

ACADEMY OF PERFORMING ARTS IN PRAGUE

THEATRE FACULTY

Arts Management

Department of Arts Management

Master's Thesis

**THE SPONSORING COLLABORATIONS  
BETWEEN CORPORATIONS AND ARTS INSTITUTIONS**

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Date of thesis defense: 06/02/2020

Academic title granted: MgA

Prague, 2019

AKADEMIE MÚZICKÝCH UMĚNÍ V PRAZE

DIVADELNÍ FAKULTA

Produkce

Katedra Produkce

DIPLOMOVÁ PRÁCE

**SPONZORING MEZI**

**KORPORACEMI A UMĚLECKÝMI INSTITUCEMI**

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Datum obhajoby: 06/02/2020

Přidělovaný akademický titul: MgA

Praha, 2019

## Declaration

I declare that I have prepared my Master's Thesis Dissertation independently on the following topic:

**THE SPONSORING COLLABORATIONS  
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under the expert guidance of my thesis advisor and with the use of the cited literature and sources.

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## Abstract

With the increasing sponsorship scale since the economic crises in 2008, attentions on arts and culture sponsorship are brought generally. With the development and update of the strategic planning and marketing channels, the motivation, value proposition and methods regarding sponsorship are all required to be adjusted accordingly. Great cases and practice can be used as models and summarized for other arts institutions and corporations to learn from. However, sponsorship studies mainly focus on sports and causes. Research gaps are laid between general sponsorship conclusions and its relations regarding arts sponsorship, especially in the area of live arts and performing arts. Detailed analysis inside the arts and cultural sector, like matching points and sharing vision, are expected. The thesis explained the modern motivation for arts organizations. Other than financial benefits, creating access as well as diversify programs are also as important. Then the value propositions of sponsorship collaborations are analyzed in the order of four segments, the elite sponsors, luxury brands, B2C corporations, and technology corporations. In the end, the problems in practice are also provided as a complementary reference.

Key words: Art Sponsorship, Corporate Sponsorship, Performing arts, Luxury Brands

## Abstrakt

Zvyšující se míra sponzoringu od ekonomické krize v roce 2008 přináší vyšší zaměření na sponzoring umění a kultury. S rozvojem strategického plánování a marketingových kanálů je nezbytná odpovídající změna motivace, hodnot a metod sponzoringu. Významné případy z praxe mohou být shrnuty a použity jako vhodné modely, ze kterých čerpají ostatní umělecké instituce a společnosti. Studie zabývající se sponzoringem se ale většinou zaměřují na sport a charitativní účely. Mezi výsledky výzkumu obecného sponzoringu a sponzoringu múzických umění jsou však značné rozdíly. Detailní analýzy sdílených vizí a společných témat uvnitř sektoru umění a kultury jsou očekávány. Tato práce popisuje a vysvětluje moderní motivace uměleckých organizací. Kromě získávání finančních prostředků jsou neméně důležité zejména zpřístupnění umění a diversifikovaný program. Následně jsou parametry spolupráce při sponzoringu rozděleny do čtyř segmentů, elitní sponzoři, luxusní značky, B2C společnosti a technologické společností. Na závěr práce jsou doplněny praktické reference z praxe.

## Acknowledgement

This work would not have been possible without the encouragement and detailed guidance from my supervisor, Mr. Martin Hudeček. I'm very grateful for all the interviewees participating and contributing to this paper. They are Helena Bartlová from Czech National Ballet, Eva Klusackova from Preciosa, Zuzana Hošková from Játka 78 and Shuangzhi Liu from Shaanxi Opera House.

Also, I'm very grateful to all the professors in the theatre faculty taught me during my master's program. All of you have devoted such an amount of time to teach me and give me a lot of insight into the industry. Without all of your hard work, I can never make this far, complete this thesis and reach the end of my journey. The idea of the thesis is based on what I have been taught in DAMU and can be developed and finalized thanks to all the personal and great help from all of our teachers, especially Mr. Michal Lázňovský, Jiří Srstka, Petr Prokop, Jiří Sulženko, and David Kašpar as well as Eva Kyselová.

In the end, special thanks to my fellow colleagues Juliette Servais and Iuliia Mamaeva for their advice on the finalization of this thesis.

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## Introduction

Sponsorship is not a modern concept for arts or any performing arts. Except for the individual donors or sponsors, the kings and rich men are everywhere in the history of performing arts sponsorship like Henry VII, the first Tudor King, paid theatre groups for court entertainments. The Medici, for example, would loan-out acclaimed Florentine artists to other city-states to extend their sphere of influence. It seems that the theories and practice of arts sponsorship is not well developed, however, the idea itself is rather old with a very long history. However, the context is different, and the definition and content are different as well accordingly.

No matter when all arts organizations or artists facing the problems of surviving and prosperity. The sponsorship needs to follow the change of the time and be updated academically.

Most of the sponsorship studies are conducted from the data of sports sponsorship and cause sponsorship. Arts sponsorship is comparably less discussed and summarized. Very few practices can be used to draw the connection between sponsorship theories and art sponsorship practice. The thesis is trying to integrate the motivations of sponsorship, that is well studied before by academics, and characteristics and types of corporations to categorize them into segments. Also, the paper adopts a new perspective of combining the vision of corporation, the motivation of arts sponsorship as well as the actions and strategic plans of sponsorship together to show that each segment is integrated and self-consistent.

The categorization of corporate sponsoring partners is the result of the research on the sponsor segmentation in arts generally and performing arts specifically. It based on the former studies on arts sponsorship regarding sponsor's motivation as well as the practical case studies globally and locally in the Czech Republic and China. The research focused on the perspective that corporate sponsors regard sponsoring partnerships as a strategic move of the corporation instead of an individual act out of personal interest of the managers. The analysis and segmentation

adopted the business canvas model to analyze the value proposition and channels of each category separately. The research aims to summarize the practices in the related matter and get a better understanding of the value proposition of the sponsorship in performing arts. In the end, the problems regarding matching and put theories into practice are shown. They include both internal mindset and the external environment

## **Background**

Performing arts organizations has been facing multi-level changes and challenges now than ever. In the last half-century, the world changed a lot. It shifts from product-based manufacturing to a knowledge-based economy. The way of consumption also leveled up in the age of plenty. People are pursuing values, emotions, and experiences along with products rather than the single product itself. Hard sales and social responsibility don't work anymore because people ask for more. It forces the arts organizations to deliver services around their art and care about the customers who are consuming their arts. It brings new challenges to art organizations as well as corporations. The old way of marketing is not the case anymore. New possibilities need to be found to meet the need for value, emotion, and experience.

Also, the fast development of technology, the active role of the internet and the unstoppable digitalization are questioning what we knew and what we did. As a result, the unprecedented globalization brings bigger competitions on the table. The organizations not only need to keep distinguishing themselves from the others through innovation but also keep an eye on the emerging start-ups. Talents became the most valuable resource of organizations nowadays. The traditional life-long job disappeared. Instead, a job with better welfare and greater opportunities are competitive in the markets. The demand for it provides quite a lot of opportunities for arts organizations. One of the most important parts of the people that corporations want to thank is their employees. The local engagement, personal development and spiritual welfare are all

strengths of arts organizations. All of these objectives can be realized through partnerships between arts organizations and corporations.

The requirements of innovation and resilience for organizations erase all the borders and forced organizations to collaborate. Collaborations should be all-sides. Organizations must collaborate with organizations of all forms, other organizations in the same sector, with other sectors, with their audiences, clients and customers.

Certainly, arts and cultural industries cannot escape from the influences of these macroeconomic changes. A series of economic crises shake the tradition of public funding the culture and arts. Each round of economic turndown is closely tied with public grants cut and further adjustments of the priorities of use of the public money. Culture and Arts always rank after national priorities, like military and employment, and other non-profit sectors, like health and education. However, compared with other non-profit sectors, the development of creativity and innovation of arts always walk ahead of the systematic evolution of public funding. We have to admit that there are still a lot of blank to fill in the public funding system for new emerging art forms. The competition between arts organizations is also fierce with varieties of art projects in the pool. But when it comes to art grants, the decision-making process is not convincing enough because of the difficulties of evaluation. All of these factors bring the situation to an even unclear and unpredicted direction.

Most non-profit organizations constantly worry about money. They have difficulties generating a surplus from their main activities and are dependent on public funding. The daily operation deals with volunteering, in-kind contributions and bartering all the time. However, all of these can still not ease the headache about cash.

For performing arts organizations, a healthy financial structure can help survive the winter. First of all, it requires a diversity of financial sources. Other than public sectors like grants and subsidies, the private sector of arts includes loans from banks, fundraising events, and donations

from angels, foundations and patronage. Inside the private sector, other than passively accepting financial donations and support, arts organizations can also take initiative and generate revenues by renting out space, holding corporate events, sponsoring and merchandising. It's necessary and healthier for arts organizations to find new revenue streams by exploiting and understanding their inner values.

Secondly, a healthy financial structure seeks balance. If we take a look inside the arts organizations, heavy dependence on public money and private donations increases the risk and jeopardize the long-term planning, while over efforts on private money may generate unexpected workload with heavier burdens and pressure for employees. A diverse and balanced financial structure conveys the message through the network of all financial stakeholders of the organization. It will give them the confidence to believe the recipient is worthy so that they would like to continue with arts organizations hand in hand. The financial structure is not number, rather a dynamic thermometer of the organization and relationship with external stakeholders. It's a healthy financial structure that will ease the way to prospect in the longer run.

The main activity or main product is usually the key to generating revenues. A huge part of the art products open to the public is more an experience rather than normal products, no matter it's gallery exhibition or live performance. For theatre performance or gallery exhibitions, the capacity for the audience every time is usually fixed and limited at a certain number due to the size of the space. The number of seats is fixed, and the price of the ticket needs to fit with the level of local income. The box office revenue each performance is quite fixed in a certain way. Unlike films, music and paintings online, experience-oriented products emphasis engagement, interaction, atmosphere or even the space relationship with the audience. Even though modern technology like streaming or recording have strong motivation and ability to fix and materialize the experience, a lot of art organizations still regard it as a collateral activity. Digitalization of

live experience still has a lot of unsolved problems that will definitely cannot and will not replace the effect of the live experience during transition. All these characteristics of the experience erased the possibilities of being massively copied or reproduced. Like Michael Kaiser said the challenge that live art forms are facing is that the production fees increase while the capacity inside venues is rather comparably fixed. It makes the experience product weak in expanding ticket sales. It naturally leads to extra financial revenues other than the box office.

Plenty of the art organizations turn to other available assets they have, like the venue space, the cafes and restaurants as well as the bookstore and merchandise. However, the increase in arts sponsorship opens the new era for arts organizations to explore the width and depth of possible collaborations.

After the recovery of the economic crisis, the sponsorship is back on the rise. The total spending on Sponsorship grew fast in the last five years. In the year 2017, sponsorship spending successfully achieved the projected growth rate of 4.3% and reached a total of \$62.7 billion globally, according to the annual report of IEG. Among \$62.7, Europe with a total amount of \$16.7 billion and a greater growth rate of 4.5%. According to the IEG report in 2017, the growth rate of sponsorship exceeds advertising (4.3%) and marketing (4.1%) and reaches 4.9%,

ranking No.1 for three consecutive years.

