



Survey on Sponsorship in Arts and Culture

Executive Summary

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Background

1. Rising expectations of Hong Kong audience in arts programmes has led to increasing production and promotion costs. As the allocation of government resources to the arts sector can only be maintained at a certain level, non-government resources are becoming increasingly important to the arts sector. The development of business sponsorship for the arts sector is one of the priorities of the Hong Kong Arts Development Council.
2. As the integration between the arts sector and the business community is yet well established, there is room for business sponsorship development. With the implementation of the West Kowloon Cultural District project, it is believed that the business sector will be increasingly interested in supporting the development of the arts and culture. As such, an important first step is to systematically gather information helpful for the enhancement of the communication between the arts and the business sectors so as to foster further partnership development.

Study Objectives

3. The objectives of the study are:
 - i. to study and analyse the current situation of arts and culture sponsorship by corporations and foundations,
 - ii. to study and analyse the outlook of corporations and foundations in arts and culture sponsorship for the coming three years,
 - iii. to gather experience from local arts practitioners in seeking sponsorship from corporations and foundations, and
 - iv. to study the experience of other countries in the development of corporate arts sponsorship.

Targets of the Study

4. The target of objectives i. and ii. are corporations and foundations which have sponsored arts and culture activities in the last three years. They can be grouped into five major categories: foundations / charity organizations, financial institutions (e.g. banks, insurance companies), real estate developers, professional organizations (e.g. accounting firms) and brand name merchandises /stores / services.
5. The targets of objective iii. are the six arts categories: theatre, music, dance, visual arts, Chinese xiqu and arts/film festivals.
6. The targets of objective iv. are Singapore, Australia and the United Kingdom. The situations of Australia and Singapore in arts development are similar to that of Hong Kong, and the large budget cut of the UK government in arts subsidy has made corporate sponsorship even more important. The experiences of these three countries provide valuable references to Hong Kong.

Sampling Results

7. From December 2010 to February 2011, the research team has interviewed 6 corporate sponsors of the arts, including 1 corporation of diversified businesses, 1 real estate developer, 1 accounting firm, 1 bank, 1 brand name jeweler and 1 brand name electronic goods. Information collected from the interviews serves as reference for the design and content of the survey questionnaire.
8. From March 26 to April 4 2011, 370 survey questionnaires have been sent to corporate and foundation sponsors of the arts, covering the full sample collected. 38 respondents covering all 5 target categories have returned their questionnaires.
9. From October 2010 to May 2011, the research team has interviewed 13 arts practitioners on a random selection basis, including 2 visual arts groups, 2 dance groups, 2 xiqu groups, 2 theatre groups, 2 film festivals, 2 music groups and 1 group of theatre, performance and visual arts.

Current Situation and Future Outlook of Arts Sponsorship by Corporations and Foundations

Purposes of Sponsorship of Arts Groups / Arts Activity

10. Most respondents agree that “Corporate social responsibilities” and “Support the arts and culture of Hong Kong” (94.7% respectively) are the purposes of their sponsorship. Purposes agreed by the least number of respondents are “Enhance corporate promotion” (76.3%) and “Customer relationship building” (68.4%). Respondents who do not agree to these 2 purposes are mainly from the foundations / charity organizations category, which show a correlation between business nature of the sponsors and the purposes of their sponsorship.
11. Organizations of the same business category tend to share some common purpose(s) of arts sponsorship, notably:
 - All 9 foundations / charity organizations strongly agree / agree that “Provide opportunities for employees to serve society” is the purpose of their sponsorship of the arts.
 - All 7 financial institutions strongly agree / agree that “Corporate image building” and “Enhance corporate promotion” are the purposes of their sponsorship.
 - All 5 real estate developers strongly agree / agree that “Corporate social responsibilities” and “Support the arts and culture of Hong Kong” are the purposes of their sponsorship.
 - All 4 professional organizations strongly agree / agree to all 6 purposes provided in the questionnaire i.e. “Corporate social responsibilities”, “Corporate image building”, “Support the arts and culture of Hong Kong”, “Enhance corporate promotion”, “Customer relationship building” and “Provide opportunities for employees to serve society”.
 - All 9 brand name merchandise / stores /services strongly agree / agree that “Corporate social responsibilities”, “Support the arts and culture of Hong Kong”

and “Provide opportunities for employees to serve society” are the purposes of their sponsorship.

