

Festivals' Sponsorship Potential

Sponsor management for festivals

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Objectives

- To discuss factors that influence sponsorship income for festivals
- To explore empirical data from studies of festival managers ...
 1. to describe the relative importance of sponsorship revenue
 2. to find factors that significantly influence sponsorship potential
- To recommend strategies and actions for festivals in order to enhance their sponsorship potential



A review of literature on festival and event sponsorship



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Sponsorship – from gifts to modern developing communication channels

- “Sponsor” is defined broadly to mean any external organization that tangibly supports the event for a specific return of benefit, including
 - corporations wanting a commercial return on investment, and
 - governmental / municipal agencies engaged in social marketing or specific policy implementation



Sponsorship from two perspectives

- To the **event manager**, a sponsor is any individual, agency or group that provides resources in exchange for specified benefits

- From the **sponsor's perspective**,
 - "Event marketing" refers to the use of events to meet marketing goals
 - "Lifestyle marketing" links business to the attitudes and preferred lifestyles of customers
 - "Relationship marketing" links companies with communities or customers through causes of mutual interest
 - Sponsors can position themselves as being proponents of popular causes

Sponsorship moves towards relationship marketing (Thjømmøe, 2010)

- Sponsorship is
 - the third largest communication channel after newspapers and TV
 - decisive factor for the recent developments of cultural (sports, arts) and social events



“Relationship marketing” maximise the effects of sponsorship - (Meenaghan, 2001)

- Consumer goodwill can be earned and lost through sponsorship. Goodwill separates sponsorship from mere advertising
- Transfer of image (co-branding) takes place
- Early sponsors have most return on investment
- Big sponsors are perceived as successful companies



The “Exposure effect” and its impact

- Exposure builds preferences for the exposed object (Zajonc, 1968),
- Effects depend on
 - Clear message from the sponsor
 - Maximal “fit” (logical relationship) between sponsor and sponsor object. “Fit” may increase by
 - Long-lasting relationship
 - Activation of sponsorship



Relative efficiency of event sponsorship

- Events present a particularly effective arena to reach people while at leisure, engaging in their preferred activities with friends and family, and in their home community or leisure environment
- People respond better to sponsorship than other advertising (IEG 1995:6), and think more positively of sponsors associated with causes to popular events
- Arena sponsoring has lower impact on willingness to buy than TV announcements per time unit, but is 20 - 85 % more cost efficient because of the low production costs (Thjømøe, 2010)

Characteristics of well-sponsored events

(Skinner and Rukavina, 2003)



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- Perceived as the best
- Creates a good image
- Gives added value to sponsors
- Has professional staff that
 - Stays in touch with sponsors
 - Engage in networking
 - Sees through the eyes of the sponsors



Criteria used by sponsors of events

- Crompton's (1993) criteria
 - Know your audience: match between the company and the event audience
 - Exposure potential – all media
 - Potential for integrated marketing (cross-promotions)
 - Competitive advantages to be gained
 - Level of communication and costs involved
 - Reputation of the event organisation
- McCarwille (1995) on sponsorship decision-making
 - Several company departments are involved, hence sponsorship should meet several corporate goals
 - Quality of application reflects event professionalism
- Peterson & Crayton (1995) on "financial health"
 - Concrete evidence of event revenue is advantageous

Study method

- Questionnaire distributed to festival managers in Norway, Sweden, Queensland (AU) and UK
 - 260 complete questionnaires
 - Response rate = 65 %
- Variables used
 - Size
 - Number of full-time employees (“professionalism”)
 - Number of visitors to the festival
 - Number of volunteers at the festival (“involvement”)
 - Type of sponsorship
 - Title sponsor / presenting sponsor / smaller sponsors
 - Public sponsor / corporate sponsors
 - Total sponsor contributions
 - Other income
 - Total festival budget



Average sponsorships (total sample)

		# visitors	Total budget (NOK)	Total revenue gov. and corporate sponsor- ship
Total	Mean	30,998	2,521,000	45 %
	N	247	224	204
	Std. dev.	138,337	6,623,535	32,3



Major festival incomes

(percent of total budget)

Sources	Mean	St.dev
Local gov	19	43
Reg / State	9	18
Corporate	17	20
Ticket sales	26	27
Own merchandices	6	14
Others	6	13



Sponsorship at 67 festivals in Rogaland County, Norway

	Total sponsorship in relation to total budget	Corporate sponsorship in relation to total budget	Total sponsorship income (NOK)
50 % of the festivals	50 %	23 %	287.000
25 % of the festivals	78 %	33 %	640.000
10 % of the festivals	90 %	60 %	
5 % of the festivals		75 %	12.000.000

Type of festival in relation to sponsorship incomes (percent of total budget)

Type of festival	Local gov.	Reg / state gov. **	Corporate (*)	Total sponsorship
Music	16	7	13	36
Art	22	21	12	55
Sports	17	5	20	42
Market	16	8	23	47
Themed	22	8	20	50
Total	19	9	18	46

Type of sponsorship agreement and sponsorship income (percent of total budget)

Type of sponsorship	Local gov.	Reg / state gov. *	Corporate *	Total sponsorship *
	Mean values			
A title sponsor	16	9	28	51
A presenting sponsor	25	7	22	54
Several smaller sponsors	19	6	15	40
Total	20	8	18	46

Type of ownership and sponsorship income (percent of total budget)

Type of ownership	Local gov.	Reg / state gov. *	Corporate *	Total sponsorship *
	Mean values			
Non-profit	12	12	15	39
Private	8	5	19	33
Public	49	9	10	68
Total	19	10	18	47

Sponsorship, and festival size and festival age (correlations)

	Corporate sponsorship (absolute)	Total sponsorship (absolute)	Total sponsorship percentages of total budget
Attendance	.28 ***	.54 ***	.10 (ns)
Number of fulltime staff	.56 ***	.55 ***	.01 (ns)
Number of volunteers	-.14 (*)	.08 (ns)	-.15 *
Festival age	.16 *	.11 (ns)	-.18 *



Total sponsorship as effect of festival size (attendance), professionalism (number of full-time staff), and "involvement" (number of volunteers)

	Standardized Beta coeff.	t	Sig
Age of festival	-.09	-1.40	Ns
Attendance	.30	4,54	.000
Professionalism	.61	7.35	.000
Involvement	-.25	-3.55	.001
<i>R Sq Adj. = .47 (p<.000)</i>			

Conclusions and recommendations





Conclusions

- Sponsorship is important for festivals
 - On average about half of the income
 - Great inter-festival variability
 - Public festivals get most sponsorship
 - Art festivals get most sponsorship
- Professionalism
 - Professionalism increases sponsorship (actual figures only)
 - Engage full-time staff to work with sponsors
- Diversification
 - Presenting sponsors and title sponsors most efficient



Thank you. Questions and comments?