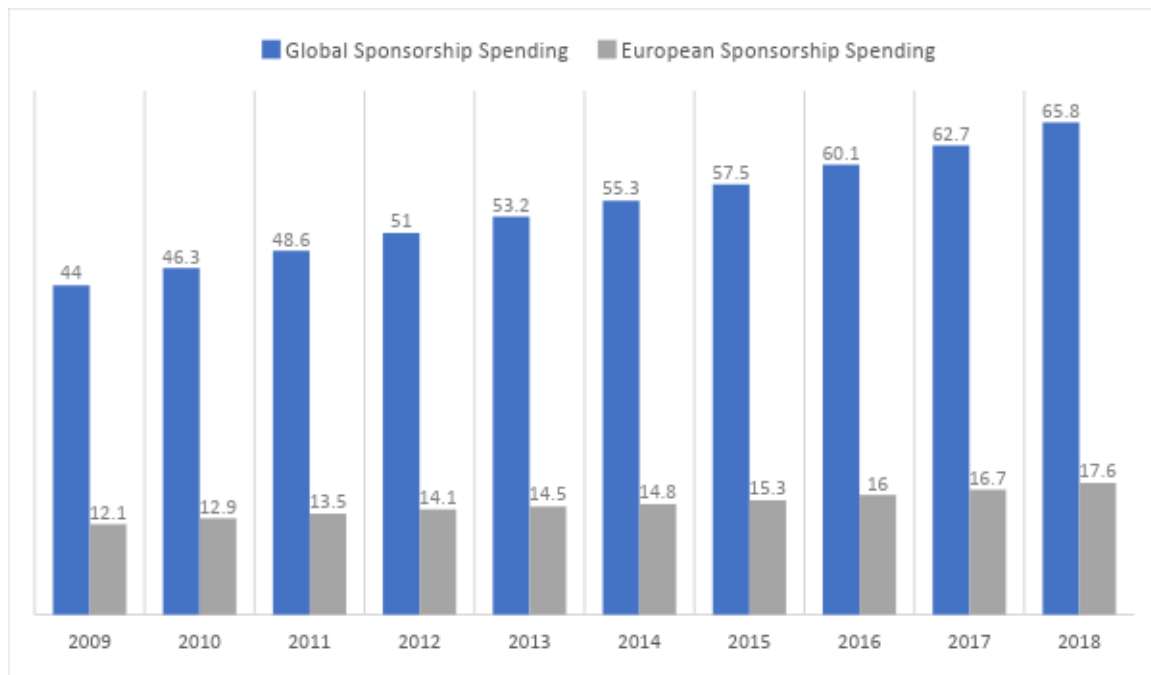


Figure 1 Global and European Sponsorship Spending in Billions

The data shows much potential in sponsorship spending. However, when it comes to the slice of arts sponsorship, it looks not as good as the whole cake. In North America where sponsorship system and environment are comparably mature, acceptable and friendly, the arts sponsorship ranks No. 4 with a share of only 4% after sports, causes and entertainment. In 2018, the sponsorship in arts and culture exceeds 1 billion for the first time. Unfortunately, “the increased spend is largely due to the rebound in overall sponsorship spending rather than any specific factors.”, said by IEG sponsorship report (IEG, 2018). It means the driving force of the increase of arts and culture is the general recovery and development of the economy instead of the particular growth of the sector.

To establish its position, arts sponsorship has to be differed from other sectors in sponsorship, like sports, causes and entertainment. Studies are required to understand its compared advantage and strategic value proposition. The sector of arts and culture needs to be driven by themselves and establish a consistent and stable partnership. Better understanding and

comprehension of the topic can guide and support both arts organizations and corporations achieving partnerships in reality and reach mutual benefits out of the activity.

## **Motivation**

The idea to research corporate sponsorship in arts, even performing arts, forms based on three theories I learned in DAMU. It all starts with the theory of Michael Kaiser. He elaborated on the problem of the unbalance between fixed seats in the auditorium and the increasing budget of production in his several books. It naturally brought the revenue structure to attention. Financially, all performing arts groups need to survive in the field and not highly dependent on a single revenue stream.

Performing arts insiders always believe that arts have great power on people and society.

The concentric circles model of the cultural industries by Throsby (2008) illustrated the formation of the creative industry as well as the path of how arts evolve to related industries to influence people to step by step. Personally, I believe in the end, art needs to walk to people and be accessible. For performing art, it cannot only be closet drama. To a certain extent, if no one walks into theatres, even staged, the play is still a “closet drama”.

Artistically, the development of theatres echoes it by focusing on the audience. They value experience, they value the audience. The post-dramatical theatre work deducts everything. Nothing on stage is essential, even the actor. In the latest production, *Uncanny Valley*, by Rimini Protokoll, a robot performs on stage without any real actors. Of course, it's not the first time that a contemporary work without actors is presented. *Le Sacre du Printemps* by Romeo Castellucci is even too avant-garde in this perspective by using ashes of bones only. Since everything can be erased from the work, what left for performing arts? Maybe the audience. Approaching more people doesn't mean that the work has to achieve popularity, but means to allocate the people who understand it. They may never get the chance to understand because they've never been given the chance or got the information.



The combination of the resilience of arts organizations, the cross-sector relations and the achievement of broader access is brought on the table. Sponsorship, as one of the rising revenue streams in the private sector, seems to be one of the possible approaches to achieve the vision of both financial resilience as well as more access to the public. The research starts here.

Generally speaking, in the area of corporate sponsorship, the study in the sector of arts sponsorship is relatively much less than other sectors. Studies other than the traditional theatre sponsorship model that corporations sponsored to get access to mid-class customers and decision-makers in the audience pool are hard to find. The patronage of pure donation is out of date. When it comes to arts sponsorship itself, the performing arts sector is much more complicated regards limited capacity, complex content, social and political elements as well as natural resistance of the over commercial content.

During the last several decades, creative sponsorship is brought to a new level with the development of the technology and marketing theory. New studies are required to dig into it according to the practices. To follow the world that we are living in, the sponsorship is required to combine more and more frequently with digital marketing and content marketing with more related and creative content with values, emotions, and storytelling. Sponsorship study should be done and kept updated, tracking the latest innovation, summarizing and analyzing the experiences so it can guide the new practice in the comparably blank and new market of the arts sponsorship.

## **Literature Review**

There is a long history of big corporations playing a role as important influencers on the art market which is different from the general audience and consumers of the art product. The importance of the roles of corporations grows a lot with its transition from passive donors to active players and influencers in a market. They are everywhere in the market as an art collector,

award host, statistics executive, and so on. It is an organic and important supplementary of the art markets. Generally, sponsoring originally transferred slowly from the patronage, giving for nothing, to a deeper partnership based on a win-win situation.

## **Sponsorship Categorization**

### **Philanthropic Sponsorship and Commercial Sponsorship**

The sponsorship is divided into philanthropic sponsorship and commercial sponsorship. Meenaghan (1983) Philanthropic sponsorship, patronage, is an altruistic activity or a donation with no expectation of return (Dolphin, 2003). "sponsorship can be regarded as the provision of assistance either financial or in-kind to an activity by a commercial organization to achieve commercial objectives." Gardner and Shuman (1988) makes it clearer and more specific of sponsorship's goals: "Sponsorship may be defined as investments in causes or events to support corporate objectives (for example, by enhancing corporate image) or marketing objectives (such as increasing brand awareness)" Sandler and Shani (1989) complete and diversify the theory. "The provision of resources (e.g., money, people, equipment) by an organization directly to an event or activity in exchange for a direct association to the event or activity. Kitchen (1993) believes companies saw sponsorship as overlapping between general/corporate and marketing communication. Meenaghan and Shipley (1999) stated that a firm sponsors an event individually or with other firms, it "buys" in a way the right to connect with the events' image and identity. The arts organization then can use this direct association to achieve either their corporate, marketing or media objectives"

### **Property Type of Sponsorship**

The property type of sponsorship is put in definition later. International Events Group (1999) pointed out that the sponsorship is "... cash and/or in-kind fee paid to a property (typically sports, entertainment, non-profit event or organization) in return for access to the exploitable commercial potential associated with that property". Also, more motivations and channels

based on the modern development of corporations are analyzed in the 21st century. Mullin, Hardy, and Sutton (2007) mentioned that sponsorship is "... the acquisition of rights to affiliate or directly associated with product or event to derive benefits related to that affiliation or association"

### **The Beneficiary of Sponsorship**

Divided by beneficiary, there are usually three groups of people that corporations want to retreat by sponsorships. Sponsorship is effective at targeting a different audience, connecting local business and political communities, and improving employee relations (Barrett, 1993). In other words, corporate sponsors care about the benefits and impact on three groups of people most in considering sponsorship. They are their own employee, external stakeholders as well as their customers. Varieties of sponsorship formats show varieties of motivations behind them.

### **Employees and Community**

Arts and business (2009) report points out arts sponsorship benefits staff personal life quality and development so that they can work to "their most effective and efficient level". In the article of "art is good for business", Shellie Karabell(2018) mentioned that providing free access to employees and their families in one perk that can help companies differentiate themselves. Also, "Investing in local art programs and artists contributes to the well-being and culture of the community overall, making it a more attractive place for talent to live and work." In return, it will contribute a dynamic and friendly neighborhood and draw more business opportunities and partners.

Among all the objectives, community relationship is replacing social responsibilities, written in more and more agenda of corporations. Although big collaborations between global enterprises and prestigious arts organizations are all over the news, 98% of the arts sponsorship goes to local arts organizations while only 2% goes internationally, according to the 2017 report

of the conference board. Arts sponsorship turns to be a local issue because of the increasing importance of involvement and interaction with the local community.

Sponsors believe that contributing to the local community will bring a more prominent influence on their clients, prospects, and employees. The general improvement of innovative, creative and free environments will benefit the company in return in a broader sense. The Americans for the Arts 2016 survey “Americans Speak Out About the Arts” provided a strong proof on this point. 87% of Americans believing that “arts institutions add value to our communities”, regardless of whether people engage with art or not. 67% of Americans also believe “arts unify our communities regardless of age, race, and ethnicity”. The sharing of all these values will form a better decision-making environment for the economics and survival of the company.

The emphasis on community relationship by sponsorship shows the attention is not focused only on finances, but also on social, economic and environment in general. The Triple Bottom Line (TBL) framework pointed out the way of achieving the goal of sustainability requires a combination of profit, people and planet. Corporate sponsorship is adding values on this important 3 Ps:

- Profit: the economic value created and the positive externalities.
- People: good practices regarding labor and the community.
- Planet: sustainable environmental practices.

The fact that sponsorship contributes the external economics, values, human development and atmosphere certainly proves the importance of arts sponsorship for corporations. Brandon Leigh, Chief Financial Officer of PZ Cussons, the Orchestra Hallé’s Diamond Partner, said, “We strongly believe that the arts play an essential role in a successful business community and the investment in the arts in the North is a key part of developing the ‘Northern Powerhouse’.”

# Sponsorship Objectives for customers

Different categories change the perspectives of seeing the motivations.

Crowley (1991) claims that sponsorship can be categorized into community relations, awareness/recognition, image/reputation, corporate responsibility, revenue/sales, to match the customer’s lifestyle and employee morale. Lagae (2005) categorized the objectives of sponsorship into 3 different types.

Cognitive Objectives	Affective Objectives	Behavior Objectives
Increasing brand awareness	Supporting and changing the brand image	Increasing brand loyalty
Clarifying brand interpretation	Accentuating brand experience	Supporting and stimulating sales
		Creating Distribution Space

Figure 1 Lagae categorization of objectives of sponsorship

George K. Amoako and the others (2012) sum up the motivations from a different perspective.

Marketing	Media / Public Relations	Sales
Marketing coverage	Media coverage	Shaping consumer attitudes
Heightening visibility	Creating positive publicity	Testing desire of product
Enhancing image	Circumvent ad regulation	Differentiating from competitors

Figure 2 George K. Amoako and the others categorization of the motivations of sponsorship

Overall, there are usually direct objectives, that usually aims at instant returns, and indirect objective, that usually closely bond with image and goodwill so they can contribute in the long run. The most common direct objectives include the test and promotion of new products and sales stimulation. In this category, activities like sample tasting and information desk of new product characteristics are commonly seen. Other than a series of image objectives like

brand awareness, brand loyalty, and image reinforcement, sponsorships also serve the purpose of community relationship and stakeholder management.

Direct Objectives	Indirect Objectives
Promotion on new product	Create Awareness/Visibility
Stimulate Sales/Trial/Usage	Increase Brand Loyalty
Sell Products/Service to Sponsored Property	Change/ reinforce image
Entertain Clients/Prospects	Access Platform for Experimental Branding
Obtain/Develop Marketing Content	Community/Social Responsibility

Figure 3 Examples of Sponsorship Objectives of Corporations

All these motives can be categorized into four major ideal types: the neoclassical model, the ethical model, the political model, and the stakeholder model. (O’Hagan and Denice, 2000) The neoclassical model is associated with the main purpose of increasing the returns to a company through direct achievements like product sales and image improvement as well as indirect effects, for instance, relations management and employee welfare. The ethical model is focused on the achievement of social responsibility as a good community citizen. The stakeholder's model has an overlap with the political model. They both believe that the corporations are part of the loop of the interaction of the community and environment. The political model is more focusing on the political community decisions while the stakeholders model overviews all participants that matter in the whole context.