- All 4 respondents in the “other sponsoring organizations” category strongly agree / agree that “Corporate social responsibilities” and “Support the arts and culture of Hong Kong” are the purposes of their sponsorship

Other Areas of Public Services Sponsored

12. The most popular area sponsored by the respondents is “Education” (73.7%), followed by “Social welfare” (55.3%). “Environmental protection” and “Sports” are the least popular.

Frequency and Amount of Sponsorship

Average Number of Arts Sponsorship Applications Received in a Year and Success Rate

13. Over 80% of the respondents receive 30 or less applications a year; among them 58.3% receive 10 or fewer applications. The application success rate does not seem to have direct correlation with the number of application received.

Total Annual Sponsorship Amount in the Last Three Years (2007-08 to 2009-10)

14. The total amount of all sponsorships in the last three years has been on the rise: 24.5% increase in 2008-09 from \$227,900,000 to \$283,800,000; and despite the 2009 global financial crisis, 2009-10 still shows a 9.4% increase from \$283,800,000 to \$310,600,000. Among all sponsorship types, arts and culture sponsorship accounts for 9.3% (\$21,200,000) in 2007-08, 7.8% (\$22,100,000) in 2008-09, and 13.1% (\$40,600,000) in 2009-10.

Frequency and Sponsorship Amount of Arts and Culture Related Activities in 2009-10

15. The most common sponsorship amount for a single activity is \$10,000 or less (sponsored 122 times), followed by \$10,001 - \$50,000(59 times) ; and \$50,001 - \$100,000 (32 times).
16. In terms of number of sponsors, \$10,000 or less is the amount sponsored by the most respondents (24) for a single activity, followed by \$10,001 to \$50,000 (23 respondents). The difference between the two is insignificant.

Highest Sponsorship Amount for a Single Activity in 2009 –10

17. Among the 26 respondents who have responded to this question, the highest sponsorship amount for a single activity ranges from as high as over \$15,000,000 to as low as \$10,000.
18. The most common highest sponsorship amounts are \$10,000, \$100,000 and \$200,000 (3 respondents respectively); followed by \$20,000, \$50,000 and \$150,000 (2 respondents respectively).

19. For 40% of the respondents (11), their highest single sponsorship amount is \$50,000 or less; for 60% of the respondents (16), their highest amount is \$100,000 or less. This largely corresponds to the findings in the section *Frequency and Sponsorship Amount of Arts and Culture Related Activities in 2009-10*.

Art Genres Sponsored and Forms of Sponsorship

Regular Annual Sponsorship of Arts Groups

20. 42.1% (16) of the respondents are regular annual sponsors of arts groups. In the last three years (2007-2010), sponsorship of 2 arts groups seems to be the most common, accounting for 37.5% (6) of the respondents, followed by sponsorship of 3 arts groups accounting for 25% (4).

Consideration Factors for Regular Annual Sponsorship

21. The most common consideration factors are “Future direction of the group” (87.5%) and “Art Genre of the group” (81.3%). The least common factors are “The group has already been sponsored by the government or other well-known organizations” (25.1%), “Knowing the management of the group” (37.5%) and “The group reviews their result on a regular basis” (37.5%).
22. Sponsors of the same business category tends to share some common consideration factor(s), notably:
- All 5 foundations / charity organizations think that “Future direction of the group” is very important / important.
 - All 3 financial institutions think that “Good match of image”, “The group is of considerable scale”, “Art genre” and “Same target audience / customers ” are very important / important.
 - All 4 real estate developers think that “Art genre” and “Recognition of the group’s accomplishments by the public” are very important / important.
 - The only professional organization among the regular sponsors of arts group thinks that “Good match of image”, “The group is of considerable scale”, “Art genre”, “Knowing the management of the group”, “Future direction of the group”, “Recognition of the group’s accomplishments by the public”, “The group reviews their result on a regular basis” and “Same target audience / customers ” are very important / important.

