

Fundraising fact sheets:

Introduction to arts sponsorship series

Return on Investment

Why measure return on investment?

It is estimated that three in four sponsors do not measure the impact of their investment, or spend less than 1% of the investment on evaluating its impact and value.¹

Now, more than ever before, it is essential that cultural organisations and commercial sponsors evaluate the impact of their partnerships – *the return on investment*.

Sponsoring culture is a commercial transaction which brings the partners competitive and creative advantage in the marketplace. As with any other commercial transaction, it needs to be assessed so that partners are clear about the objectives and use this intelligence to inform future decisions, planning and implementation.

There is increasing pressure for businesses to justify their expenditure on cultural programmes. Measuring the return on investment provides the evidence for the value of investing in the arts, it establishes whether the original objectives of the partnership/sponsorship were fulfilled, the added value it brings to both partners, as well as ensuring optimal planning and delivery.

How do I use the fact sheet?

What the fact sheet provides is a selection of indicators relating to outputs, outcomes and impacts which could be measured and evaluated during the life of the partnership and in the longer term by both partners. Obviously, some of the indicators will be more relevant to some partnerships than others depending on the business models and the objectives of the partnership. Each partnership will need to prioritise the indicators which are most relevant, appropriate and important to them.

The indicators below are not intended to be a finite list but to demonstrate the range of possible indicators for assessing return on investment.

¹ IEG Sponsorship research into the whole sponsorship market

Some of these are hard indicators, such as sales figures and percentage increases, while others are harder to quantify such as staff cohesion and morale. In cases of the latter type of indicator, anecdotal evidence may be the only way in which this indicator could be measured, such as using one-to-one interviews; however, this is still a legitimate indicator and measuring methodology. We have also deliberately excluded some potential indicators because of the difficulty in actually measuring and monitoring them even using a mixture of quantitative and qualitative research, such as the relative strength of a business' trading position as a result of a partnership.

The indicators have been structured in a framework which can serve as a 'road map' for partnerships. Initially looking at the financial and monetary function within the partnership, focusing then on the leverage this has generated and what has been activated as a result of the partnership (i.e. evaluation of the partnership activity itself). Therefore, financial and activation indicators need to be measured before (in order to benchmark change) and during/immediate after the partnership.

The *impacts and outcomes* of the partnership also need to be considered. What did both parties get out of the relationship beyond the partnership activity itself? Importantly, and an often overlooked set of indicators, those of *legacy* – the long-term impact and value of the partnership, whether that be in terms of reputation, regeneration or helping to create a more vibrant overall trading environment for the business.

What are the indicators?

For ease of reference the indicators have been summarised in the metrics below for the arts and business partner.

Arts Partner	Business Partner
Money	Money
<ul style="list-style-type: none">• Ticket sales• Leverage for other sponsors and donation• Impact on ancillary income streams e.g. retail, catering• Whether the performance, exhibition etc could have been put on without a sponsor• Reduced costs• Skill development of staff• Development of new products / services / show/resource etc.	<ul style="list-style-type: none">• Sales figures• Number of enquiries• Hits on the website• Skill development of staff by participating• Impact on other parts of the business e.g. helps with leasing space, increase in rental prices etc.• Corporate hospitality benefits

Arts Partner

- Streamlined / altered operational practices e.g. introduce online sales, helped with gathering audience data etc.
-

Activation

- Voluntary labour
 - Hits on the website
 - Audience numbers
 - Profile of audiences
 - New audiences
 - Repeat visits and participation
 - Attitudinal shifts
 - Improved consumer and potential investor relations;
 - New interpretations or understanding of cultural asset
 - Press and media coverage
-

Impact and Outcomes

- Connections to the community
 - Brand recognition and awareness
 - Reputation assessment
 - New contacts and networks
-

Legacy

- Standing and reputation in the cultural sector, community, funders and businesses
 - Regeneration effect
-

Business Partner

Activation

- Consumer / audience reach – number and penetration of target market
 - New consumers / audiences and level of repeat business
 - Press and media coverage
 - Level of staff engagement – acted as volunteers, attended etc.
-

Impact and Outcomes

- Connections to the community
 - Reputation assessment
 - Communication of brand values
 - Brand recognition and awareness
 - New contacts and networks
 - Improved dialogue and connectivity across different parts of the business
 - Employee morale and cohesion
-

Legacy

- Regeneration effect/contributor
 - Encouraged people to have a career in that sector
 - Business rankings e.g. the best places to work league
 - Differentiation from competitors
-

Evaluation techniques

In order to truly benchmark the impact and added value of the sponsorship, partners need to know the value/level of the indicators before the sponsorship took place. Therefore, evaluation needs to take place before, during and after a partnership activity in order to get the most out of a return on investment analysis. The depth and continuation of this will depend on the resources which can be allocated and the scale and scope of the partnership itself. The techniques used need to be appropriate to the partners involved and sympathetic to the values of the project.