Inside, any single one of the objectives of sponsorship cannot stand by itself. Multi-objectives are usually achieved together during the sponsorship implement. All objectives are closely related to each other. Indirect objectives supported the realization of direct objectives in a certain way. Direct objectives sometimes are considered to be the evaluation of indirect objectives. Then the research became more specific regarding the details and effect. Studies have been made to prove sponsorship can enhance audiences’ recall of (Woisetschläger and

Michaelis, 2012) and attitudes and behavior toward (Olson and Thjømmøe, 2009) a sponsoring company or brand. The positive correlation between abstract image and real sales is visible when an image or brand is the major influencer of sales. It usually works for corporations entering new markets. The Japanese casual wear retail brand, Uniqlo, doubled its sales in the US after a series of sponsorship moves including deep collaboration and sponsorship with MoMA and sponsorship of public arts in NYC Parks. It was academically proved that transnational corporations use sponsorship to influence global consumer segments across cultures (Meenaghan and Shipley, 1999) or target new local markets (Geng *et al.*, 2002) long before this sponsorship move.

## **Effect and Problems**

Sponsorship is the new communication mix due to the realistic effect on the improvement of a brand by sponsorships. George Amoako (2012) claims the objectives of marketing towards sales had changed. They believe good marketing communication should (a) prompt trial, (b) cause the brand to be added to the repertoire, (c) work through people's attitudes with a view to changing their behavior and (d) establishing a relationship with the consumer like social media. Due to the shift from the hard sell to communication, the integrated marketing plan requires companies to evaluate all their resources, allocate and combines them in a strategic portfolio to achieve consistent and maximum effect. Vargo and Lusch (2004) suggest that brand management should be used for initiating and maintaining a continuing dialogue with the customers and for enhancing relationships.

Wright (1988) even found that the connection between the company and the sponsored entity is long-lasting even the company withdraws after it. A study conducted by Philips international shows the positive association between brand image and sponsored event. Anne and Cheron

(1991) concluded that the recall of the name of the brand or company depends on the degree of the sponsor’s involvement. If we regard corporate sponsors as one of the stakeholders of the art organizations, the mapping of the sponsors regarding involvement should look like the figure below.

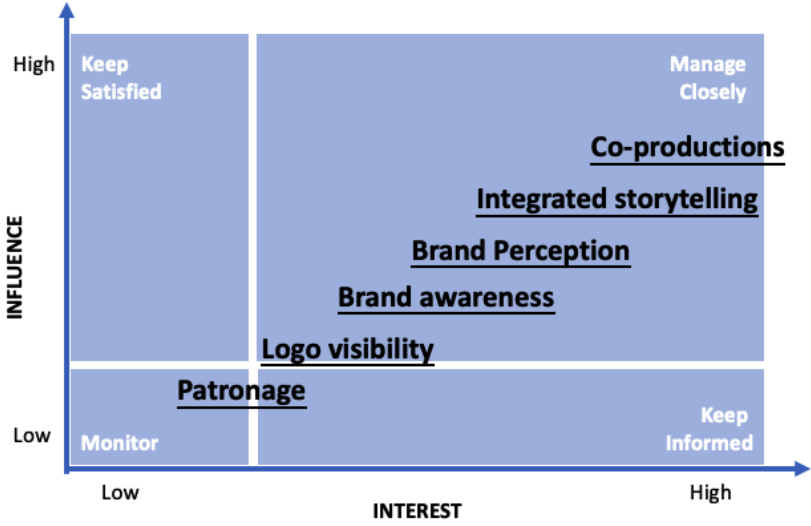


Figure 4 sponsor mapping according to different types of sponsorship

Along with the deeper collaborations between sponsor and arts organizations, the position of the sponsors is changed from enthusiasts and philanthropists to true stakeholders of the organizations and projects. Also, the returns and payback reach different levels to coordinate in accord with the extent of involvement. Corporate sponsorship through the partnership as a marketing tool is more and more popular these days. When corporate sponsorship goes deeply enough requiring integrated storytelling and co-productions, it means the collaborations are truly mutually active and involved in the relationship. This formed partnership requires mutual recognition of shared images and objectives so that it can combine the resources and expertise from both sides to reach mutual benefits. Arts Organizations function as content-provider in the relationship and the corporations make the best use of their marketing and distributing channels to their target customers. In this case, the collaborations are based on the comparative advantage



of both sides. Ultimately, no matter what way for sponsors to be involved, the goal of every move leads to the sales in the end, maybe in the long-term.

Thompson and Speed (2000) found that consumers who perceive fit between the sponsor and the sponsee are more inclined to form positive attitudes toward sponsors and use sponsor's products. There are several studies that showed similar findings reinforcing the positive relationship between the perceived fit and behavioral intentions. (Dahhan, 2016)

Problems are also covered by the academics. The vagueness of the sponsorship objectives and the expected outcome for corporations is the main problem for sponsorship. (Javalgi, Traylor, Gross and Lampman, 1994, Meenaghan 1983, Thwaites, 1995, Bennet, 1999) Given the growing position of direct objective in 2017, it shows a sign that corporate sponsors are searching for effective returns and a deeper involvement of the sponsorship instead of pure beneficence and logo visibility. According to the IEG report in 2017, the growth rate of sponsorship exceeds advertising and marketing, ranking No.1 for three consecutive years. Corporations are taking sponsorship more and more seriously. In CEO Challenge 2017, the choice of "aligning corporate philanthropy with business strategy" was ranked number two strategy for US CEOs and number four for global ones.

Also, Meenaghan(2001) mentioned that it's hard to distinguish the sponsorship effect from the effects of other communication tools in the marketing mix. Risk of Sponsorship includes difficulties regarding assessment and evaluation of the sponsorship, absence of standardization, negative associations and controversies leading to negative attitudes. (George Amoako, 2012)

## **The Area of the Research**

There's quite an amount of study of corporate sponsorship. Many of those are concluded regarding sports sponsorship due to the scale of sports sponsorship and more data is accessible and more cases are discovered.

Research gaps are laid between sponsorship conclusions and its relations regarding arts sponsorship, especially in the area of live arts and performing arts. All objectives listed above will be discussed in the field of arts sponsorship and even performing arts sponsorship. Problems like how to implement the vision of corporation into arts sponsorship are also discussed according to different motivations. Instead of isolating the sponsorship among all tools of communication, how to use sponsorship echoing with other tools to achieve a better effect of the whole communication cases also need to be shown in practical cases.

Also, more detailed questions need to be asked regarding its motivations and its problems. The thesis tries a new perspective, not to divide the cases purely by direct or indirect motivations but try to associate the motivations with corporation type. In that case, segments with different characteristics and motivations are much clearer and more referable for arts organizations for future practice.

## **Target Group of the Paper**

The thesis is written to summarize academic research for the graduation of the master's degree so that the main target readers would be the scholars, professors and students of Arts Management both in DAMU or in other universities with similar subjects. New master students who are interested in the private sector and creative sponsorship of performing arts and live performance may inspire from the practice, research and conclusions of this paper. Also, it could also be beneficial for other operators and managers of performing arts groups and venues to see the latest practice and cases in Czech Republic, China and globally.

## **Research Questions**

The whole thesis regards all kinds of corporate sponsorships as partnerships or collaborations between two parties, arts organizations, and corporations. It focuses on the problem of matching the interests of the two parties. The research questions are asked about this problem. The main

research question is that **why and how both art organizations and corporations reach partnership or collaboration of arts sponsorship. The detailed questions are listed below.**

Why do arts organizations need to make arts sponsorship work?

What is the value proposition to the corporations?

What are the channels and methods they usually adopt regarding motivations?

What are the difficulties during the process?

The motivations for arts organizations are answered in Chapter 1 Motivations. The second and the third questions regarding how to be successful in delivering what corporations want in arts sponsorship, which is explained according to a different segment in Chapter 2 Value Propositions and Segments. The last question is added as a complementary part, Chapter 3 Barriers in Arts Sponsorship, in order to supplement the whole analysis and reach a balanced and unbiased conclusion.

## **Methodology**

The research will be conducted by qualitative inductive research, including documentary analysis of obtaining data from existing documents, which is accessible, and related interviews. A huge amount of cases, especially creative cases are listed and discussed in this thesis. Global cases, local Czech will be studied in this paper. Some Chinese cases are included as well mainly focusing around Shaanxi Opera House. Global cases are more focused on document research and Czech and Chinese cases are realistic for interviews.

In this research report, the Czech National Theatre Ballet and Jitka78 are interviewed for their practices in the Czech Republic. The former is realized by face-to-face interview and the latter was achieved by written interviews through emails and questions. The details of Shaanxi Opera House are mainly concluded by the interviews of the employees and managers as well as the practice by the author. These materials are relatively more accurate than the second source.

Though the questions are made to be objective, however, subjectivity can also not be avoided at all.

## **Limitation**

It's hard to gather enough data to draw an appropriate conclusion because of the diversity and dispersion of the data and interviewees. The qualitative analysis requires the depth and quality of data mining. This time-consuming effort limits the breadth of the data and cases.

The existence of the interview topic itself, corporate sponsorship, may mislead the answers of the interviewees consciously and subconsciously. The interviewees may tend to give positive answers or react to the topic itself, which makes the analysis is not purely objective. On the contrary, the interview and communication during the process may play a supporting role in increasing the opportunities and possibilities of arts sponsorship. Another case is that the interviewee may shape the answers to the direction of their imagination of the interviewer's intention, which in this case is the support of the arts sponsorship.

The discussion of the global cases is within the limits of the second source while the Czech and Chinese cases are with the first source. The second source materials cannot avoid the limitation of the attitude and perspective of the reporter and journalists. However, during the address of these materials, work is done to be objective and possible difficulties and flaws are also listed in the latter part of the thesis. Regarding the interviews, due to the past time and lack of archives and records, the memories are blurred, and details are missing. Some of the answers may be a reasonable deduction instead of a real description. Because of a lack of experience, the interviewees never thought about the questions seriously don't know their preference deeply regarding corporate sponsorship. The results highly depend on the expectations and imaginations about the topic. Lack of time to think about it and lack of emphasis on the opinion are also potential variables.

# **1 Motivation/Benefits of Arts Organizations**

## **1.1 Financial Support**

When we talk about sponsorship, we talk about money. As one of the private revenues of arts organizations, sponsorship improves financial resilience and capability.

## **1.2 Access**

### **Exclusivity vs. Access**

When we talk about sponsors, the first idea comes to our mind is exclusivity. Dejvické Divadlo is one of the most popular theatres in Prague. The leading cast in their productions is frequently seen in films and they still maintain the lifestyle and career of performing on stage. The tickets are hard to get. The mission of this theatre is with strong public quality; therefore, the price of the ticket is relatively low compared to the fame and reasonable for the community. With the accessible price, their small auditorium not only limits the amount of the tickets but also limits the box office revenue. The director of Dejvické Divadlo claims that they don't want any more sponsors even they certainly can. It's not because they are over-satisfied with their financial status, but because they claim, once again, Dejvické Divadlo is for the public, not the celebrity. There's nothing wrong about it given the fact that their sponsorship pattern is financial support in the exchange of tickets of the plays. The capacity of the auditorium is limited. The more given to their sponsors, the less left for the public.

It's commonly seen to trade the tickets for sponsorship in the performing arts area. Most of the theatres, no matter how valuable their tickets are, are doing this to a certain extent.

What's interesting about the case of Dejvické Divadlo is that it shows a dilemma or a common conflict between exclusivity and access. We couldn't easily put that this conflict is just a stereotype about the sponsors and patrons, creating antagonism between the classes. Quite a lot of performing art centers are commonly seen to be sponsored this way.

However, conflict doesn't always exist. Another approach of sponsorship can lead to visibility, awareness, and access. When it comes to the corporations, in other words, corporate sponsors today, it's not individual celebrity or nobility. The artists and venues are not serving the nobles, of course, they can, but to regard corporations as platforms and serve the public together with corporations. It can be regarded as a change of mindset or shift of perspective. It can also be concluded as a different approach focusing on a different vision.