Format of Activities Sponsored in 2009-10 and Frequency Count

23. Respondents have sponsored the 6 activity formats provided in the questionnaire for a total of 258 times in the 2009-10 period. Among them, “Performance” has received the highest sponsorship count, accounting for 48.5% of the total count (31 respondents have sponsored); followed by “Festival / variety activity” 21.7% (27 respondents), “Exhibition” 16.7% (23 respondents), “Competition” 7% (10 respondents), and “Course and seminar” 6.2% (8 respondents). “Performance” has the highest count in both number of sponsorships and number of sponsors.

Art Genres Sponsored in 2009-10 and Frequency Count

24. Respondents have sponsored the 9 art genres provided in the questionnaire for a total of 229 times, among them “Music” is the most popular, which has been sponsored 73 times, accounting for 31.9% of the total sponsorship count with 28 respondents; followed by “Theatre” 58 times (25.3%, with 30 respondents). These 2 genres account for over 50% of the total sponsorship frequency count.
25. The least frequently sponsored art genres are: “Literature” 3 times (0.44%), “Film” 2 times (0.8%) and “Xiqu” 6 times (2.6%).

Forms of Sponsorship

26. The most common form of sponsorship is “Cash sponsorship”, which has been used by 86.8% of the respondents, followed by “Advertising and promotion sponsorship” 55.3%, and “Free venue or venue sponsorship” 44.7%. “Other types of sponsorship” include photography service, special performance, paper supply and display of public art works. Non-cash sponsorship seems to be quite common.
27. The most common forms of support other than sponsorship is “Advertise in programme booklet”(73.7%), followed by “Encourage employee to participate or volunteer in the activity”(50%).

Means to Get in Touch with the Arts Groups or Organizers

28. The most common means is “Through open application procedures” (63.2%), followed by “The arts group / organizer take the initiative to contact the sponsor” (60.5%) and “Internal recommendation” (50%). The difference in terms of the number of respondents among these three means is not significant.

Important Information for Sponsorship Applications

29. Among the 10 types of information given, over 90% of the respondents think that “Background and achievements of the group”, “Future direction of the group” and “Subject matter and content of the activity” are very important / important. The lowest is “Assessment method of project results”, with less than 40%. Among the respondent categories:
- All 9 foundations / charity organizations think that “Background and achievements of the group”, “Future direction of the group” and “Subject matter and content of the activity” are very important / important.
 - All 7 financial institutions think that “Future direction of the group” and “Amount of sponsorship requested” are very important / important.
 - All 5 real estate developers think that “Background and achievements of the group”, “Subject matter and content of the activity”, and the “Number of target audience” are very important / important.
 - All 4 professional organizations think that “Background and achievements of the group”, “Future direction of the group”, “Subject matter and content of the activity”, “Target audience and expected number”, “Promotion plan of the activity” and “Total budget of the project” are very important / important.

- All 9 brand name merchandise / stores / services think that “Background and achievements of the group”, “Future direction of the group”, “Subject matter and content of the activity” and “Target audience and expected number” are very important / important.

Decision Factors for Arts Sponsorship Application

30. The most common decision factors regarded as very important / Important by the respondents are: “Matching of image” (36 respondents, accounting for 94.7%), followed by “Activity is meaningful” (34 respondents, 89.4%). The least common factors are “Same target audience / customers” (23 respondents, 60.5%) and “Applicant has already been sponsored by government or other well-known sponsors” (25 respondents, 65.8%). Among the respondent categories:
- 8 out of 9 foundations / charity organizations think that “Subject matter or format of the activity is attractive” is very important / important.
 - All 7 financial institutions think that “Applicant is well-known” and “Good match of image” are very important / important.
 - All 5 real estate developers think that “Applicant is well-known”, “Good match of image”, “Knowledge of the applicant or artist”, “Large target audience”, “Subject matter or format of the activity is attractive”, “Activity is meaningful”, “Applicant has already been sponsored by government or other well-known sponsors” and “Same audience / target customers” are very important / important.
 - All 4 professional organizations think that “Applicant is well-known”, “Good match of image”, “Knowledge of the applicant or artist”, “Large target audience”, “Subject matter or format of the activity is attractive”, and “Activity is meaningful” are very important / important.
 - All 9 brand name merchandise / stores / services think that “Good match of image” and “Activity is meaningful” are very important / important.

