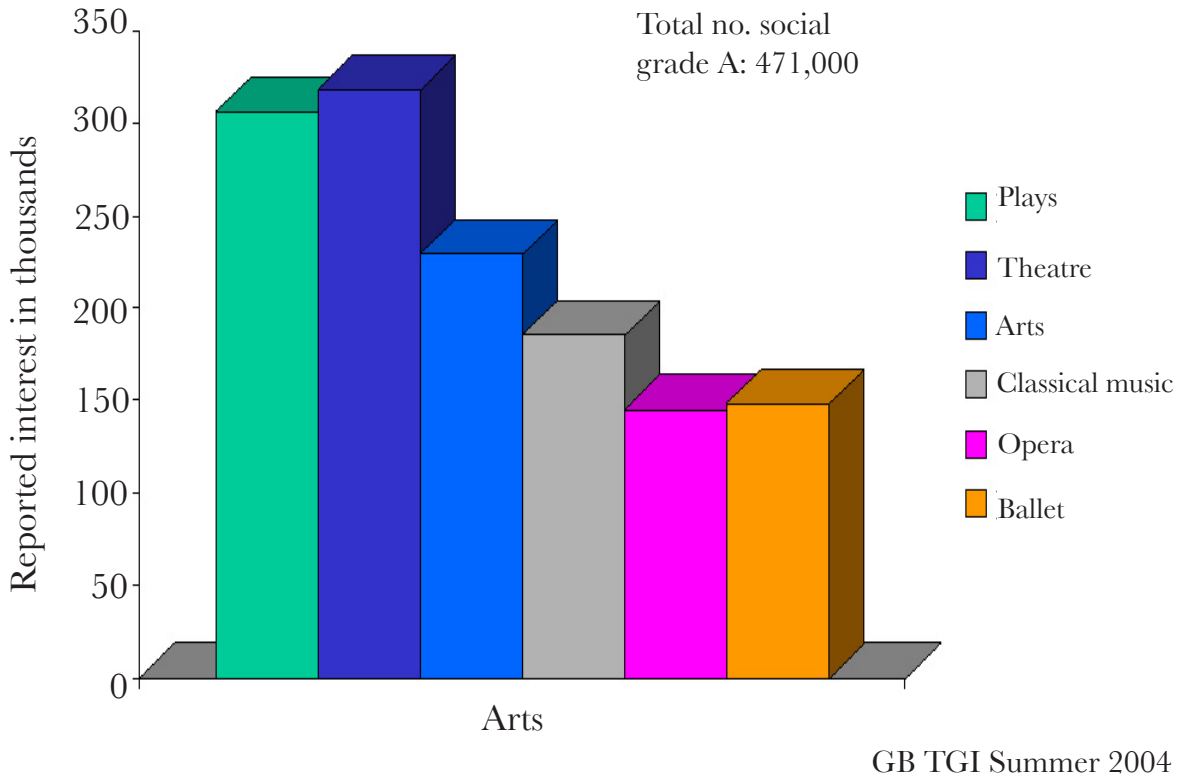
The audience strength of the arts

Sponsorship generates goodwill. Both quantitative awareness studies and qualitative research support what common sense would suggest: that when goodwill is generated it is generated amongst the audience that are interested in the event or the area sponsored. This is because the 'interested' are the people who are aware of the sponsorship and are the ones who appreciate the support given to the activity they enjoy.

So what kind of people are interested in the arts? Well, one of the key features of the arts is that they encompass a wide range of activities – from community arts to jazz to theatre to film and digital media – and therefore appeal to a very diverse audience, crossing gender, race and socio-demographic divides.

For the purposes of this paper, we are interested in assessing the reach of the arts amongst senior professional people, who, given the criteria used to classify socio-economic groups in the UK, are likely to be in social class A or B. (As noted previously, subsequent papers in this series will explore the reach of the arts amongst different business audiences and therefore different demographic groups.)
Figure 1 shows the percentage of social class A that are 'interested' in each of a number of art forms.