Fundamentally speaking, all performing art groups and venues are like corporations, having followers loving their brands and products. Efforts of marketing are made to get more followers and make them more loyal and better. It's all about serving the public. Like art fans following masters around, a huge amount of people also gather around certain other brands or products. Behind each name of the brands and products, there are always people who shared the same value, interest, capability, lifestyle and purchase behavior. Partnership always brings more channels of publicity and marketing to reach more through sharing.

A lot of arts organizations always stay inside their comfort zone and struggle with not only their financial report but audience development. They hold the opinion of inner conflicts between a corporate partnership and their public mission. With a true mission for the public, art organizations need to deal with their comfort zone and be open.

In the last decades, the vision is well achieved in practice by an artistic approach like pop-up theatre and arts in unconventional spaces. Varieties of public places and abandoned buildings are turned into intermittent and temporary art spaces. It seems arts walk out of their stages and the black box. On the other side, it is still trapped to a certain extent. A lot of questions regarding new audience development still remain unanswered. To avoid making performing art events the carnival of the insiders, arts organizations have to reach out to different kinds of partners and find overlaps in order to cover different groups of people, in the end, to achieve the mission "art is for everyone".

## **Visibility**

Corporate sponsorships benefit access to the arts and performing arts in all different dimensions. Access is a general idea of combining all kinds. It can be visibility. A corporate partnership can help with increasing the visibility of art. Sponsorship collaborations merge resources of both partners, permeating each other's fan club to create mutual branding effect. Sponsoring collaborations associating with the related marketing campaign and publicity coverage on media and press results from the inner demand from the sponsors. Nonetheless, sponsors are not the only one who benefits from this. Arts organization does as well. With the PR effect and publicity usually sought by sponsors, arts organizations usually don't have the budget for publicity and promotion at such scale. Deep collaborations even reached further to the companies' customers and brought their awareness of the arts. Czech National Theatre collaborating with Preciosa in both *The Snow Queen* and *The Swan Lake*, creating merchandise to promote on both online and offline distribution channels. Publicity materials collaborating with performers are presented and exhibited inside the venue and both productions are exposed more on media, thanks to the promotion budget and demand of Preciosa. All of these efforts make both productions more visible than they are normally promoted by Czech National Theatre itself.

## **Erasing Barriers**

Corporate Partnership can also enlarge audiences by smoothing the difficulties and barriers for them. It balances the audience structure and segments by focusing on specific audience groups like seniors or teenagers. Travelex sponsored tickets benefits millions of audiences in Britain during its impressive 15-year partnership with the Royal National Theatre. Among the massive amount sold, it revealed that 22 percent of the tickets are purchased by the first-time theatergoer to the National Theatre. Royal Exchange Theatre offered sponsored tickets for under 26s, increasing 50% of people under 26s in the first 12 months. Barriers are not always financially

when it comes to performing arts. PZ Cussons, the Manchester-based global consumer products manufacturer supported the Core Education Programme and the full range of community projects of the Manchester Orchestra, the Hallé.

Access is always about a two-way connection. For the purpose of creating access to performing art, bringing the audience to the performance is one way and bringing the performance to the audience is the other. Partnership with corporations by sponsorship may help arts organizations to bring their artworks to more private places, like shopping malls and airports, where most people spend working and relaxing time in their daily life. Corporations, especially retail and service industries with hospitality space directly accessible for their customers, can share these resources with arts organizations through sponsorship collaborations. Compared with limited public spaces like parks and abandoned places like unused buildings, these places that are part of people's daily routine are perfect places for people to access art projects. Manchester Airport brings performance to the audience. Part of the sponsorship by Manchester Airport requires the play, *Around the World in Eighty Days*, taken to the airport using check-in, arrivals, and skywalk for an adventure journey. It devised from the original production by Royal Exchange Theatre, which is located in the neighborhood of the airport, as well as echoes the meaning of the airport. People get the chance to encounter performing arts while they have no choice but to spend plenty of time waiting.

The rise of the performing arts in China is quite recent. Unlike Europeans inheriting the heritage and evolving step by step, the burst of new theatres and the tour of world-class productions in China make it a new lifestyle to see the live performance, which is new and unprecedented. Therefore, young people considerably easily embrace it then the elders. According to the 2017 report from Damai, the biggest online ticketing agency for all live performances in China, the main force of the ticket-buyer is young people from 18 to 39. They are 55% percent of the



whole market. Unlike European theatres are trying their best to attract young people back, the theatres in China are full of young people.

An interesting observation is that the development of the public art in the western world actually benefits a lot from the habit of the people hanging around and spending their spare time in public places like parks and riverbanks. It's hard to make it work in countries like China, where people currently do not have a lifestyle like Europeans and the cities are also not planned and built for it. There are still chances to encounter the retired and kids in the parks, however, definitely not the young who appreciate contemporary performance like site-specific and have the potential to be turned to real customers. Therefore, private spaces are certainly better options to get access to them. It's not that we are giving up on the other groups. Generally speaking, private places are more accurate and specific when it comes to what segment you are going to reach and what performing arts means for it. The 2nd Hangzhou Dance Festival in China made an interesting move by combining public performing arts with local private places. Through their special X-sector of the festival, they brought dance to the supermarket, offices, shopping mall, private nursing home and so on all around Hangzhou. Behind these collaborations, there are partnerships between the festival and real estate companies regarding promotion and visibility. Other than the publicity exposed in these places, the festival results in the main partner, Audi AG, an automobile member of the Volkswagen. They share the value of "Never stop" by creating a mobile stage moving around the city and connecting all locations mentioned above. To get to the target audience or people who've never enjoyed the beauty of performing arts, the art organizations clearly need to think through where they are and how to approach them.

### **Repeated Access - Loyalty**

Sponsorship cannot only benefit the scale of the audience but the frequency and loyalty in the long-term. When Jatkan78 agreed to build the "library" of Luxor inside their venues, they

intended to have the customers to read the books inside the venue while waiting and chilling. However, after the construction, some of their visitors started to borrow and return books like a real library, which brings consistent visits from the same audience to Jatka78. The corporate partnership should not only focus on one-time exposure but to find a win-win model that can repeatedly bring people back.

### **1.3 Diversity and Possibility of the Program**

Other than the financial support for artistic production, corporate sponsorships still have many advantages for arts organizations. With different forms of collaboration, it will enrich the off-program and enhance the audience's experience in general inside the arts organizations. They are a residency program by Swatch Group, a mentoring program by Rolex, the discounted tickets thanks to Travelex, the educational program by PZ Cussons, and so on, not to mention the bookstore built-in Jatka 78 by Luxor and the subtitle glasses by Accenture Digital. Corporate sponsorship brings brand new opportunities and diverse potential for arts organizations.

### **1.4 Experience Exchange**

Volker Kirchberg (2003) elaborated that other than good for a financial emergency, corporate sponsorship is also good for increasing the program's attractiveness and "reorganizing the management according to the more efficient standards of the corporate world". Experience exchange and sharing of the staff also are proven. The exchange can happen between artists and corporate employees. Artists sponsored by Rolls-Royce regularly visited the company's headquarters at Goodwood, Sussex. The designers of Rolls-Royce love working with artists and dig into their know-how. "It's mutually beneficial for both parties," says Mr. Muller-Otvos, CEO of Rolls-Royce. The exchange can also be for the next generation. Brother, a company of office suppliers have just celebrated its 30-year anniversary of consistent high-level sponsorship of the Hallé. One of the most significant parts is that Brother supported the education program,

combining creativity and business acumen through challenges, illustrating corporate and cultural partnerships literarily but pragmatically.

## **2 Corporate Sponsor Segments and Related Value Proposition**

Though a lot of studies have been conducted around the summary and confirmation of the motivations of corporate sponsors investing fine arts and performing arts, analysis of segmentation is relatively few. However, in the last decade after the economic crisis, a certain pattern of arts sponsorship forms and a lot of corporate sponsors shared quite many similarities that can be grouped together.

Sponsor segmentation is a process of dividing corporate sponsorship market of potential sponsors into groups, or segments, based on the similar demand and characteristics they share. It was a marketing idea originally for the customers of the product. If we consider arts sponsorship package is a product of arts organizations that we can sell to or seek collaborations with corporations, imaging corporate sponsors are customers, corporation segments are necessary to understand their demand and emphasis as well as how they behave according to them.

Four major groups of corporate sponsors are described here in this thesis. They are elite sponsors, luxury brands, corporations in the mass market and technology-related.

These four segments together are not the full market of corporate sponsors. Instead, they are four typical sponsors most commonly seen in the market and have quite a lot of characteristics in common. Also, due to the modern complex of corporations with varieties of products and services, there sometimes are overlaps between the segments. Chances are that some corporations may be included in two segments at the same time because of their diversity of products and services. It means, for instance, sometimes a global corporation may both have the luxury line and mass line at the same time; or a corporation has both models of business to

business and business to customer. Even though, it's still meaningful to segment the sponsors regarding the comprehension of their strategic priority and the customization of the content marketing strategy.

## **Segment 1: Elite Sponsors**

The first segment is the most commonly seen corporate sponsors in the art area. They are the Elite Sponsors, including companies like banks, investment companies, consulting companies, accounting companies, and law firms. As the western world, elite sponsors like commercial banks, investment banks, consulting companies, and law firms are quite commonly seen in China. Furthermore, real estate companies are quite qualified as well. Also, some press and media can also be included in this segment because of the goodwill and trust they seek from their stakeholders and customers.

It's generally believed that arts sponsorship help attracts and serves senior key decision-makers as existing and potential clients, which is the key motivation for these elite sponsors. These targets are usually divided into customers and other stakeholders. Usually, arts sponsorship is considered as the tactics of direct sales, relationship marketing, and stakeholder management to achieve the strategic objectives of the corporation.

### **Direct Objectives**

Direct objectives are usually for corporations with the business model of business to business. Decision-makers of their customers, VIP influencers and related stakeholders are an essential part of their business. They request tickets and boxes for their managers, employees and major stakeholders in each performance. Raiffeisenbank, as the general partner of Czech National Theatre, undoubtedly have their own box on the 1st balcony. They reserved their priority to the performance when needed and the seats can also be sold to the public. When people enter, they will see the bank name on the door.

## **Approach Decision-makers**

In Europe where the elites and the seniors have a lifelong lifestyle to appreciate performing arts, especially in the regions where there are only one or a handful of great theatres, chances are higher for companies to find their stakeholders here. The German software company SAP sponsored Donmar Theatre to reach business collaboration opportunities at a senior level. The sponsorship ends with the attraction of high-level decision-makers from 56% of the FTSE 100 companies. Searching and approaching through theatres requires complete and detailed marketing research on the coverage and relationship between the sponsored organizations and the target clients of the corporation. If they match, the corporate sponsors are comparably easy to stand out among their competitors and reach their targets, strengthen partnership, share values and demonstrate credibility among their clients.

It seems a beneficial business. However, the consistency and efficiency of art sponsorship is clearly not ideal. Corporate partnerships established on objectives of direct sales by approaching and impressing their direct customers are usually not stable. The evaluation of the efficiency of the partnership will follow up soon. Either the direct objective is achieved or not achieved in the partnership, it's unlikely that they will support in the long run based on the same reason. In this case, the partnership is just a tool or a platform for temporary use.

## **Single Sponsorship and Customization**

Therefore, it's quite common to see them only sponsor single production or festival or event. Caixin Media Company, one of a Beijing-based media group providing financial and economic news and information online and offline. It sponsored the 2019 China tour of the Russian play *The Dawns Here are Quiet* to retreat its stakeholders and launch publicity on this special occasion. Working with an established and planned performance tour is much easier. They collaborated with the cast to hold a media conference of both the tour and the celebration.

Caixin and the play *The Dawns Here are Quiet* shared a big pool of customers who are highly educated, caring for history and society, interested in arts and literature, mature and civilized. Alternatively, if the corporate sponsors already possess the stakeholder's list, the easier way will be performances and events designed for them. For example, Xi'an Symphony Orchestra customized special concerts with one of the leading violinists, Lv Siqing, in China for Fengdong Real Estate to celebrate its 10-year anniversary and retreat their stakeholders. The selection of the violinist is upon the direct request of the company according to the preference of their stakeholders and the finalization of the invitation and concert relies on the resources and network of Xi'an Symphony Orchestra. Gifts and services are provided on-site to retreat their employees, VIPs as well as their customers. Under the influence of leading artists, related online events for free tickets to the concert are planned as well. In order to get in these exclusive concerts, thousands of fans filled their information online and 500 tickets are given at their sales center. Customer information and increasing visits to the sales center are also part of their direct objectives. Among all choices of celebrating their anniversary, a customized concert with leading artists also shared their fan pool with higher education background, income, living standards and the quality of life, which overlaps with the customers of Fengdong Real Estate.

