14

FESTIVALS AND SPONSORSHIP

A strategic marketing approach

Gurhan Aktas and Z. Gokce Sel

Introduction

Getz (2005) defines festivals as ‘themed, public celebrations’ (p. 21). This straightforward and three-word definition underlines three components of festivals: a festival should be themed, people should gather in specific festival locations and venues, and the participating public should either observe or become a part of festival celebrations. All these components require a series of managerial tasks to be initiated and implemented by festival-organising bodies. Such tasks range from preparing a strategic festival plan to the hiring and training of employees and volunteers. Other components include assessing environmental impacts of a festival and marketing it to potential participants. As a result, the organisers responsible for staging and managing festivals rely on both monetary and non-monetary resources in order to fulfil their tasks and aims. While a number of resources, such as the public authorities’ support and income generated from participants, can help organising bodies to disburse some of the costs, sponsorship often becomes a crucial constituent of festival budgets and plans. Therefore, identifying potential sponsors, preparing sponsorship proposals and managing ongoing relationships with sponsors for repeating festivals are among the essential responsibilities for anyone associated with the organisation and marketing of festivals.

This chapter focuses on the concept of sponsorship by private organisations in festival management and marketing. To this end, the concept of festival sponsorship, sponsorship benefits for both festival organisers and sponsors, types of sponsorships and the process of festival sponsorship arrangements are discussed from a strategic marketing perspective. The chapter concludes with a case study investigating the sponsorship arrangements of the Izmir Culture and Art Foundation (ICAF), which has been organising the International Izmir Festival and the Izmir European Jazz Festival for more than 20 years.

Sponsorship in festivals

From a marketing perspective, sponsorship is a monetary and/or non-monetary contribution by organisations to an activity in exchange for access to potential target markets associated with the activity (Meenaghan 1991). Most private organisations use sponsorship as an opportunity to communicate with their potential and existing customers. Hence, the need to
synchronise their sponsoring activities with their broader integrated marketing efforts. The organisation responsible for the realisation of the sponsored activity, in the meantime, strives for compatibility between the activity and its sponsors, while the overall aim is usually to cover costs and benefit from non-monetary assistance and support in organising and planning the activity.

Festivals can be ideal platforms for sponsoring organisations to build, communicate and/or strengthen their corporate and brand images among the participating public as well as a broader audience reached through broadcasting and media coverage. Posts shared by festival participants, festival organisers and sponsors in social media accounts can further increase the effectiveness of sponsorship-related marketing efforts with regard to reaching the targeted markets. Although the impact of sponsorship as a marketing tool is, undoubtedly, determined by the scope, aim and target market of the festival sponsored, in addition to the nature of sponsorship arrangement, it is often considered as a cheaper promotion opportunity in comparison to advertisements on TV channels and in newspapers or magazines (Allen, O’Toole, Harris, & McDonnell 2011).

Another advantage of festivals as a marketing medium is associated with their atmosphere and environment. As mentioned earlier, festivals bring people together for celebrations, which, to a certain extent, lead to the participating public perceiving festivals as socialising events with pleasant and memorable recreational experiences. This, as a result, provides opportunities for sponsors to communicate their marketing messages to target markets in festive environments, where the negative environmental factors influencing the conception of the message are minimised, and the message visibility is strengthened through the concentration of people within the physical boundaries of a festival organisation. Such outcomes of sponsorship directly depend on the successful management and implementation of a festival without major adversity or crisis experienced or not dealt with in a timely manner by the organisers.

As ‘themed’ celebrations, festivals also offer opportunities for selective marketing. As opposed to marketing to masses, festivals are mostly comprised of audiences sharing similarities in needs, interests and, at times, demographic characteristics. In other words, sponsors can design and adjust their marketing messages according to the characteristics of a homogenous target market attracted by a festival (Hutabarat & Gayatri 2014). While a soft drink company may prefer to sponsor an electronic music festival simply because the expected audience would consist of young people, a company producing sports outfits, for similar reasons, may opt for the sponsorship of a sports festival. Even if there is little congruence between a sponsoring company’s business and the theme of a festival, some organisations envisage sponsorship as a social responsibility project. Sponsoring a culture festival, for example, would enable a company to portray itself as an organisation investing in and/or supporting the cultural values and the community development of its target markets. In fact, the overall benefits of sponsorship vary according to both what organisations aim to achieve with their sponsorship arrangements and what opportunities are made available to sponsors by festival organisers. Branding, creating public awareness, launching new products/services, incentivising employees, demonstrating corporate responsibility, encouraging brand loyalty, practising sales promotion and stimulating sales can all be attempted by festival sponsors (Finkel 2010; Richards & Palmer 2010).