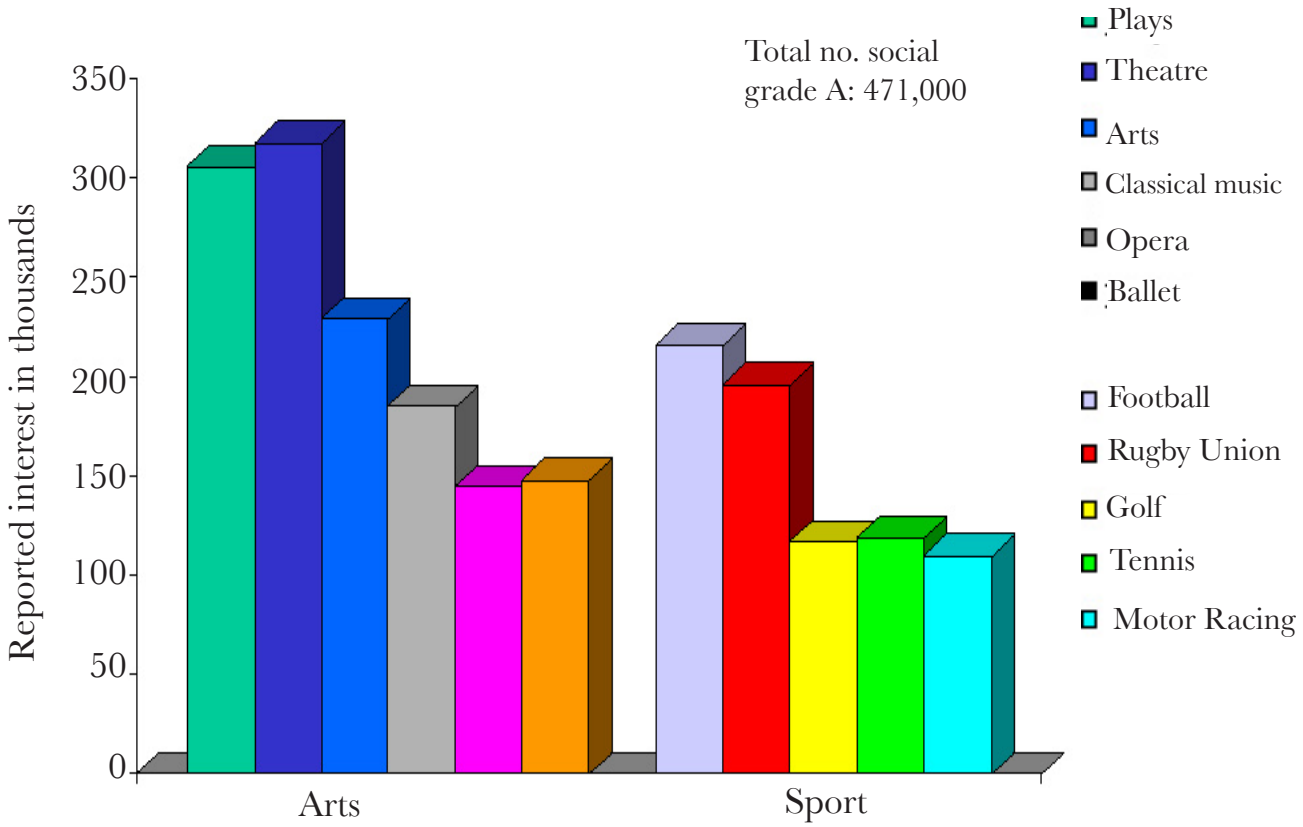
Figure 1: The number of social grade A that are interested* in each of a number of art forms



* Any interest in - watched on TV or read about in the papers in the last 12 months

The pattern for social class B is very similar. The arts are therefore particularly strong in reaching the VIP groups we have identified. In audience reach terms the arts are competitively strong too. Amongst the UK population as a whole, the popular sports like football or Formula One motor racing have larger followings than specific art forms. However, this is not the case amongst social class A. Figure 2 shows the comparisons. Amongst A class the various art forms have as great and sometimes greater reach than the popular sports, which makes the arts particularly appropriate for influencing the key decision-makers.