### **Indirect Objectives**

Indirect objectives are also important. Products and services provided by these companies are closely associated with the elite image. Within these industries like banks and consulting companies, their products and services are quite homogeneous with their competitors and they usually run their business based on trust and goodwill. They seek to align themselves with top and successful names, general goodwill and acknowledgment as well as generous and reliable image. These sponsors are usually quite generous in sponsorship and are quite commonly seen as general partners everywhere. The tremendous public relations success is the award-winning sponsorship of Travelex offering 10 pounds tickets of the Royal National Theatre. This

impressive 16-year long partnership makes millions of cheap tickets possible for theatergoers and especially teenager theatergoers. The move is highly preferred by the general public and media. Travelex is better known and clearly has a better relationship with the government and royal family as a result of the sponsorship. The chairman of Travelex, Lloyd Dorfman, still got letters from Travelex tickets beneficiaries, claiming that they would change their money at Travelex the next time they are at airports. Starting from cheap tickets, Travelex broadens the scale to NT Live and National Theatre redevelopment project under the same slogan of “theatre is for everyone”. The kind and caring image of the corporation is well received by both celebrities and the general public.

The interaction with the general public and important stakeholders through sponsorship leads to kindness and acceptance towards the corporation. On the other hand, given their objectives are mainly focused on goodwill and network bondage, they are actually not arts-sponsorship focused. Instead, they sponsored everything, from arts to sports, from causes to the environment. What they can achieve in arts sponsorship, like community identity, goodwill, and decision-maker access, can also be achieved in other types of properties that they sponsor. For example, major arts sponsors, like Bank of America, JPMorgan Chase, Deloitte, KPMG, Northern Trust, they are also quite seen in the list of most active sponsors in sports and other properties. What’s behind relationship marketing, goodwill and credibility are to keep their elitism and strengthen their position in the social network and hierarchy. It’s necessary to put a single one of these corporations in the big picture of all the other similar corporations to get a better understanding of them and the context they are dealing with.

In practice, arts organizations usually provide the general package regarding their demand along with a bit of art specialty. World-class and big institutions certainly have the advantage in fame and publicity to establish rarity, credibility, exclusiveness, the goodwill that other properties, like top sports stars or teams, can also provide. However, when it comes to intelligence, serious

reflection and a hint of civilized superiority, sports and causes sponsorship can hardly manage to achieve. Elite sponsors not only carefully select the sponsored but use sponsorship as an important tool for communication and public relations. The objective of these press coverage of sponsorship is to seek acknowledgment and favorable impressions of the general public, not limited to their users specifically.

The storytelling depicted is quite often community-based, like national and regional institutions that bring the glow of common history and memory, shared by the corporations. Sport can handle the courage and sacrifice of the nation as well as the glory and failure of its history. Arts can dig deeper into nation reflection, inner flaws and emotional touch. The image built in the stories can be caring, grateful, and trustworthy in both sports and arts, but art can always have the potential to discover more than just a slogan.

In the performing arts area, varieties of programs and opportunities made it possible to embed arts sponsorship with the elements of other sponsorships. Elite sponsors not only can sponsor venues and productions, but titled awards to eulogize excellence and competition, and learning programs to care for the special groups and education. Bank of America Merrill Lynch, the National Theatre's Partner for Learning, sponsored theatre with inspiring projects for schools, young people, and families and adults as well. Not limited to arts, the theatre learning program, sponsored by Bank of American Merrill Lynch, varies from science, Shakespeare and career. Komerční Banka titled The Best Soloist Award of Czech National Theatre and awarded the winner CZK 100,000 for their "tremendous amount of work and exceptional performance".

A good example of associating the performing arts advantage and elite sponsor image is the Raiffeisenbank, the general partner of the Národní Divadlo (Czech National Theater) from 2017 to 2020. They sponsored the video mapping activity on the historic building of National Theatre on the 100-anniversary of the establishment of Czechoslovakia. With the help of National Theatre, a successful image of caring and excellent sponsor who shared the sorrow and glory



of the history and prospected the future of the country is successfully established through publicity and media. Other than the national level of scope, Raiffeisenbank also worked on other perspectives, the professional level of excellence, shared by the performing arts in Národní Divadlo. A series of advertisements based on its sponsorship to Národní Divadlo are published and used for its physical and online marketing. Raiffeisenbank built its professional image of being reliable, precise and exceptional by preparation, devotion, and teamwork, just like massive but detailed productions of theatre plays, operas and ballet in Czech national theatre.

What're elite sponsors different from the other segment is that their product and service are not art related or artistically potential but highly related to elitism, direct network and general goodwill. These objectives can be achieved in all kinds of partnerships and sponsorships, not limited to arts or performing arts. However, arts with the mature ability of storytelling have a unique advantage to dig deeper and provide a more accurate and thoughtful message. Arts organizations need to differentiate their sponsorship package from other kinds, like sports and causes, and adjust accordingly.

## **Segment 2: Luxury Brands**

These years, if you look at the sponsor list of performing arts centers, you may be surprised to find not only banks as the general partner, a lot of luxury brands are listed there as well. In China, luxury auto companies are quite outstanding in these areas. The most famous case would be Mercedes-Benz Arena, original 2010 Shanghai Expo Culture Centre. Mercedes-Benz spent over 80 million dollars to buy out the title in 2011 after the 2010 Expo. Following this pattern, Shanghai Concert Hall was titled by Sennheiser and Cadillac successively. SAIC Motor, the largest auto company in China with the brands including SAIC Volkswagen, titled Shanghai Culture Square, one of the most important performing arts centers in China in 2016. The world-famous automobile brand, Buick, became the strategic partner of Shanghai Grand Theatre and

titled its mid-size theatre space. Later on, following this precedent, Buick titled Shaanxi Opera House and Xi'an Concert Hall.

Cadillac and Buick are not alone in arts and culture sponsorship. The Rolls-Royce also has its own art program by commissioning new artists and bring new works, exhibitions, and collections to world-class institutions globally. Mercedes-Benz obviously has a stronger preference in contemporary arts, festivals, and films. Moreover, BMW Group has been active in arts and culture for over forty years with hundreds of initiatives worldwide. Their support ranged from contemporary arts and performing arts to architecture and design. They collaborated with most distinguished groups and reached the other side of the planet, farther to China and Korea.

To justify the burst of interests, Buick demonstrated its long history with arts that can be traced back to its first hood ornament, the goodness. It's said to be inspired by and dedicate to the American contemporary dancer Isadora Duncan. The value and image of persistent pursuit of beauty and quality of service brought Buick to culture. "Cadillac has always been a pop culture muse and icon and the brand can leverage that equity in a new way by committing to the arts and culture, areas of high interest to our target audience.", said Katie Kim, Cadillac manager of brand partnerships and experiences. It's interesting to see that all these auto corporations have a united ground, which provides a meaningful reference value for performing arts centers.

### **Elements of Luxury Brands**

Just like elite sponsors, luxury brands also invest a huge amount of money in arts sponsorship. The second segment, luxury corporations, and brands share a lot in common with the first segment, like goodwill and community identity. However, unlike the first segment that sponsorship of all properties can achieve its objective, the Luxury corporation has a stronger demand for bonding their branding directly and specifically with arts sponsorship. Why is it?

In order to understand the motivation of sponsorship from luxury brands, it's essential to dig into the essence of luxury. There are four elements of luxury products and brands.

### **Price Premium**

The first one characteristic of luxury is certainly the price premium, associating with the initial idea of the word luxury. The price premium usually goes along with limited supply and additional service, which matches the similar characteristics of the high-end arts and performing arts sector like opera and ballet in world-class theatres, seats limited and tickets hard to get. Buick titled a collection of world-class performances in its sponsored theatres, associating its brand image with all the great artists, actors as well as musicians. This collection is called the Buick Master Series. The ticket price and the quality of the performance of this collection resembles Buick products and remind the audience all the time.

### **Stylish and Extravagant Design**

Luxury products usually feature a stylish and extravagant design. This element contributes a lot of partnerships and sponsorships among arts and design, like LOUIS VUITTON's special edition with Yayoi Kusama and Jeff Koons. Luxury hotels work with all kinds of artists including architects, designers, artists, performing artists inside their space as a part of their exclusive "design". One example in performing arts would be Swedish brand Acne Studios launched special edition t-shirts and canvas tote bags printed with graphics of dancer Sonya Mohova in their Spring/Summer 2019 collection, which is designed as an intimate portrait of a dancer in four acts. They also commissioned Sonya to create four self-shot clips that picture her life from rehearsal to performance and from casual to a night out. Editor, Ella Snyder, commented, "Her artistic interpretations of these acts are a great example of how the collection allows room to breathe and move while complimenting the body and looking très chic." Here, fashion and dance find a meeting point. "Dance is such a physical and performative experience that lends itself beautifully to fashion," Mohova said in the press release. "And by filming on

my iPhone, I hope to enhance the personal aspect and bring out the raw movement.” Collaborations Inspired or demonstrating by performing arts can rich the design and customer experience, enhancing the effect with both advantages.

### **Superior Quality, Timelessness, Craftsmanship, and Excellence**

One of the commonly seen values of the luxury brand is superior quality, timelessness, craftsmanship, and excellence. 55% of the luxury brands on the market came from France and Italy and Europe is certainly dominant in this area because the historic length of the brand is essential for luxury brands to establish the most inimitable value, timelessness. Luxury brands need to be carefully selecting the messages and the channel conveying them. Torsten Muller-Otvos, the chief executive officer of Rolls-Royce, said, “It takes over 800 hours until a car is ready at the end of the day and that is quite a similar kind of work you see when it often comes to the art world. How long it takes to create a piece of art. And that was for us the natural fit to bring it all together.” Just like Torsten said, what’s better than world-class artists and precise artwork to present the luxury product as art due to its craftsmanship and timelessness. Audemars Piguet, the prestigious watchmaker, contributed to the re-opening of the grand stage at the Bolshoi Theatre after its six years-long renovations and starred its principal ballerina Svetlana Zakharova of Sleeping beauty as their brand ambassador. At the same time, Audemars Piguet released a limited-edition Jules Audemars Extra-Thin watch in pink or white gold. It adorns 37 jewels, 214 parts and 19,800 vibrations per hour, picturing the excellence and craftsmanship of the brand in the watchmaking.

### **Aspirational and Exclusive Lifestyle**

Luxury requires stronger branding than other industries and products. They create an aspirational and exclusive lifestyle. Customers of classical luxury products value invisible image and lifestyle that the products represent instead of cost performance. It is strategic for luxury brands to preserve their exclusive and, in some ways, aristocratic dimension. Like arts

organizations that are trying to attract elite sponsors, the main customer of luxury brands is the same elites that we are talking about. Their customer profile is the same, high income with aristocratic quality of life. They regularly visit galleries and theatres, where arts are their exclusive lifestyle. Associating with arts will help align their product to the same level.

### **Dream-making**

The reason that luxury brands and arts can go hand in hand is that they are both hard to access and difficult to comprehend. (Berhaus, et al., 2014) Arts help luxury brands create distance and strengthen mystery. The luxury industry used to be very closely associated with the idea of rarity. However, in modern luxury, along with the transparency of information and massive distribution, luxury products seem more accessible than ever. It requires the luxury industry to shift from the old-style through pure physical rarity and selection to “an abundant rarity”, which seduces the customer to focus on the associated experience and the world the brand represents. To connect the inner desire of customer through the long-distance, dream-making is a major aspect of the branding activities. Also, many big corporations, like BMW and Mercedes-Benz, diversify their products and broaden their market by ranging their prices and extending their distribution channels. Even though, above all products, the luxury line of the corporation, sitting on the top of the pyramid, usually carries the responsibility to endow the brand with the highest symbolic capital and remain the key of the brand being “desirable”. They are the dream-maker. “Dreams” create emotional associations that evoke the inner desire and fulfill the ultimate imagination inside the heart of the customers. According to Becker Model of Consumer Luxury Brand Relationships (2018), the researchers believe that although cognitive features like price and quality achieve the satisfaction and exclusivity completes the prestige, it’s the symbolic value of dreams that leads to final commitment and loyalty of the luxury brands. That’s why the dreams of the luxury brands not only engage their luxury customers but all customers

looking up to the luxury brand and the “dream” it represents. All of these make the dream-making indispensable for these corporations.