Suggestions on Content and Arrangement of Sponsored Activities

31. About 40% of the respondents seldom or never make suggestions to the activities concerned; about 20% often or definitely make suggestions, and about 30% make suggestions occasionally. There is little pattern in the timing of the suggestions i.e. whether they are made before or after making the decision to sponsor, and there is no significant relationship between making the suggestions and the decision to sponsor. It is apparent that respondents do not particularly tend to interfere with the activities that they sponsor.
32. The most common consideration when making the suggestions is “To ensure the quality of the activity” which accounts for over 70% of the respondents, followed by “To avoid unnecessary argument” which accounts for about 60%, and “To align with the corporate or product image” which account for about 40%.

How to Describe the Experience with the Arts Practitioners

33. Most of the respondents have positive experience with the arts practitioners. About 60% of the respondents describe their experience as “They (arts practitioners) are creative and inspiring”, followed by “They have high ideals and

expectations” (40%). Only around 10% of the respondents describe their experiences as “They do not quite understand commercial operations”, “They don’t seem to understand the expectations of the sponsors” and “Sometimes they are very adamant and not easy to communicate with”.

Major Reasons for Not Approving a Sponsorship Application

34. The reasons regarded as very important / important by most respondents are: “Application proposal does not meet the requirements of the sponsor” which accounts for 83.8% of the respondents, and “Insufficient information provided” 83.3%. The least common ones are “Activity is not sponsored by the government or other sponsors” 52.8% and “The target audiences are not target customers of the sponsor” 58.3%.

How to Enhance the Arts Practitioners’ Ability to Secure More Sponsorships

35. The suggestions regarded as very important / important by most of the respondents are “Increase the audience and accessibility of the activity” which account for 91.8% of the respondents, and “Build a positive image of the arts group” 89.2%. The least supported ones are “Seek assistance from PR firms” 59.4% and “Obtain sponsorship from the government or other organizations first” 64.8%

Outlook for Arts Sponsorship Increase in the Next Three Years

36. None of the respondents indicate that they will “Consider cutting back” their arts sponsorship. 50% will “Consider increase” or “Maintain the same”, and 50% indicate “Not decided yet”.

Reason(s) for Not Considering Arts Sponsorship Increase

37. The most common reason is “Not sure about the economy and the company’s business in the future” which accounts for 22 respondents (71%); followed by “Prefer sponsoring other non-arts & culture areas” (16 respondents, 51.6%), and “The current sponsorship is sufficient” (15 respondents, 48.4%)

Magnitude of Increase in Arts Sponsorship

38. 9 out of the 10 respondents indicate that they do not know, and the only respondent who is certain of the increase indicates a 50% increase. Although the total increase in corporate / foundation sponsorship is not certain, no respondents indicate that they will reduce their sponsorship.

Consideration Factors for Arts Sponsorship Increase

39. Among all consideration factors, the concern on “enhancing the quality of the arts and culture of Hong Kong” is significantly higher than other factors which are directly related to the benefit of the sponsors themselves. It is obvious that this concern is shared by all respondent categories irrespective of their business nature.

Distribution of the percentages of respondents who regard the respective factors as very important / important is as follows:

- To enhance the quality of the arts and culture of Hong Kong 90.9%
- To further enhance corporate image 72.7%
- To effectively reach the sponsor’s target customers 63.7%
- To enhance the effectiveness of promotion efforts 54.6%
- Optimistic about the future of the economy 54.6%
- To align with the direction of public policy 54.6%

Government Incentives Which Can Attract More Arts Sponsorship

40. All 7 government incentives suggested are regarded as very important / important by over 80% of the respondents. Worth noting is that “tax incentive”, an actual financial incentive to the sponsors, has received the lowest support among all, while “Encourage people to participate so as to increase the audience” and “Formulate a clear long term policy for the arts and culture” have the highest support. Distribution of the percentages of respondents who regard the respective incentives as very important / important is as follows:

- Encourage people to participate so as to increase the audience 94.8%
- Formulate a clear long term policy for arts and culture 89.5%
- Give commendations to organizations that contribute to the arts and culture sector 86.8%
- Provide information to the arts sector to help them understand the operations of corporations and foundations 84.2%
- Increase funding for the arts groups, to strengthen their administrative abilities 84.2%
- Promote the development of cultural creative industries for better integration of the arts and business activities 84.2%
- Provide tax incentives 81.5%