Figure 2: The audience reach of the arts compared to major sports events amongst social grade A



* Any interest in - watched on TV or read about in the papers in the last 12 months

GB TGI Summer 2004

Audience reach is just one of the advantages the arts have. They have many other advantages and strengths that enable them to exploit this superior coverage of senior professional people.

Five strengths of arts sponsorship

1) Attracting key decision-makers to events

There are a number of reasons why the arts are good at attracting these VIP groups. As we have shown, senior clients and other key decision-makers, who are invited to special functions connected with the sponsorship, want to attend because a high percentage of them are likely to be interested in the art form being sponsored. This is important because these high level people have a surfeit of invitations, many of which they refuse. In addition, the arts are more inclusive than sports. These days many VIPs are women and they are likely to be interested in the arts - and the wives of male invitees are likely to be interested too. Unlike most sports, where male following outnumbers that of females by three to one, with most art forms roughly as many women as men are interested. If anything, a higher proportion of women are interested. This boosts attendance.

Arts sponsorship creates special events that VIPs want to be part of

The arts are able to provide unusual events that capture the imagination. VIPs are people first, VIPs second - they, like everyone else, want to be involved. Most of the examples given in this paper illustrate this point, but those of ScottishPower are worth mentioning here.

> Following out-of-service problems ScottishPower was keen to build its profile and regain US investor confidence in the US. It wanted to strengthen its links with politicians and the New York business community and to do this it sponsored Tunes of Glory, a major event in New York City to mark National Tartan Day, a celebration of Scotland's cultural heritage. The ScottishPower Pipe Band led a grand parade of 8,000 pipers. It took place in April 2002 and became a tribute to New Yorkers who were coming to terms with the atrocities of 9/11.ScottishPower held a financial presentation that attracted large numbers and hosted a high profile political reception attended by Sir Sean Connery, NYC mayor Mike Bloomberg and other leading New York stock exchange and political personalities. As a result of the sponsorship the ScottishPower chairman and two band members were photographed ringing the bell to close the week's trading on the NYSE. The whole affair generated huge publicity and ScottishPower's investor relations manager declared:
>
> *"There is no doubt that Tunes of Glory was instrumental in raising ScottishPower's profile. A year ago if Americans were asked to name a Scottish company listed on the New York Stock Exchange, they would have been most likely to name the Royal Bank of Scotland. Now ScottishPower is on everyone's lips."*
>
> Dominic Fry, Group Director Corporate Communications

A further example from ScottishPower deserves attention not only because it illustrates that the arts can attract VIPs but also because it provides a model that could be used by other companies that have foreign subsidiaries.

> ScottishPower has a Utah subsidiary. Head office sponsored a local arts organisation - Ballet West USA - and backed its run at the Edinburgh Festival. It was thus seen to be helping Utah-based arts into the international limelight. Senior state business and political figures attended performances in Edinburgh - a very powerful way of winning the hearts and minds of these important people and something other firms with overseas operations could emulate.

Entertainment opportunities provide a focus for attendance

The arts are also particularly good at ensuring attendance because there are many opportunities for special viewings or previews, receptions and dinners connected to the art event.

The German software company SAP wished to develop business relationships at a senior level. They sponsored the Donmar Theatre, which provided excellent client entertaining opportunities. As a result they managed to touch 28% of FTSE 100 organisations at a senior level and attracted high level decision-makers from 56% of the FTSE 100 companies that make up their major customers.
Ernst & Young's 2002 sponsorship of 'Matisse Picasso' at Tate Modern provides another example. During the sponsorship period the partnership entertained 4,500 guests at a total of 10 events. Through this and other major sponsorships, Ernst & Young has become synonymous with blockbuster arts exhibitions.