However, the modern theatre and performing arts, especially contemporary ones, they abandoned the traditional criteria of beauty and established a new system of principle and logic, which can hardly associate with dreams. That’s why most of the luxury brands associating with the idea “beauty and classic” still allocate most of their focus on the classical sector, like classical plays, orchestra concerts, opera, and ballet. Among all luxury brands, the automobile industry is unique. Their preference for contemporary art represents their strong message of a bold, challenging and exciting adventure. As a result, a dream does not have to be a fairytale with ballerinas and a prince but also a good story with appropriate values and emotions that can relate.

### **Shared Customer of Performing Arts and Luxury Brands**

All image-building of brands cannot stand without the customer. The most traditional customer segment for luxury products is old money, also known as HNWI, High-Net-Worth- Individual. Their life and social status are accompanied by all different kinds of luxury brands. Other than them, the main direction of customer development for luxury brands is towards the rising upper middle class and young educated people.

### **Upper Middle Class**

The key of the former is to enable them to move from financial comfort to social recognition. Luxury corporations believe that partnering with performing arts is the right choice. Norm Orlovski (2018) pointed out “Luxury brands don’t want to advertise their product just anywhere. They want their brand associated with other luxury brands, and in a place that will have a captive audience. While other products might be able to get away with ads in the local newspaper, or Facebook ads, luxury brands need to be more careful.” He believes that performing arts patrons are highly educated people who earn a higher income than the median

and have the more disposable income and time to spend on luxury brands because it's already proven through a similar purchase on the tickets of performing arts.

### **Young Educated People**

For young educated people, cultivation and dream-making for the potential customers are essential to create sales. All partnerships of luxury brands are much more realistic than the dream they created. "Cadillac has moved away from golf and doubled down on art, fashion, travel, and entertainment." It's generally considered and showed that cars and sports share a lot of value in common, for instance, adventure, courage, and efficiency, especially in the age when the car market is filled with male customers and male decision-makers in the family. 2019 Women's Car Buying Report issued by JoinWomenDriver.com and SurveySpark showed the growing influence women have on the car purchase. It shows 70% to 80% of all purchase is influenced by women and women was responsible for 45% of new car purchase in 2018. Another survey by Cars.com also shows that women influence more than 85% of all car purchases and 62% of all new cars sold in the U.S. are bought by women in 2018. In China, according to the CBNDData report 2017, in the high-end market, the women segment grows 40% faster than men. This trend matches the performing arts market in China a lot. According to the 2017 report from Damai, women are dominant in the performing arts market with 61%. The female segment is even 64% high in theatres, concerts, and dance. The ticket revenue from women is almost twice as men. The audience with a higher education background is up to 93%. One of the main reasons that Cadillac turned from sports to arts and culture sponsorship to engage their target audience, Generation X and Generation Y luxury vehicle consumers, as well as nonluxury consumers moving up into luxury, according to Katie Kim, Cadillac manager of brand partnerships and experiences. According to the same report from CBNDData, young women born after 1990 are significantly larger than other groups, increasing 5% compared to 2016 and the segment of young people born after 1995 grows fastest in consuming live

performance. Moreover, when it comes to the family segment, performing arts are much more appropriate than the stadium.

To easily put, even not all the customers luxury brands are searching are in theatres, who are in theatres are their target customers.

### **Partnership Type**

According to Dr. Claude Chailan (2014), there are 4 types of collaborations between luxury brands and art, which are: Patronage, Foundations, Artistic Mentoring, and Business Collaboration. Luxury brands are usually in a dominant position in all 4 types of collaboration. They donate and support through their foundations or the corporation directly as all the other segments do.

### **Hospitality**

In practice, the second segment, luxury corporations, are much more creative and involved than the first segment, elite sponsors. Not always about money, luxury brand foundations also extend and diversify career possibilities to artists, like hospitality. It's quite commonly seen that luxury brands and high-end luxury stores use their space for art exhibitions, creating spatial interaction and mutualism between arts and products. What's more, Louis Vuitton, Cartier, Prada, and Gucci are a few of the luxury mansions foundations that even set up museums and contemporary space as a platform to deepen the collaborations with artists. Foundation Cartier pour l'art Contemporain is a contemporary art museum in Paris. It displays exhibits of international contemporary artists from all art forms. The performing arts program includes Nomadic Nights and Nights of Uncertainty, from theatre to dance and music. It steps out of the traditional comfort zone of classical performing arts like ballet and opera and applies the contemporary standards and aesthetics in the selection of the program.



## **Mentoring and Career**

Not only collaborating with masters like Jeff Koons, but they are also interested in supporting and discovering young artists with their mentoring program and hospitality. The artistic mentoring programs of Rolex, Mentor, and Protégé Arts Initiative, help connects top artists with young talents with enough experience but lack of contacts and advice, for example, Amish Kapoor coaching Nicholas Hlobo and Patrice Chéreau guiding the Polish director Michal Borcsuch. Instead of mentors and guidance, the Swatch Group supports young artists with their Art Peace Hotel in China by their Artists Residency program. Artists can live and work for 3 to 6 months there. All costs are covered by the hotel. In return, the artists are required to leave behind an art piece. Platforms, like exhibitions and showcases, are also provided to present the work of artists. In 2019, Borgestriptych, a theater play by returning artist-in-residence Yasen Vasilev, will be devised fitting the Swatch Art Peace Hotel, starting from the lobby and ending on the rooftop, and shown after its tour in the New York and Europe. This is not the invention of the Swatch Group. However, it's quite common to find other luxury hotels around the world providing artists residency program, for instance, the Art Ovation Hotel in Florida and Belmond Mount Nelson Hotel in Cape Town. All these diverse and creative collaborations are possible because of the strong similarities between luxury brands and art. The brand image association requires combining their product, branding image, and artistic elements, for instance, venue, artwork or artists, mirroring each other.

## **Sponsorship Package with All Elements**

No matter it's premium price or dream-making, no single element works alone. The usual sponsorship package in performing arts includes all methods including advertisement through mutual channels, association with their stars as well as collaborations on merchandise. It seems natural for luxury brands to collaborate with National Ballet since ballerinas seem the everlasting dream models for girls, especially when it comes to female products, like jewelry.

Swarovski is one of them. As a crystal brand, Swarovski encountered major challenges of strong competition and easy entries like cheaper manufacturers in China. The change of the situation forces Swarovski to adjust its brand strategy to achieve growth with passion for the excellent and innovative brand image. Nadja Swarovski, Vice President of International Communications, says, "For a long time Swarovski didn't "brand" its product and back then it wasn't really about branding as it is nowadays. We had to develop a hardcore communications strategy - which we pitched to the editors and designers." Swarovski created an idea called "jewels with a soul", knitting a dream for the customers to be connected with. Swarovski is present at a lot of famous work and historic moments, like the iconic Ruby Slippers in The Wizard of Oz and the diamond Tiara in Breakfast at Tiffany's. Moreover, the dress with 2,500 Swarovski crystals that Marilyn Monroe wore when she sang the famous "Happy Birthday Mr. President" sold for a record \$4,8 million, proving again the wise investment of the company. Aside from the physical properties of their product, direct involvement and demonstrations of their products inside certain conceptual productions can create a much vivid world and fantasy around the products. With this principle, Swarovski partnered with a lot of performing arts groups on costumes, like The Wizard of Oz Musical, The Snow Queen, The Nutcracker and Priscilla, Queen of the Desert. Each of the costumes in for English National Ballet took over 300 hours to complete and stitched with over 20,000 crystals sponsored by Swarovski, brought the whole production to the next level. With such a level of craftsmanship and timelessness, Swarovski successfully planted its product into a piece of art. English National Ballet set the pattern to involve a jewelry sponsor on costume-making. When the Czech National Ballet brought The Snow Queen to Prague, they adopted the same strategy to involved a crystal sponsor. Other than the international brand Swarovski who has varieties of experience in sponsoring arts and had a successful case in the original production, Czech National Ballet also approached Preciosa, the Czech crystal manufacturer, to assemble the Czech identity of the

production. In the end, the Czech National Ballet signed a barter contract with Preciosa, sponsoring over 30,000 crystal stones for three garments, a ballet dress and a giant tiara of the Snow Queen. In exchange, the Czech National Ballet provides a strong PR campaign for Preciosa other than the tickets for premiere and tours of rehearsals. The PR team in the Czech National Ballet created strong PR content of stories of stones, both videos, and photos, feathering their ballerinas and designers. They launched these content both online through the website and social media of both sides, as well as physically in the exhibition of Preciosa at the corridor outside the first balcony of State Opera House on the day of the premiere. The designers from Preciosa not only participated in the design of the crystals on the costume, but they also prepared the production merchandise, the Snow Queen set including a bracelet, a necklace, earrings, and a brooch, which is sold in both the National Theatre shop and Preciosa shop. The successful sponsoring collaboration established a model of sponsorship for the Czech National Ballet. After 3 years, they cooperated again in the new production Swan Lake, with the same package in a comparably smaller scale. Moreover, the Czech national ballet is now preparing their new production, Kafka: The Trial, feathered with 10-12 handmade hats from TONAK, Czech hat manufacturer with a 200-year history and high quality. Product demonstration and involvement in performing art productions are usually initiated by art organizations instead of the luxury company. The art organizations are the ones who took initiative and in a dominant role in all processes from approaching, designing and marketing. The corporation sponsoring partnership with luxury brands requires these activities to mirror their brand message and brings a closer bonding and personal connection with their target customers. Compared to other industries, they seek a direct brand and product association through publicity instead of direct sales.

### **Segment 3 Corporations in the mass market**

Unlike the first two segments which usually allocate a considerably huge budget for sponsorship to build their goodwill and brand image, corporations whose product and service targets mass-market seeks more direct and short-term returns.

Their objectives are usually more practical and specific when it comes to sponsorship. What they are trying to achieve is usually tied closely with their customer experience. Not unlike elite sponsors and luxury brands focusing on long-term image building, efforts are made by the corporation in the mass market to extend, diversify and improve their customer experiences. It is highly product-oriented and customer-centered. Sponsorship for them is neither external nor extra but directly serving their operational objectives.

#### **Sub-segment: Transnational Corporations**

A sub-group of these corporations is transnational corporations. Their arts sponsorship usually begins with their marketing demand for market development and penetration. Their priority is to open the new market through visibility, presence, and association of their identity with the local community. These companies are quite commonly seen in stadiums because sports clubs with both great numbers of international and local fans are the perfect choice regarding these objectives. However, world-class arts institutions also have a strong power to achieve the same impact.

A lot of transnational companies followed the same strategy, providing cheap or free access to well-known art institutions in the major cities where a flagship store is established. When the Japanese casual wear retailer, Uniqlo, entered America and Europe market, the company facing a clear shortcoming that the brand is quite unfamiliar by the western customers compared to its competitor H&M and Zara. To build the presence on the market, Uniqlo Co. signed a multi-year sponsorship contract with the Museum of Modern Art, titling the museum's free Friday night program in New York. In Boston, they launch a new partnership with the Museum of Fine

Arts, Boston to support the new programs highlighting Japanese artists. Europe is without exception. In 2018, Uniqlo kicked off a one-year partnership with the Museum of Contemporary Arts of Barcelona, providing free admission between 4 pm to 8 pm every Saturday. In London, Uniqlo Co., in partnership with Tate Modern and NTS Radio, presents Uniqlo Tate Lates, a special evening event of art, music, film, and workshops. Other than world-class institutions, Uniqlo Co. also sponsored a lot of artists around the world to strengthen the connection of the local community. It's the same with Starbucks. Starbucks also launched its global art program, collaborating with artists and their store design team. Local artists' work can be found in their stores all over the world, from LA to Cambodia.