Experiences of the Arts Practitioners in Seeking Sponsorship

41. The research team has interviewed 13 arts practitioners, their experiences in seeking arts sponsorship can be summarized as follows:

- Do not be shy to take the initiative to contact sponsors you do not personally know. Once you have identified the common ground between the activity and the sponsor, you will reach a win-win situation. Examples like aligning the activity with the sponsor’s purpose, business nature or objective will increase the chance of success.
- A non-discriminating letter campaign is ineffective because it cannot identify the common ground between the sponsor and the applicant, which does not contribute to a win-win situation.
- A diversified approach to seek smaller sponsorships from more sponsors has a better chance of success.

- Sponsorship may not necessarily be in cash, it can be flexible and in different forms. Advertising and promotion, materials, air tickets, accommodation and services can also help cutting down expenses.
- Building the brand of the arts group is crucial for increasing the sponsors' awareness of the group. The arts groups must keep very good records of their past activities and performance.
- Collaboration with sponsors can help audience development, increasing the audience and revenue of the arts group in a long run.
- Personal network is very important, the personal network of senior members or key personnel of the arts group can make things easier in seeking sponsorship.
- Businesses that supply to the arts groups can also be sources of sponsorship.

42. Difficulties in seeking sponsorship can be summarized as follows:

- Sponsorship development takes a lot of administrative resources, which many small arts groups do not have.
- There is a lack of artistic ambience in Hong Kong society in general; the business community has little awareness of arts sponsorship.
 - Society at large does not know much about small, lesser-known arts groups.
 - The perception or image of certain art genres is not in tune with contemporary society.
 - Many arts activities have small or limited audiences, which to the sponsors, do not get the “bang for the buck”.
 - Some art genres are not familiar to society at large.
 - Lack the personal network or connection to seek sponsorship.

International Experiences in Arts Sponsorship Development

43. Since the 1960's when corporations start to sponsor arts groups and arts activities, sponsorships from corporations or individuals have become an indispensable support to arts development. The experience of the United Kingdom and Australia shows rapid development in arts sponsorship in the last decade.

44. There are three common types of support to the arts: firstly, sponsorship in cash or in kind, or collaboration with arts practitioners to enhance the exposure of the corporation e.g. corporate logo. The other is donation from individuals or foundations to specific arts practitioners or arts projects, and the third type is free services to arts practitioners or arts activities, for example people with a business or financial background serving as free consultants or members of the board. According to an Australian study, corporations tend to collaborate with the arts practitioners for mutual benefits and to legitimize their financial contribution to the arts.

45. In the UK, in order to cut down public expenditure, the government provides incentives to individuals and the business community to encourage arts sponsorship so as to maintain sufficient resources for arts development. As communication between the business community and the arts sector does not naturally have a smooth sail, challenges are not infrequent. Functions like

bridging and enhancing the communication between the arts and the business communities, training provision, research and building databases for the arts community have become a profession in their own right. Many countries in the West have non-government organizations specializing in such work, examples are Arts & Business of the UK and Abaf of Australia. Many governments also provide tax incentives to encourage arts sponsorship from the business community as well as individuals.

46. In Singapore, not only that the Government does not cut back the investment in arts and culture, it actually increases funding for the arts. Through the National Arts Council (NAC) and Ministry of Information, Communication and the Arts (MICA), the government drives, centralizes and monitors arts sponsorships and donations from the business community and individuals to the arts. These government departments not only control government subsidies but also resources from society, and by so doing they can also effectively monitor arts and culture practitioners.
47. Whether it is driven by government or initiated by society, it is difficult for support from the business community or individuals to equally benefit arts practitioners of all scales, natures and levels of fame. There is a tendency for sponsors to support large well-known arts groups, big arts festivals and big activities. For example in 2009 – 10, the majority of the personal donations (88%) go to the top arts groups in UK (top arts groups account for 4% of all arts groups); whereas in Australia, among the 28 members of the AMPAG, the 7 large arts groups account for only 25% of its total members, yet 56% of the total donations and sponsorships go to these 7 large arts groups.