Unique events are popular with clients

National Australia Bank (NAB) was title sponsor of the 10th London Australian Film Festival at the Barbican in 2004 and hosted an event at the Festival to entertain key clients. The Bank evaluated the impact of the event by conducting an internal survey of relationship managers, asking them to rate the success of the event against a number of criteria. The average rating was between 'very good' and 'excellent' for every single criterion, including the effectiveness of the event as a relationship building/business development activity. In particular, relationship managers felt that the event was a unique and distinctive opportunity to entertain clients.

Quality venues are attractive to senior people

One the great attractions of art sponsorship is access to high value venues, from the Royal Academy to the Tate to the Royal Court Theatre and the Royal Opera House. The quality of venue is an added incentive to attend events – and these attractive venues are not confined to London.

Citigroup wished to strengthen their corporate identity after a period of merging acquisitions. They sponsored the Aldeburgh Festival which provided the opportunity to entertain high profile clients in a unique setting. Many of these senior clients tend to be blasé about normal corporate fare. The sponsorship provided the peaceful and relaxing venue of Snape Maltings and picnics on the beach and visits to artists' studios and galleries as well as attendance at concerts. The weekend left a lasting memory for Chairs and CEOs of major companies and their partners.

2) Involving politicians

The arts find favour at the highest levels of government:

"Creativity is the key to the development of our nation. Co-operation between businesses and artists can only lead to the development of a stronger, healthier, more vibrant society."

The Rt Hon Tony Blair MP, Prime Minister

They are also particularly suitable for creating partnerships with schools, hospitals and other social institutions. These partnerships demonstrate the social responsibility of the sponsor and are attractive to politicians who readily wish to be associated.

JPMorgan sponsored a major exhibition at the National Portrait Gallery. Guests included the Prime Minister and the then arts minister Tessa Blackstone. The company increased its corporate profile by deepening its collaboration with community partners - primary schools and Great Ormond Street Hospital. JPMorgan received a high level of external recognition for these partnerships; for example, Tessa Blackstone referred to them as "a model for future work". Another example is SAP's sponsorship of the Donmar Theatre mentioned earlier, where the sponsorship enabled the company to form an alliance with its local MP to bring nearby schools to the theatre.

Enlisting the involvement of high level politicians through the arts doesn't require blockbuster sponsorship of the capital's arts institutions.

Baker Tilly, a national firm of chartered accountants and business advisers with an office in Brighton, wanted to support the current and future success of the Brighton and Hove area. The firm sponsored a city wide arts project called Adornment, which involved decorating the city centre buildings with giant piercings - the Baker Tilly office was pierced with a giant silver ring, the Town Hall had three drop earrings and other public buildings were similarly 'adorned'. The project was opened by the Minister for Arts, Tessa Blackstone, at the Baker Tilly offices.

Another example is Volante, a small company that produces interiors for trains and buses. It wished to enhance its image regionally and nationally as a place of innovation and quality. It sponsored an artist in residence who produced portraits of staff and scenes from the factory and these were featured at an art exhibition. The exhibition was opened by the Prime Minister and his wife and attracted TV coverage which led to two documentary films of the project shown on ITV and BBC. As a result the corporate identity of the company has changed; it is now known amongst customers and its suppliers as 'a company with a difference'. And all this for £5,000!

3) Generating goodwill for the sponsor

In consumer psychological terms, qualitative research shows that a sponsorship's ability to create goodwill and warmth towards the sponsor is at its strongest when the activity, or cause being sponsored, is seen as *both important and in need of financial support.* Arts sponsorship satisfies both of these criteria. People interested in the arts see them as very important and needy. Unlike major sports teams which are rolling in money, the arts are always short of funds and this makes arts sponsorship particularly strong for creating goodwill towards the sponsoring company.