Once again, we can tell from these cases, every step of the art sponsorship is highly related to the strategic planning of the company. We even can say it is part of the company's strategic planning.

### **Sub-segment: Local SMEs**

Unlike transnational corporations usually focusing on national-level and world-class institutions and conquering the positions as the general partner of all institutions, small and medium-sized enterprises (SMEs) prefer considerably local arts institutions.

They approach the idea of community identity through the detailed and real neighborhood rather than general history in the big picture. The real local strategy can be done also because they possess more information and personal experiences regarding the local arts institutions, which are probably not big enough to draw the attention of big corporations. Extending their experiences for customers in the same neighborhood to build their community identity and citizenship, hand in hand becoming the priority of their collaborations and partnerships.

Arts sponsorship also has a unique advantage to help corporations to differentiate their products and services from competitors based on cultural and symbolic dimensions of value creation.

(Rodriguez, March 2016)

David Doiashvili, the director of Macbeth by Tbilisi Music and Drama Theatre, adapted Macbeth focusing on Lady Macbeth, creating an ambitious figure with eight legs on stage. The cosmetics brand Marie Daigar sponsored the play and launched a Lady Macbeth Lipstick of the bloody red. Fans of Marie Daigar have access to buy this limited edition online through the e-shop of Marie Daigar. The character Lady Macbeth and symbolic image became the perfect story of the lipstick and the advertisement casts the actress playing Lady Macbeth in the play. The comment and reviews of the lipstick are 4.9 out of 5. Most of the fans speak highly of the storytelling and the image it conveys. Small merchandise can work this way. Corporations certainly need to dig into the question of how to update the storytelling of the product to the brand and company.

### **Activation Activities**

These companies often focus on activation activities related to other supporting services of performing arts, like the foyer, cafe, and bar. They usually bring the arts institutions extra layers and possibilities to diverse events.

### **Bookstores**

Theatres and literature are brothers, especially dramatical theatres. Collaborations with bookstores are quite common in plenty of countries. From theatres to musicals, Shaanxi Opera House packed a series of performances together because they are all literature adaption. They are the play Faust, the play The Dawns Here Are Quiet, musical Notre-Dame de Paris and the musical Matilda. They collaborated with YUEJIXI Bookstore, designing promotion materials together for both customers and exposed them in both spaces. This is a quite standard type of collaboration.

Jatka 78, an industrial theatre in Prague, clearly did it in a smarter way. They set up their Luxor chill zone in their open gallery bar outside their theatre halls, where the theatergoers who used to drink and rest now are also able to enjoy their waiting time by reading books from Luxor.

Luxor, the Czech chain bookstore, finds its position to create a space where people can relax from everyday life by providing related services and better reading experiences. They established Cafe Luxor in some of the selected bookstores to improve customer experience to achieve their vision of “feeling home”. The move of establishing the chill zone in Játka 78 fits perfectly with their visions and extends their customer experiences outside their bookstores to cultural venues.

Other than new customer development inside the cultural venues, Luxor also updated their membership package. The customer experience and loyalty are also strengthened by offering discount theatre ticket packages to the members of their book clubs. The choices range from public theatres to commercial theatres, including Játka78, Studio Dva Divadlo, Městská Divadla Pražská(Prague City Theatre), Blacklight Theatre, and Divadlo v Dlouhé. By collaborating with other cultural events, providing extras beyond what their products and services are the new considerate attitude of corporations.

### **Alcohol and Bars**

Extra spaces outside the theatre halls are usually full of possibilities. So are the products provided inside the theatre venues. It’s also commonly seen that Russian plays are associated with Kvass, like *And Quiet Flows the Down* by Masterskaya Theatre in St. Petersburg. Since Czech is also famous for its national beer brewery, it’s quite commonly seen that cultural institutions collaborating with different beer brands, having only one brand of beer products exclusive for their cafes and bars to serve their audience.

Národní Divadlo Brno (National Theatre Brno) went further in festival Divadelní Svět Brno with creativity. 24 theatrical cocktails are created by a bar called “Bar, Který Neexistuje” (Bar that doesn’t exist), from inspirations characters from the productions shown in the theatres in Brno. The bar, located in the same community of the Národní Divadlo Brno, benefits from local festivals and events of the theatre. Honza Vlachynský, the founder of the bar, decided to join

the project because he agreed on the local impact the festival brought to Brno and thought that “this is close to us”. The whole cocktail menu was created by detailed consultations on the festival programme. The menu, filled by exclusive photos of bartenders with actors in their theatrical roles, was launched in a magazine. The cocktails were kept being served after the festival, leaving its interaction with theatre stay after the festival ended.

## **Segment 4 Technology and Innovation**

With the fast development of technology, theatres encounter new challenges as well as opportunities and challenges every day. There’s no way to avoid technologies and they are everywhere in theatres, from technical facilities on stage to the software system in the box office. Therefore, it’s not hard to see the collaborations between theatres and technology companies. Most of these “collaborations” actually mean to purchase service on the market. Some technology corporations are providing these services like ticketing system and festival planning system. Other than usual trade of service, many other collaborations seize the opportunity to seek extra purpose.

Some technology corporations whose product faces the general public customers choose to activate or experiment with their prototypes on sports and festivals with a larger scale of audience. The ones who choose to work with arts and theatres are usually business-to-business. As a result, they sometimes share some similar motivations with the earlier segments, like stakeholder management and community identity. What’s special about technology corporations is that they always seek experiments and demonstrations through art institutions. On the other side, art institutions usually tend to choose sponsorships and partnerships with technology corporations when it comes to technical problems. This brings the whole segment to an unprecedented practical level.

For technology and innovation corporations, the collaboration itself usually is the achievement of their vision. Accenture Digital came up with the smart caption glasses for Royal National



Theatre, enabling the theatre experience is just as friendly as films, for disabled as well, ultimately giving the choice of people the freedom and choice to come to any performance. The managing director of Accenture Digital, George Marcotte, said that it's exactly part of what we're doing with Accenture Digital, about creating new experiences with technology. The collaboration itself demonstrates the vision of Accenture Digital with strong characteristics of the commonweal, demonstrating its capability and improving its brand image at the same time. Another case in a bigger scale is Philips. Global warming has been one of the most popular topics to cover in the last several decades. 20% of the world's electricity consumption is the lighting. In order to achieve the eco-friendly European Union, the European Commission required all light fixtures and accessories sold after September 2020 to meet improved efficiency targets in the Ecodesign Working Plan 2016-2019. At the end of 2018, further exemptions for the live performance, lighting design and film sector are added to the revised regulations, however, as one of the most lights-consuming industries, the world of culture and arts cannot turn their back to the fact that they have to do something to reduce the harms to the environment.

Renovations of lighting equipment seem to be able to save the money and the planet at the same time. It looks like the ideal solution, however, the update of technical facilities usually costs a fortune because changing the lights requires to change the whole infrastructure and other facilities related, from hardware to software. Most of the theatres can't afford the change. It absolutely requires sponsorship and additional investment. Nick Starr, Executive Director of the National Theatre, backed the story in the press conference of the partnership with Philips Lighting "It's an investment that would be justified on economic grounds, but it's hard for arts organizations to find the money. Thanks to this partnership we can do so."

London is well known as one of the eight cities with all the fascinating lights during the night. As early as 2007, the Royal National Theatre partnered with Philips, the global leader in lighting,

to enhance all of the internal and external lightings with energy-efficient technology including LED and state-of-the-art controls. The exterior of the iconic Thames-side building will be enhanced. A new “video wall” installation on the roof of the building replaced the old bulb system with a full color LED panel, lowering the energy consumption and improving the function.

All of these moves are not purely doing a favor for National Theatre. It's well fit the vision of Philips Lighting and became a great demonstration of their products and service, drawing the attention of the whole city and the local government.

The vision of Philips Lighting is to make the world healthier and more sustainable and improve the lives of people through innovative lighting solutions. The installation of National Theatre achieved a 70% reduction of the energy required to light the building and saved the theatre 100,000 pounds a year, which can be used on the production of the plays and performances. The partnership with National theatre demonstrates the vision of Philips lighting perfectly by providing diverse cultural life while tackling climate change. A one-time “fit and forgotten” collaboration is not enough to demonstrate the determination of Philips lighting to the stakeholders. By using the huge publicity brought by National Theatre, Philips took the opportunity and kicked off an initiative called Climate Change Action Plan for London Theatre to turn more theatres “green”, which drew the attention of the Mayor of London, Ken Livingstone, with this unique contribution to the city.

When it comes to terms like innovative solutions or technologies, self-renewal is the essence of it. What's technology different from the other service or product is that they are updated fast. It also makes segment 4 different from the former 3 segments. The demonstration of updated service or product is required to be presented again. It brings new opportunities for sponsorships. After 10 years of renovation of the architectural lighting for the National Theatre, Philips Lighting announced a two-year partnership for The National Theatre's outdoor River Stage

season. The outdoor River Stage season has its diverse program of theatre, DJs, family events, dance, outdoor cinema, workshops, and live music. The dynamic and vibrant atmosphere resulting from the mix also leads to complex and difficulties. This is exactly what Philips Lighting aimed to target. In the outdoor festival, Philips Lighting showed the capability of its product portfolio with the cutting-edge new technology that can realize all kinds of creative requests and cope with all-weather at the same time. It builds the image of their products being flexible, easy to access, and eco-friendly. With the comments from the lighting designers for the event, the impression drawn from the festival is confirmed and enhanced by the professionals. Though not all technology and innovation corporations are art-related like Philips Lighting, there's still huge space for collaborating on the information system, audience access and caring, customer experience and marketing. Opportunities resulting from the research, testing, technology updates and function demonstration of technology and innovation corporations bring great chances to offset the weakness of performing arts industry.

### **3 Barriers of realization of Corporate Sponsorship**

Certainly, everything seems possible and win-win in the formal part of this thesis. Many successful cases and try-outs are found in practice. However, still, corporate sponsorship has some barriers and difficulties. Though these difficulties listed below cannot be excuses but guidance of better strategic planning when preparing and approaching corporate sponsorship.

#### **3.1 Information Asymmetry**

The matching process requires a lot of research to get to know sponsors and patrons in the pool regarding their requests, need and annual schedule. It requires human resources, time and efforts to discover, follow-up and update the information.

However, there's no database of any kind that can help with this problem. A lot of assumptions are required to complete the first step. Specialist of Sponsorship may also need to search and get themselves into a lot of social occasions. It also includes a lot of cold calls in the beginning. Also, some related information will never be exposed directly given the level of confidentiality, like launching of the new products and related partnership chances.

Here's the dilemma of arts organizations in the modern context. On one hand, most of the performing art groups or venues are too small to afford a team or even one person only for sponsorship. On the other hand, when there's one person responsible for corporate partnership and other work, energy, efforts and creativity put on corporate partnership will never be strategically planned but only improvised randomly. It's a cycle. Not enough budget, not enough money to hire a specialist. Not enough specialists, not enough sponsorship. Not enough sponsorship, not enough budget. In other cases, small festivals like the Prague Fringe Festival, the network, and sponsorship are part of the job responsibility of the artistic director. No matter what managing levels they are, an experienced specialist with real connections and resources are better because they are informed.

It's also quite awkward that so far there's no such external service specialize in corporate partnerships with arts organizations provided on the market to outsource. Arts organizations clearly need to think through if they want to invest in such extra revenues and accumulate for a while. Another option is certainly to get someone with mature resources and connection, as long as what he or she brought can cover his or her salary.

### **3.2 Timing – Corporate Financing Cycle**

Most of the corporations have their usual financial cycles. The financial cycle is different from corporation to corporation. These cycles include phases when they retreat their customers, when they launch a new product or service, when they cut the budget of marketing, and so on. The peak of corporate demand is usually at the end of the year in China because they need to show

their gratitude to their employees and customers as well as take care of the VIPs and stakeholders, which makes it hard for productions and theatres to allocate sponsorships and partnership during the year. According to their experience, Shaanxi Opera House is fully aware of the situation that winter is the peak season of the corporate customers and all kinds of partnerships, especially the first segment, elite sponsors.