Conclusion

Purposes of arts sponsorship and consideration factors:

48. While organizations of different business natures may have different purposes, all respondents think “Corporate social responsibilities” and “Support the arts and culture of Hong Kong” are their main purposes.
49. Commercial interests such as “(to) Enhance corporate promotion” and “Customer relationship building” are not necessarily the main purposes of arts sponsorship; it depends on the business nature of the sponsoring organization.
50. For regular annual sponsorship of arts groups, the most common consideration factors are “Future development of the arts group” and “Art genre” which over 80% of the respondents agree. The least common factor is “The group has already been sponsored by the government or other well-known organizations”(less than 20%), which shows that such labeling effect is not significant.
51. While only 30% of the respondents think that “Knowing the management of the arts group” is important, taking into consideration the common means for sponsors to get in touch with the arts groups i.e. “Through open application

procedures” (60%), “The applicant takes the initiative to contact the sponsor”(60%) and “Internal recommendation” (50%), “Knowing the management of the arts group” does seem to have an advantage. This also echoes with the response from some of the arts practitioners that personal network is important. However, personal network does not necessarily guarantee a higher success rate, it has to take into consideration of a combination of other factors.

52. Another notable consideration factor is the number of audience. Although less than 70% of the respondents think that “large number of audience” is an important consideration factor, on the other hand over 70% of the respondents indicate that “Small number of audience” is a reason for not approving an application, over 80% think that “Number of audience” is important information in a sponsorship application, and over 90% think that “increase the number of audience” is an important means to enhance the arts practitioners’ ability to seek more sponsorship as well as an important government incentive to attract more sponsorship. All in all, this shows that number of audience is an important factor in seeking arts sponsorship.

Future Outlook of Arts Sponsorship

53. Taking into consideration that despite the 2009 global financial crisis, the total amount of sponsorship has been on the rise in the last three years, although 50% of the respondents have yet to decide whether they will increase the total sponsorship amount, none of the respondents has indicated a cut-back, therefore it can be inferred that the total sponsorship amount will remain stable in the future.
54. However, the percentage of arts sponsorship has not been increasing steadily with the total sponsorship growth in the last three years; rather it has been up and down. Taking the other areas of public services sponsored into consideration, the arts sector needs to compete for sponsorship resources, in particular with the education and social welfare sectors. It is important that arts practitioners should also take into consideration factors such as “good match of image”, “meaningfulness of the activity “ and “attractiveness of the subject matter or format” which are regarded as important by the sponsors, and be flexible in aligning the characteristics of their activity with the common grounds they share with the sponsors.
55. Though the amount of sponsorship varies widely, the most common amount is under \$50,000, which is in line with the successful experience of the arts practitioners to diversify the sponsors instead of focusing on a single big sponsor.

Activity Format and Art Genre:

56. The study shows that “performance” has the highest number of sponsors as well as sponsorship count, followed by “festival/variety activity”, and the most frequently sponsored art genre is “music” followed by “theatre”, accounting for over 50% of total number of sponsorships. Although there may be some possible bias due to the sample data collection method, the finding is in line with the

experience of the arts practitioners interviewed. The difficulty of certain art genres such as xiqu, visual arts, modern dance, and arts groups of smaller audiences in seeking sponsorship is a useful reference when formulating public policy for the arts.

International Experience:

57. Factors like art genres, fame of the arts group, administrative resources, personal network, and audience number etc impact on the ability of arts practitioners in sponsorship development. This is also a common situation in the other countries.
58. International experiences in arts sponsorship show that corporate arts sponsorship or the integration of arts and business has become a general trend to sustain as well as further the development of the arts. Whether it is budget cut in arts expenditures (e.g. UK), or the government taking a strong lead to develop the arts and cultural industry (e.g. Singapore), corporations can play their roles in different situations.
59. To address such needs, platforms provided by governments to assist arts groups in different circumstances and to enhance their abilities to seek sponsorships come into existence. Although specific organizational frameworks or modes of execution may vary, Hong Kong can draw on international experiences to establish a platform which can meet the needs of Hong Kong; to build a network to strengthen the communication between the business community and the arts sector, so that different modes of thinking can be exchanged; and to create an artistic ambience for society at large, so that the general public sees the relationship between arts and the quality of society and new audiences can be developed.