Further, qualitative research also indicates that the goodwill created is much greater if the audience believes that the sponsor is making a *particular contribution* as opposed to merely providing an undisclosed amount which is tipped into a general pot to support something that would have happened anyway. In its strongest form the greatest goodwill is created when the event would not have happened at all had the sponsorship money not been given. A US study of sponsorship showed that appreciation of the sponsor increased dramatically when sponsors persuaded the audience that the events would have been impossible without the sponsorship.

The arts are particularly strong in this respect. It is often possible for the sponsorship to provide something tangible which would not have happened without the sponsor. And this is a powerful creator of goodwill amongst those interested in the art form.

Obvious examples are arts competitions such as the Whitbread Book Award, the Orange Prize for Fiction or the Citbank Photography Prize, among many others. Clearly these competitions and support for the art form would not have happened without the sponsor.

> However, there are numerous other ways that an arts sponsor can contribute something of their own. Journalists were impressed when Herbert Smith, an international law firm, sponsored Christopher Hampton to choreograph a new version of the Nutcracker for English National Ballet. Abbey National Treasury Services and Porterbrook Leasing Company came up with the innovative idea of bringing a Japanese Bullet Train to the National Railway Museum in York, a sponsorship that attracted a huge amount of publicity. The Royal Bank of Scotland sponsored Royal Bank £5 Nights at the Edinburgh Festival where, for the nominal sum of £5, festival goers could attend late night performances at the Usher Hall featuring international concert stars.

All of these are innovative events and contributions that would not have happened without the sponsorship. And because of this they generate higher degrees of goodwill and great warmth towards the sponsor. Businesses that sponsor the arts can benefit from the goodwill this advantage generates.

4) Creating good stories

It is self evident that for sponsorship to work its target audience must be aware of it. To generate high levels of awareness the sponsorship must reach beyond those that attend the particular event sponsored. And this requires media exposure.

It is relatively easy for arts sponsorship to get effective media coverage because of the opportunities to sponsor imaginative and innovative projects. Projects of this kind attract the eye of journalists and thus generate free publicity, and they provide fodder for high impact advertising.

Catching the eye of journalists

Thales is an international company with substantial UK presence that was bidding for an important and highly publicised contract from the British Government. It sought to raise the profile of its brand, publicise the nature of its business and demonstrate its commitment to corporate social responsibility. It teamed up with the Science Museum to produce an exhibition of the science behind James Bond's gadgets. This sponsorship generated huge media interest and drew the largest number of journalists ever assembled at the museum - over 300 journalists from fifteen countries around the world. There was blanket coverage on BBC, ITV and Channel 4 on the morning of the launch, 221 media pieces in the two weeks following and over a hundred in the next two months.

Another example is the Royal Bank £5 Nights mentioned earlier, which were a major talking point in the media and generated record levels of column inches in which the Royal Bank of Scotland's brand name featured heavily. The reviews were ecstatic:

"Without doubt the single most exciting programme development is the introduction of the Royal Bank £5 Nights... and the programme to die for..... the artistic bargain of a lifetime..... the most significant talking point of any festival in living memory... sponsored by the Royal Bank of Scotland."