The marketing benefits of sponsorship are not only limited to the opportunities available for sponsors. Festival organisers, too, can benefit from these sponsorship arrangements. In addition to the obvious benefits of monetary and non-monetary contributions by sponsors, festival organisers can engage in joint promotion campaigns with their sponsors, whose
expertise and knowledge may help festival organisers increase the effectiveness of marketing efforts. If sponsors are engaged in new and innovative ways of communicating with target markets during a festival, organisers may benefit from improved experience for participants (Masterman & Wood 2005). In the case of sponsors circulating a festival programme to their well-established database, festival organisers would be reaching a vast number of people with no extra cost on their marketing budget. Such advantages of sponsorship can be valuable especially if sponsors have strong and positive corporate and brand images among target markets. In other words, festival organisers can enhance the image and credibility of a festival through the inclusion of leading brands and companies as sponsors (Raj & Musgrave 2009).

With a snowball effect, strong sponsors may induce other organisations to consider sponsorship, easing the efforts of festival organisers in search of new sponsors. The only obstacle would be the elimination of competitor companies from the list of potential sponsors, as it is unlikely that competing brands would consider sponsoring the same festival. In fact, competing companies may choose to sponsor competing festivals as a counterattack strategy. In such cases, more established festivals would be expected to gain the support of a leading company in the market. However, sponsors trying to differentiate themselves from their competition may look to other types of events, if their main competitor is already strongly associated with a specific festival in order to diminish the risk of being perceived as an imitator by target markets. Thus, organisers are forced to engage in thorough analysis and evaluation of the ideal and potential sponsors for a particular festival.

**Sponsorship process and sponsor types**

Festivals range from local to international events, while the theme could be anything from culture to religion and from sports to agriculture. The overall aims and objectives of staging a festival, its programme, the experience of its management team, the structure of the leading organiser, the number of stakeholders involved in operation, the duration of the festival, the number of locations and venues used, and the number of participants expected to attend would all determine the total budget required, hence the sponsorship needed for that specific festival. Sponsorship, therefore, is a crucial component of a festival's financial management as well as of its marketing. The primary goal of organisers should be to prepare a festival budget and to clarify what resources, including sponsor contributions, are available or required to cover expenses (Richards & Palmer 2010). In order to seek sponsors, a festival should craft a carefully worded sponsorship proposal, including introductions to the festival, its organisers, its objectives and its proposed programme.

Another important piece of information to be provided in sponsorship proposals is the number and characteristics of people expected to participate in a festival. Since private organisations predominantly use sponsorships to reach potential market segments, the detailed information provided on participating people would help them to judge the potential of the festival as a marketing medium. Repeating festivals can benefit from statistics collected from previous years, while the organisers of a new festival can refer to public interest in festivals held in their locality, although organisers should take care not to infer too much from such data. If organisers can enrich the participation information by specifying, at least, the demographic characteristics of participants and their motivations for attendance, sponsors can then rely on such information to determine the overlaps between their target segments and festival participants (Masterman 2004).

Following the identification of objectives, programme and target markets, festival organisers should determine their policies on sponsorship benefits and types in line with their
budget requirements. An example set of benefits, which can be presented to potential sponsors by organisers, gleaned from the existing literature, should include use of sponsor information and logos; placement of sponsor billboards or banners in the venue; space for direct sales by sponsors; provision of VIP tickets to the sponsor; inclusion of the sponsor in festival publicity; visible presence of sponsor executives during the festival, perhaps in opening or closing ceremonies; naming of awards and prizes after sponsors; privileged backstage access for sponsors; opportunities to interact with participants as their target market; and initiating joint marketing activities with other festival stakeholders (Allen et al. 2011; Andersson & Getz 2007; Anderton 2011; Masterman & Wood 2005; O’Hagan & Harvey 2000; Shone & Parry 2004).

Organisers also need to decide what benefits would be available for what type of sponsorship arrangements. The easiest classification of sponsors is to categorise them as major and minor sponsors according to their level of contribution (Copeland, Frisby & McCarville 1996). While a single company may prefer to be the sole sponsor of a festival, the different sponsor types would be determined according to the managerial and operational costs of the festival. Although sponsorship arrangements are often made on an ad hoc basis for most local festivals, it is important to form guidelines and regulations on sponsorship types and benefits for the successful management of sponsor relationships for repeating festivals.