Setting objectives

We have developed an objectives template, which is below, that will help partners structure and identify relevant, strategic and mutually beneficial objectives, as well as help with putting a system in place for managing, monitoring and ensuring optimal delivery of these objectives. The objectives template will help partners be clear about what needs to be achieved, what success looks like, consider the potential barriers to that success and who is responsible for its delivery and execution.

How we can help

Arts & Business is the catalyst for cultural-commercial collaborations and partnerships. We understand the needs, objectives, issues and priorities of cultural organisations and businesses.

Measuring return on investment can be a challenging task given the availability of resources, skills and sometimes just the complexity of measuring itself, even with the guidance provided in this factsheet. Therefore, Arts & Business can help in a number of different ways, from brokering relationships, establishing objectives, to conducting the evaluation itself or just advising.

The key to evaluation is using the findings as a springboard for further achievements and impacts, and this is where Arts & Business' experience could really help you. For further information please contact us on head.office@artsandbusiness.org.uk or 020 7378 8143.

Objectives template

	Measure	Description	Timescale	Methodology	Risk Assessment	Delivery
<i>Explanation</i>	<i>Increase ticket sales by 6%</i>	<i>What is the objective about?</i>	<i>When should the target be achieved?</i>	<i>How are you going to measure whether it has been achieved?</i>	<i>What might stop you achieving this and what actions are you taking to mitigate this?</i>	<i>Which partner is responsible for its delivery /combination of partner employees?</i>
Financial	A					
	B					
Activation	A					
	B					
Impact & Output	A					
	B					
Legacy	A					
	B					

Case studies

1 Travelex and the National Theatre

The Travelex season at the National Theatre in London is a flagship sponsorship arrangement which offers tickets to a range of performances for just £10. Travelex embarked on the partnership because they wanted to achieve greater brand awareness and recognition. The objectives of the National Theatre were to firstly encourage new audiences to the Theatre and then to convert them into regular attendees. Due to the high level of return on investment, the partnership will continue to at least 2011 and possibly be extended to involve other corporate partners.

Return on Investment:

- Online retail figures increase 12% year-on-year compared to months when the season is not on
- First-time attendees to the National Theatre increased by 300% since the season launched
- 41% of these first-time attendees bought tickets to another production within 12 months

- Travelex staff understand, and are actively involved in, the sponsorship
- An estimated total press and marketing coverage value of £2.6 million has been achieved
- Travelex's brand recognition increases 6% every time the season is on and the brand is more closely associated with experts
- Return on investment for Travelex is estimated to be at least 6:1

2 Morgan Stanley and the British Museum

Morgan Stanley sponsored the British Museum's *The First Emperor: China's Terracotta Army* exhibition (Sept 07 – Apr 08), which contained the largest number of Terracotta Warriors ever to leave China.

This exhibition helped to make the British Museum the most visited museum in the UK in 2008. Sponsoring the exhibition meant that Morgan Stanley could promote its brand and business interests on a global stage while being connected to an exciting cultural activity. Morgan Stanley was the first international investment bank to have a domestic China joint venture, and its sponsorship of the exhibition reinforced the Firm's commitment to the country.

This was the first time the bank had partnered with the British Museum.

Both partners had quite specific objectives from the partnership. Morgan Stanley sponsored primarily for branding and marketing purposes so that they could differentiate themselves from their competitors by aligning their brand to excellence, leadership and innovation, increase favourability amongst target audiences and create a platform to build relationships with new and existing clients. In addition to the marketing objectives, the bank also wanted to use the innovative and high profile event to enhance its position as a 'first choice employer,' both for current and potential employees. For the British Museum, the objectives were to attract as many visitors to the exhibition as possible particularly by developing new audiences, to develop our relationship with the Chinese community both in London, the UK and China itself, and to enhance the reputation of the Museum through the success of an internationally recognised exhibition.