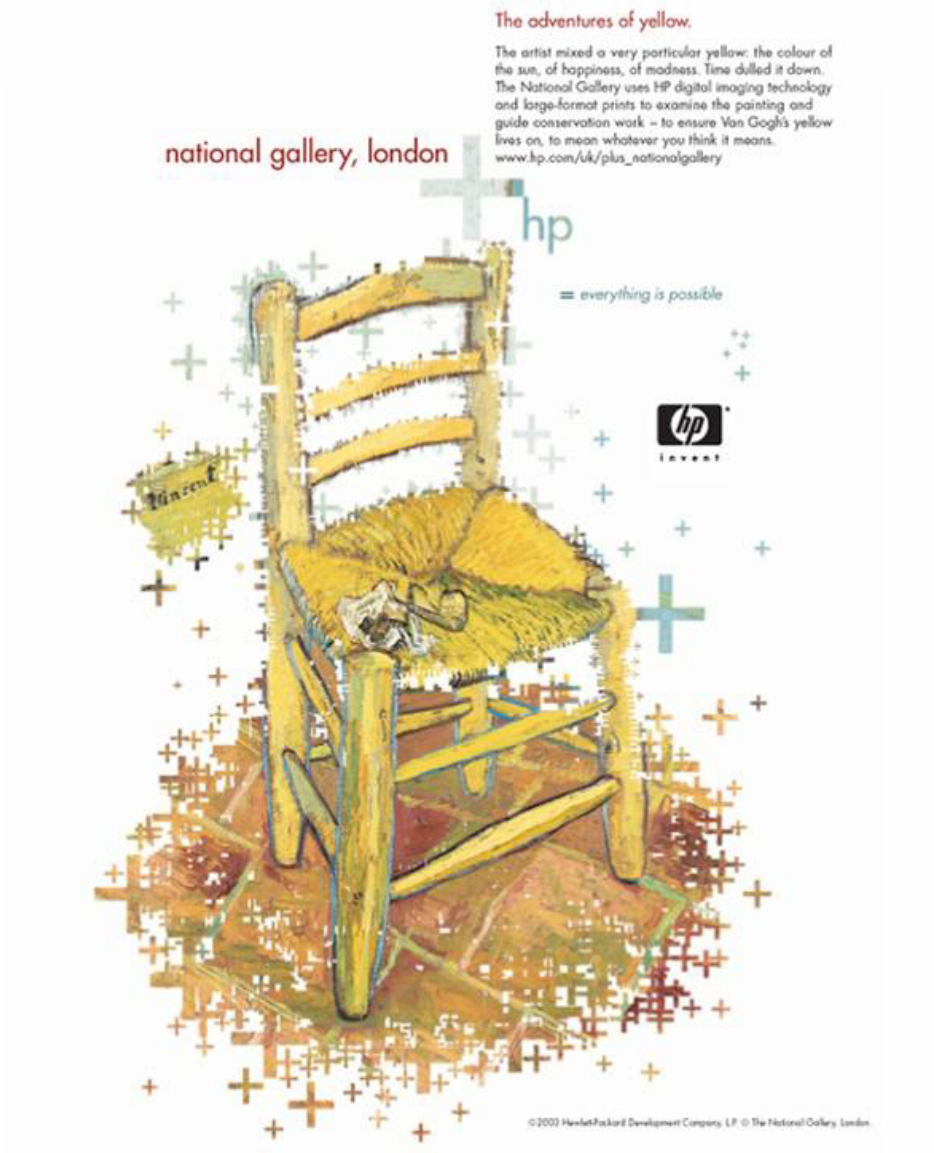
The Herald

There were similar eulogies across the full spectrum of quality newspapers - The Sunday Times, The Daily Telegraph, The Financial Times, The Guardian, The Times, as well as The Scotsman and other publications.

The free media coverage is given because the arts are particularly good at providing opportunities for imaginative and innovative projects that journalists want to write about.

Good copy for paid advertising

Imaginative and innovative projects also provide material for eye-catching advertising. The Hewlett Packard poster campaign shown on page 11 grew out of the company's sponsorship of the National Gallery in London.


The adventures of yellow.
The artist mixed a very particular yellow: the colour of the sun, of happiness, of madness. Time dulled it down. The National Gallery uses HP digital imaging technology and large-format prints to examine the painting and guide conservation work – to ensure Van Gogh's yellow lives on, to mean whatever you think it means.
www.hp.com/uk/plus_nationalgallery
national gallery, london
hp
= everything is possible
invent
Vincent
©2003 Hewlett-Packard Development Company, L.P. © The National Gallery, London

5) Building brand values of creativity and innovation

In today's knowledge-based economy it is important for firms to be seen as creative and innovative. Innovation is of particular relevance to senior clients and prospects. Clients want the supplier organisations with which they deal to be at the leading edge. Other key decision-making groups value innovative companies too. Politicians want these sorts of companies on their patch and they view them sympathetically. Journalists are interested in innovative companies and shareholders want to invest in them. The arts are well placed to help companies build the key brand values of creativity and innovation.