In practice, the most widespread distinction between different sponsor types is based on the nature of the contribution, which may be in monetary and non-monetary forms (Richards & Palmer 2010). Sponsors are often asked to pay a certain fee in return for the rights to specific benefits and privileges. For festivals, where monetary contribution expected from individual companies presents variations, organisers could use a hierarchical approach as in bronze, silver and gold sponsorship alternatives. Such an arrangement would range from a limited set of benefits offered to bronze sponsors to the most extensive set of benefits for gold ones (Copeland et al. 1996). In addition to a hierarchical approach, Geldard and Sinclair (2002) identify three other types in sponsorship strategies. The first one of these is sole sponsorship, whereby a single organisation becomes the official sponsor of a festival. In a pyramid structure, sponsors are categorised in the same way as the hierarchical approach, but at the top of the pyramid there would be a limited number of main sponsors. The final strategy, called a level-playing field, denotes each sponsor negotiating a separate deal suiting their needs, without compatibility between different sponsorship arrangements.

Non–monetary support, in the meantime, would relate to sponsors providing their products and services free of charge. Examples of this kind of support would include sponsors offering catering facilities and services, give-away products to participants, and complimentary accommodation for festival organisers and their guests. Although such offers do not relieve festival budgets in the same way that direct income generated from fee-paying sponsors does, they could be of great help in the facilitation and management of various operational tasks and in the reduction of costs involved in running these tasks.

Once the sponsorship types and associated benefits are identified, organisers can then start approaching potential sponsors with proposals. For repeating festivals, the initial efforts should be directed towards renewing the agreements of previous sponsors. For new sponsors, target market congruence between a festival and its sponsors becomes a crucial factor to be considered by both parties (Cornwell, Humphreys, Maguire, Weeks & Tellegen 2006). Here, any information provided on the characteristics of participants could help potential sponsors to evaluate whether their target segments are expected to attend a festival and whether the festival could present an ideal setting for the achievement of sponsors’ marketing objectives. In addition to target market congruence, festival organisers should also consider if
there are certain restrictions and regulations prohibiting specific types of organisations, such as tobacco or alcohol manufacturers to become sponsors. The theme of a festival could also limit potential sponsors. Organisers of a culture and arts festival, for example, may refuse contributions from private-sector organisations, if their board members are against the idea of such organisations’ commercial interests in the festival (Finkel 2010).

Organisers should also eliminate any potential sponsor companies which have negative images amongst targeted festival participants. In some cases, major sponsors may also have an impact on the selection of other sponsors, as they may have concerns over their brand being mentioned alongside smaller and lesser-known organisations. Organisations may request alterations to sponsorship arrangements or may demand further information on the festival, its participants and other sponsors. Therefore, festival organisers should manage the negotiation process carefully and should take all necessary precautions in order not to cause any misunderstanding about the festival, its benefits, sponsorship costs and payment terms. This is especially important as the finalised agreement will establish the grounds of an ongoing relationship between both parties in the future (Masterman 2004). An important point to bear in mind is the fact that most local and regional festivals are run by non-profit organisations and may lack professional staff. Therefore, sponsorship arrangements may be also outsourced to professional event agencies and consultant companies (Giannoulakis 2014).

Attention must always be paid to the timing of negotiations, whether the sponsorship arrangements are being handled by the festival organiser itself or any third-party organisations. The importance of timing relates to two factors. First, festival organisers may need to align expenses with income generated from all sources as far in advance as possible so that they can finalise their programme and start working on its implementation. Second, private organisations determine their annual marketing-related expenses during specific budget-planning periods. This may require organisers to approach sponsors a year before a festival, so that they can allocate specific amounts from their marketing budget to the festival. Last-minute sponsorships are difficult to achieve and diminish the bargaining power of organisers (Allen et al. 2011).

Following the selection of sponsors, the procedure continues with the signing of a sponsorship agreement and the ongoing management of sponsor relations during and after a festival. The agreement prepared in contemplation of legal procedures and in mutual recognition should protect the rights of both sponsors and organisers. The clauses on the requirements of the sponsorship, how each party would fulfil its responsibilities and the terms of payment and provision of services should be clearly stated and approved by both parties (Masterman 2004). It is, therefore, important that organisers maintain constant contact with their sponsors, try to correspond to their requests and help them fulfil their expectations of the festival (Shone & Parry 2004). Organisers should take into consideration that the long-term success of their festival relies heavily on securing financial resources, hence developing and managing good relations with their existing and potential sponsors. They should try to understand the needs and expectations of each sponsor and should attempt to develop relations on the grounds of commitment and trust.