The success and innovation of the partnership meant that it was awarded the Old Mutual Arts & Business Cultural Branding Award for 2008.

Return on Investment:

- The highest number of tickets the British Museum has sold for 33 years, as well as the largest amount of merchandise sold;
- The Museum was able to introduce online ticket sales for the first time;

- The visitor numbers reached 855,000 making it the second most popular exhibition in the British Museum's history. Due to this level of popularity, the British Museum had to extend its opening hours to accommodate visitors;
- 14,500 school children attended free of charge;
- 57% of visitors identified Morgan Stanley as a sponsor;
- Morgan Stanley engaged with over 15,000 individuals within their key audience groups through the course of the exhibition, including clients, employees and the community,
- Improved interaction between units within Morgan Stanley through joint attendance at events;
- There was strong engagement with the Chinese community as demonstrated through attendance to events, volunteering and many visiting for the first time;
- Morgan Stanley aligned their brand to the British Museum and the blockbuster exhibition;
- 800 UK articles, 90 European articles and 50 international publications were printed, of which 5% of the UK articles referenced Morgan Stanley;
- The exhibition and events reached a high-profile audience, important for both partners, from the DCMS, politicians, the media to high-profile individuals;

The knowledge and intelligence gained from this evaluation is being used by the partners to identify the next opportunity to work together. Therefore, not only has it been invaluable for understanding this particular partnership but it is also proving important for the on-going relationship between the partners.

3 Jura Malt Whisky and the Scottish Book Trust

The Scottish Book Trust is the leading agency for the promotion of adult and child engagement in reading and writing in Scotland. They wanted to offer retreats to the Island of Jura for three writers. As a result of the sponsorship with Whyte & Mackay Jura Malt Whisky the retreat was able to take place.

The commercial partner's motivation for sponsoring was because the scotch brand wanted to be the first lifestyle brand in the industry and wanted to celebrate and connect more strongly with the island of Jura, which is responsible for the distinctive taste of the scotch.

Return on Investment:

- Sales for Jura Malt Whisky increased by 13.6% (compared to the objective of 10%), which outperformed the Malt Whisky category as a whole;
- New audiences engaged in the Scottish Book Trust's adult programmes, with the total number of attendees reaching one million;
- An estimated £700,000 worth of PR coverage for Jura Malt Whisky;

- Media coverage of the Scottish Book Trust was achieved in key target publications/newspapers e.g. The Guardian, Paris Review, BBC and the New York Times; therefore reaching a large audience;
- The commercial sponsor saw its brands recognition increase by 64%
- Jura Malt Whisky moved from 6th place in the sector, by total trade, to 5th as a result of sponsoring the retreat
- Also, they were given the business confidence to launch into the American market

4 Python Properties and Middlesbrough Council

Middlehaven is a key strategic regeneration priority for the Tees Valley and the North East region. Python Properties refurbished the Royal Middlehaven House, with grant assistance from Middlesbrough Borough Council. As part of the refurbishment, the concept for a gallery was proposed and within a very short timeframe, a gallery was indeed delivered within the building by Python Properties with assistance from Middlesbrough Council and Sponsors Club at Arts & Business. One of the key features of this assistance was funding to support a Curator at the gallery, which has been fundamental in the ongoing development of the Gallery as a community resource.

With its rolling programme of exhibitions and events, the Python Gallery has successfully engaged local and regional creative practitioners, the private sector, academics, the public sector and the community through its dynamic programming.

The objective was to create a space which would foster creative business start-ups, be a facility for local artists, develop a sense of community ownership over the Gallery and its programmes, increase public engagement with culture, increase demand for accommodation in the building, assist in the regeneration of the surrounding area and create a cultural hub for Middlesbrough.

Return on Investment:

- The Royal Middlehaven House is fully let, unlike some of the nearby properties which could be considered to offer more facilities;
- The reputation of Python Properties has increased in the town significantly, which has assisted in pitching for other regeneration projects in the Tees Valley;
- The marketability of other Python developments has increased;
- The presence of the Gallery has leveraged further investment and resources for the town;
- The Gallery has improved the image of the town and increased local pride.

ENDS

This document was produced by Joanne South, Research Manager, Arts & Business, July 2009.

Further information and other factsheets in this series can be found in the Fundraising Toolkit at: www.artsandbusiness.org.uk. This on-line service is being developed in partnership with Creative Choices^o, the careers and professional development website for the creative and cultural industries.