The arts embody creativity and there is value in being associated with this. But more importantly, the arts offer a very wide range of ways by which a sponsoring company can fund new and different artistic creations. Unlike sports sponsorship, which often amounts to little more than a logo on a shirt or brand name on a racing car speeding past, arts sponsors can demonstrate their creativity and innovative spirit by what they sponsor.

> An example of a company exploiting the potential of arts sponsorship is Unilever. The company wanted to communicate that it is a creative organisation because it sees creativity as key to meeting consumer needs and achieving growth. Core target groups for Unilever were key decision-makers: MPs, policy makers, opinion formers and the City. To build the image of creativity they sponsored The Unilever Series, a new work of art each year, for five years, at Tate Modern. Research showed that Unilever was seen to be innovative, modern, risk taking and open minded by the target group. Of the opinion formers targeted by Unilever, 63% were aware of the sponsorship and there was a strong association of Unilever with CSR - 77% amongst those that were aware of the sponsorship, compared with 33% for the control group.

In the case of Baker Tilly, mentioned earlier, the Adornment sponsorship has been a significant factor in positioning the company as contemporary and modern, one that is at the forefront of creativity and new ideas and not afraid of taking risks.

Quality connotations of arts sponsorship creates trust in the sponsor

The combination of prestigious venues and the inherent tastefulness of the arts is redolent of quality. Sponsors of the arts benefit from this - their sponsorships convey that sponsoring companies are companies of quality. This connotation of quality creates trust in the sponsor. A US study revealed that almost half (48%) of Americans with an interest in art and cultural events indicated that they hold a higher trust in companies that sponsor these events compared to those who do not, while only 16% of Olympic Games enthusiasts claim a higher trust in their sponsors.

Value for money

Unlike the millions usually required for sports sponsorship the sums required for those in the arts are relatively modest. Of the fourteen examples quoted in this paper, the sponsorship costs of two were less than £10,000 and only two cost more than £200,000. None were more than £300,000. Arts & Business runs an annual competition for the best business-arts partnerships. Amongst the entrants for the latest 2004 competition just over half involved sponsorships costing less than £40,000 and half of these were for £10,000 or less. Only 14% cost over £150,000 and the highest cost £450,000. Even if these costs are doubled to pay for entertainment and advertising, compared to the huge amounts of money spent on other forms of marketing communication the arts cost comparatively little and offer very good value for money.

In addition, because of the strengths of arts sponsorship noted earlier, arts sponsorship is often able to recoup a large proportion of its costs. It is often newsworthy and can generate press coverage. Two exceptional examples are Unilever's sponsorship of Tate Modern and Ernst & Young's sponsorship of Tate. Unilever calculated that they received £1.15m of media value from the first four years of Tate Modern sponsorship. The cost of the sponsorship over that period was £1m. Ernst & Young levered £235,000 of media coverage for its sponsorship of the Matisse Picasso exhibition at Tate Modern in 2002. Total media value for the exhibition was £623,000.

Further, because the majority of the audience impacted are senior clients it is often possible to attribute direct gains from the sponsorship. The local office of Gerrard Limited, one of the leading private client wealth managers in the UK recently sponsored a prestigious exhibition of old masters at the Laing Art Gallery in Newcastle. In addition to the awareness and goodwill created, Gerrard generated several potential new leads and won substantial new business as a result of the project.

In Summary

Senior clients and other key decision-makers are very important to a company's future wellbeing. The arts are particularly good at reaching these VIPs because they and their partners are interested in culture and the events and venues are highly attractive. For a relatively modest outlay the arts are powerful generators of goodwill and are able to project the image of creativity, innovation, quality, social responsibility and trust. Because of the potential for newsworthiness, high levels of awareness of the contribution sponsors make can be economically achieved. Large portions of the sponsorship cost can often be recouped through the free media coverage and direct business gains from senior clients. The arts offer very good value for money.

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