Case study: the international Izmir Festival and the Izmir European Jazz Festival

The Izmir Foundation for Culture, Arts and Education (IKSEV) was established in 1985 in Izmir, the third biggest city of Turkey. As a non-profit organisation, the aim of IKSEV is to support, develop, research and protect culture and arts. The foundation was established
under the leadership of the executive chairman of the Eczacibasi Group, currently embracing 48 companies throughout the country in a variety of sectors ranging from pharmaceuticals to construction. The Group is the main sponsor of the two annual festivals organised by IKSEV in Izmir. The International Izmir Festival, its programme often extending throughout the summer months, was first introduced in 1985 and includes concerts and performances in all genres of music and arts. In previous years, worldwide artists, bands and orchestras, such as Elton John, Ray Charles, the Moscow Symphonic Orchestra and the New York City Ballet Company, have performed during the festival. The Izmir European Jazz Festival, also organised within a month period between June and July of each year, was first organised in 1993 with the aim of bringing international and national jazz artists and bands together with their fans and jazz lovers. Both festivals use various concert halls and venues across the city. The most famous of which, being the amphitheatre at the ancient Roman City of Ephesus, often used for leading events such as opening and closing performances.

In order to learn from the foundation’s 32 years of experience in organising culture and arts festivals in Izmir, an in-depth semi-structured interview was arranged with the current head of the Board of Directors, Filiz Sarper, who is also a board member of the European Festivals Association. The topics discussed during the interview covered all aspects of sponsorship in relation to these festivals. Findings highlight the difficulties associated with sponsoring festivals but also provide important lessons for festivals seeking sponsorship.

First, despite the fact that IKSEV attempts to cover some of its costs through ticket sales, it depends heavily on third-party contributions. This is because the foundation aims to keep ticket prices affordable in order to reach wider audiences. Also, a series of performances like those on offer, in numerous locations and with international artists and groups, necessitates a significant amount of financial investment. The foundation has observed that while ticket sales cover 20 per cent to 30 per cent of all expenses, third-party contributions are required for the remaining 70 per cent to 80 per cent. Since there are public funds and grants available for culture and arts events in the country, IKSEV applies for various grants, including those offered on a national scale by the Promotion Fund and the ones offered by local and regional authorities such as the Izmir Development Agency and the Municipality of Izmir. Further, the foundation has also developed good relations with the official representatives of various countries in Turkey, which are approached for sponsorship of special concerts and performances by artists from the concerned countries. In 2017, for example, the Embassy of Spain, the Consulate of Italy and the Consulate of Poland all became sponsors of the International Izmir Festival.

For private-sector sponsors, IKSEV develops a sponsorship proposal that is distributed among existing and potential sponsors every year and for both festivals. The main and official sponsor of both events has always been the Eczacibasi Group, whose contribution is often shaped according to the budget deficits between the financial requirements of a festival and the income sources finalised for a specific year’s programme. The remaining categories of sponsorship are partners, contributors and service providers. Partners include public authorities providing grants to the festivals and the international governmental representatives of countries sponsoring specific concerts and performances. Private-sector companies who choose to sponsor a specific concert or performance scheduled within the festivals are also referred to as partners. The monetary contribution of partners is larger than from contributors, but the exact amount varies according to the requirements of the concert/performance selected for sponsorship. Private partners (only two in 2017 for the Izmir European Jazz Festival) are offered the full festival programme during sponsorship negotiations and can decide which concert/performance to sponsor following their own assessment of individual
Festivals and sponsorship

events and their likely impacts on fulfilling the intentions in sponsorship. Contributors are then offered a set of benefits according to specific predetermined fee. Both partners and contributors benefit from their logos being placed in publications and on the websites of the festivals, and from various event-related privileges such as free and VIP tickets. Partners, however, gain further advantages including their logos being used on tickets, on the posters of the concert/performance they are sponsoring, in email messages send to around 2,500 people registered into IKSEV databank and on IKSEV’s social media accounts currently followed by around 25,000 people. In 2016, IKSEV estimated that its promotional material reached around 3 million people, while 700,000 people watched the concerts/performances of the International Izmir Festival. Finally, service providers offer non-monetary sponsorship and benefit from their company logos being used in festival brochures and programme booklets. Two hotels offering complimentary accommodation to the artists and guests and a publishing company producing all written material of the festival were examples of service providers for the Izmir European Jazz Festival in 2017.

The only obstacles in sponsorship arrangements mentioned were in regard to encouraging local private companies based around Izmir to consider sponsorship, likely due to the ongoing economic crises in recent years. Despite the international scope of both festivals, the majority of the audience consists of people residing in Izmir, with the exception of small groups of enthusiasts following the programmes of particular artists and art companies. The locality of these festivals and the competition from festivals in other metropolitan areas of the country may be the reasons for this – since the festivals organised in Istanbul have a greater potential to reach wider audiences than those in Izmir, they receive priority in sponsorship alternatives by most private organisations.

Conclusion

Festivals are organised by public, non-profit or private organisations and may require sponsorship from different types of organisations. Urriolagoitia and Planellas (2007) state the most common benefit that private organisations expect from their sponsorship arrangements is to enhance or change their corporate image and reputation. Clearly, various other aims could also be listed according to the scope and nature of the festival sponsored, and the marketing objectives identified for a specific organisation considering sponsorship as a marketing medium. Whatever the purpose of involvement is, sponsorship relates to either monetary or non-monetary investment and hence requires thorough planning and management to be executed by both parties. While sponsorship is a crucial factor in the long-term success of festivals, it could offer cheaper and valid opportunities to sponsor companies in reaching their marketing goals in comparison to other traditional forms of advertisement.

Despite the emerging research on events in the existing literature, there is still a lack of research focusing on sponsoring festivals in general. However, there seems to be a concentration of sponsorship research on specific festival types. The first group of these research looks into sponsorship at music and arts festivals. In his study, Anderton (2011) investigated the history of music festivals in Britain and noted that sponsorship has evolved from ad hoc efforts with aims of community development to a professional activity, where commercial interests are more evident. While Rowley and Williams (2008), Choi, Tsuji, Hutchinson and Bouchet (2011), and Hutubarat and Gayatri (2014) studied participant attitudes towards music festivals’ sponsors and their products, Cummings (2008) examined the commercialisation of festival spaces through sponsorship from the perspective of participants with primary data collected at a music festival in Australia. The commercialisation of festival spaces was also
investigated from the perspectives of festival organisers by Finkel (2010), who suggested that local people and arts enthusiasts feel alienated with the increase in sponsors’ involvement at arts events. Oakes (2003) analyses the demographic characteristics of different music festivals’ participants and compares them with the target markets of sponsors. Alexandris, Douka, Bakaloumi and Tsasousi (2008) compare a folklore dancing festival with two different sports events with regard to the events’ influence on sponsorship awareness and suggest that the demographic characteristics of spectators may become an influential factor in sponsorship awareness.

The second group of sponsorship research focuses on sports festivals. Dees, Bennett and Tsuji (2006), for example, assess consumers’ affective and behavioural responses to commercial sponsors at a state sports festival and support the argument that participants demonstrating high levels of involvement with a festival are more likely to develop awareness and positive purchase behaviour towards its sponsors. Henseler, Wilson and de Vreede (2009) discuss the impact of corporate sponsors’ brand images and associations on the image of sports festivals, while Kuzma, Shanklin and McCally (1992), in one of the earliest research on festival sponsorship, elaborated upon how the corporate sponsors of a sports festival integrate their sponsoring activities into overall marketing efforts and campaigns.

In their research comparing five different festival types (music, arts, sports, market, and themed festivals), Andersson, Getz, Mykletun, Jaeger and Dolles (2013) investigate the factors influencing the amounts and sources of sponsorship revenues through the analysis of primary data obtained from 260 festival managers in Australia, Norway, Sweden, and UK. The authors suggest that while arts festivals are sponsored more by state and national grants, corporate sponsors favour market and sports festivals mainly due to target market congruence. The research also indicates that the amounts and sources of monetary sponsorship are strongly influenced by the size of a festival in terms of participant numbers and the professionalism of an organising body.

The limited amount of research suggests that there is still a need to study sponsorship within the context of festivals in different locations, at different scopes and with diversified participant types and festival themes. Differences between the sponsorship arrangements of private and non-profit organisers, the measurement of sponsorship effectiveness from the perspectives of both sponsors and organisers, and the impact of sponsors on festivals’ image and reputation are only a couple of suggestions for further research in the field.

References