The end of each year may not be the period when performing arts centers needs support most during the year. Then it may fail to match the demand of both sides. Performing art centers needs to put the situation on a bigger scale and try to match the balance of the whole year instead of a single project. Also, they should try to strategically plan and allocate the performances accordingly. What Shaanxi Opera House is trying to do is to attract the general sponsor, elite sponsors at the end of the year by arranging some popular, commercial and a bit entertaining production in winter like musicals. During the year, they try to approach segment 3, corporations for the mass market and relate specific collaborations on accurate goals, like bookstores, gyms or perfume manufactures.

### **3.3 Unbalance of The Region**

Most of the cases mentioned in this thesis are completed in capitals, like Prague, Paris and London and a big city like New York and Shanghai. It reasonable because given most of the performing art resources are centralized there, especially the world-class venues and groups. Their scale and quality of performances usually bring more budget and demand to be creative on corporate partnerships. However, on the same physical scale of the performing arts center, the situation of regional theatres may not be as ideal as those in capitals. The reason is mainly around the unbalanced business environment between regions.

### **3.3.1 Local Policy**

It seems that experience can be referred to and learned from country to country and region to region. Behind the collaborations made by corporations and arts organizations, there actually are some visible hands are helping.

For instance, the Arts Council in Britain is highly supporting corporations working with arts organizations. Guidance and funding are provided for arts organizations for supporting them to attract more private giving. The program is called Catalyst: Evolve. They believe this is one of the measures necessary “in place to help create a more sustainable and resilient art and culture sector”. The total fund amount is as high as £17,5 million. Policies or support like this are beyond the capability of a single performing art organization. It will certainly make things much easier. Experiences between institutions will be exchanged. platforms and networks of collaborations are accessible.

It's not always the case of other countries. In a way, different countries and regions vary regarding the local policy incorporate collaboration. The knowledge and the mindset of all decision-makers are quite important. Other than the simple tax-free percentage, what else can motivate corporate to explore and create with the lower barrier is always the question of both arts organizations and policymakers.

### **3.3.2 The Status of the Corporations in Regions**

The general corporation composition locally in the region also matters. Big cities like Shanghai have access to both local corporations and transnational corporations. The pool of corporations is bigger. The types of corporations are also diverse.

The structure of the corporations on the market changes the game a lot from region to region. It's generally considered that it's easier when the market of the corporate partners is competitive. In China, Alibaba occupied 80% online shopping market. Damai, bought by Alibaba, is the biggest online ticketing agency in China. Most of the major theatres are using the ticketing

system Damai developed years ago. The system has been rented by these theatres at a symbolic fee. However, the update of the system costs a fortune. Given the monopoly of Damai on the ticketing system market, there's less motivation for Damai to further collaborate with these theatres. Small technology corporations also wouldn't regard sponsorship as the opportunity to knock the door because the winning chances are too low on the market. As a result, the update of the system is being pushed and pushed, theatres continuing working within limits of the functions.

### **3.3.3 History of Involvement in Arts Sponsorship.**

The history of the involvement in arts sponsorship is also a major factor influencing the success rate in art sponsorship. If you dig into the corporations listed above in the cases, you will see it's not their first time to sponsor performing arts. They either established a foundation or made a strategic plan targeting a series of moves relating to arts sponsorship, or even other sponsorships

Travellex sponsored National Theatre for years and then move on NT Live. Philips lightings also extending its sponsorship to the Riverbank Festival of National Theatre after its generosity to replace huge amounts of theatre and building lights. Elite sponsors like Bank of America are on the list of top sponsors of all types every year. Corporations like Manchester Airport has a sponsorship program that every institution can fill in.

. In that way, attention needed to be paid to the sponsors on the market. Thanks to sponsorship visibility, this information is not confidential. Corporations like Alibaba and Vanke, one of the biggest real estate companies in China, are highly involved in arts sponsorship as well. It's quite common to see they use their different platforms to support performing arts, from apps to hospitality. Alibaba recently sponsored the construction of a local opera house as well in Hangzhou, where their headquarter locates.

It's easier to reach a partnership with corporations with habits of and strategies with arts sponsorship. However, these national or international corporations are community-based to a certain extent. If the arts organizations are not in the community, it's relatively hard to approach them. To approach them or discover more potential, efforts need to be done accordingly. The headquarters of Buick is in Shanghai. That's why they've sponsored quite a lot of theatres located in Shanghai. Regional performing arts centers like Shaanxi Opera House fail to approach local corporations for the general sponsor because of the difference of development and preference between the regions due to its advanced vision. Then Shaanxi Opera House went to Shanghai and reached a sponsorship agreement with Buick, which already sponsored Shanghai Grand Theatre.

### **3.4 The Change of Mindset**

The change of mindset is always a slow process. The research-practice gap has been viewed as an eternal dilemma between academics and practitioners. The gap between the insiders and the public is even wider than we think. It takes quite an amount of time to change any party in this process.

#### **3.4.1 Arts Organizations and Corporations**

When it comes to art sponsorship, both sides fail to understand the possibility and potential in this. Artists are too pride to agree that nobody is supposed to support art though art absolutely should be supported in general. Nowadays, thousands of new plays come out each year. Artwork competition is fiercer than ever. Artists have to regard their work as a product on the market and have to think about their performances. Or to put in a nicer way, they have to rethink the value of their work and the relationship between their work and the public. Art organizations should regard corporate sponsorship as possible access to people instead of pure money investment. Moreover, a corporate partnership requires mindset change from "what benefits art"



to “what brings to the corporation”. Art organizations need to sort their resources regarding marketing, distribution and customer service. Also, how to associate their artwork with the vision of corporations is important as well.

The contrast between proactive art and reality is quite significant in this situation. Regional theatres want the quality of their arts can be aligned with those in capitals and metropolitans. However, there’s always a lack of acceptance between regional cities and metropolitans due to the considerably less exposure of information and quantity of arts. Single-visit or few visits to world-class performances in regional theatres will not help them to get the whole picture of the performing arts and recognize the work of performing art centers, especially when it comes to contemporary work that doesn’t have any local foundation in this region. This is the main difficulties that Shaanxi Opera House is encountering, the gap between the preference of corporations and them. Shaanxi Opera House is trying to introduce world-class opera, theatre, dance performances to Xi’an, one of the most important western cities in China with a great amount of cultural heritage. The productions they are trying to select refers to the highest standard in the Chinese market and trying their best to align Shaanxi Opera House with the best theatres in Beijing and Shanghai. A lot of modern and contemporary work came to Xi’an while the corporations fail to understand and accept. Whether it’s elite sponsors retreating their stakeholders or creative collaborations with B2C corporations, they don’t want serious, abstract, and deep work. Also, the marketing approaches of the local corporations are quite an old way. They fail to understand and accept the value of sponsorship and other similar kinds of partnerships. That’s also why Shaanxi Opera House is collaborating with a lot of national corporations based in Beijing and Shanghai. To discover the local corporate market, this 3-year regional opera house still has a long way to go to cultivate and develop all kinds of customers.

### **3.4.2 The Public**

There's always a gap between the specialists and the public. When we talk about corporate sponsorship, we cannot only focus on arts organizations and corporations only. When it comes to corporate sponsorship, if the common goal is to reach and serve the public by collaboration, the public cannot be ignored because the attitude of the public towards arts sponsorship directly influence. The interesting part is that sometimes it takes time for the public to break the stereotype and accept something new, especially a collaboration between the two parties that seems a bit conflicting with each other. In China, people still feel that big art organizations should be public instead of private. When Shaanxi Opera House collaborated with Buick a year ago, the local public was very confused about why their regional theatre can be titled by corporations. They lack knowledge that Shaanxi Opera House is a private-owned performing arts center. Also, they feel private means not as good as the public ones, which is not true. The titled rights of Buick absolutely strengthen this impression. Shaanxi Opera House definitely did it for a better financial structure instead of public effect. In the short term, it definitely counteracts some of the efforts they made regarding publicity, according to its membership manager.

### **3.5 Risk of Sponsorship**

In June 2017, Delta Air Lines announced ending their 4-year sponsorship agreement with the Public Theatre over their latest Julius Caesar in which the Roman dictator, Julius Caesar, is dressed very much like the American current President, Donald Trump and stabbed to "death" on stage as what Shakespeare originally wrote in the script. It's quite common globally theatre directors use contemporary political figures to stage Julius Caesar to achieve the ironic effect. The piece is definitely quite controversial given the comments from the public and the critics.

Later, Bank of America followed Delta and pulled its sponsorship as well. Suddenly, it seems the situation brings a PR risk as big that the sponsors have to drop their support.

Season partners of big theatres tend to avoid the specific topic or themes of the play while searching for the matching point between the sponsor and the sponsored. For example, the Raiffeisen BANK, a general partner of National Theatre in Prague, markets on their shared value of craftsmanship and excellence. Bank of America claims that they give because “the arts matter: they help economies thrive, help individuals connect with each other and across cultures, and educate and enrich societies.” There are several reasons for this issue. On one hand, long-term partners, like a general partner and season sponsor, face a more complicated portfolio so that they usually target the general issue and comparably important event. On the other hand, the themes covered in the production are usually not their concern and they usually select the part that connects their customers or connects their brands. Daniela Pařízková, from Prague Crossroads Festival, points out that theatre is more complicated to be sponsored compared to other more abstract performing art forms like dance, music, and circus because of its close relationships with social and political elements will scare the sponsors away from certain types of productions.

However, given the stock market price of Delta Airlines, it seems the anger didn't come from the public, at least not from normal their stockholders. Plus, Delta Airlines sponsored a Julius Caesar production casting an Obama-like leading actor in 2012 and didn't pull their support. It's likely the decision for Trump may come from managers and other influential stakeholders of the company. Although the corporation usually acts as a whole group, however, the extent of the individual manager's influences on the decision-making process implies the risks of the partnership. The most common situations the company ends or chooses not to renew the sponsorship because of the change of managers or decision-makers. Good arts managers need

to secure the sponsorship and deep the relationship by the level it up to corporation strategy level instead of satisfying the manager's personal interest.

## **4 Conclusion**

This thesis starts with research on the theories and practical cases of arts sponsorship on the market. Motivations and problems of both parties, arts organizations, and corporations, in arts sponsorship are analyzed in this report. Other than financial benefits, diverse possibilities and public access, which is vital to the vision of arts organizations, should be included when arts sponsorship is considered. The comprehension of the benefits and motivations for arts organizations should be strengthened and improved so that art managers can see beyond money in these partnerships. As a result, mutual respect and win-win can be established as long as they respect and understand the position of each other.

Among all corporate sponsorship cases, 4 outstanding segments of sponsoring partners in arts sponsorship, or more specifically performing arts sponsorship, are listed in this paper. They are traditional elite sponsors, luxury, mass manufacturer and technology corporations. In this order, the partnership evolves from blueprints and big pictures, like goodwill and trust, to close branding association, to detailed customer experiences and, in the end, till the demonstration and experiment. Channels, focus, and priorities are different in each segment. The analysis will help arts managers to understand better what their partner demands and what they can provide regarding it. The key to most successful corporate sponsorship cases is that the collaboration itself is highly associated with the vision of the corporation. The project involved represents the spirit of the corporation and the mission of the company to its customers.

The paper analyzed the practical difficulties and barriers later in this paper as well. It sets the analysis on a bigger scale and providing possible difficulties in reality. Basically, there are 3 parts, the cost of research, the unbalanced development and the slow change of mindset. All

these factors reveal part of the reasons why some arts sponsorship didn't make it. Some practical solutions are presented to circumvent the hardship. In the end, the situation can only be faced directly and overcome by small steps.

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## Appendix: Interview Questions for Jatka 78

Given Jatka 78 is a written interview, here's the list of questions listed for reference what kinds of questions asked for Jatka 78. The summary of the answers is written in the main body of the thesis, while the detailed answers are not listed here given the confidentiality.

1. What's the difference between general partner, partner and "thanks to"?
  - Is it the amount of money? If so, can you maybe let me know the minimum fee for each category ?
  - What's the difference between the packages you provide in return?
1. (Venue activation? Marketing materials visibility? Special events?.....)
2. What are the sponsors who find Jatka 78 and would love to offer a sponsorship?
3. What are the sponsors that Jatka 78 found them?
4. What are the sponsors that happen because of the personal relationships with the staffs in Jatka 78?
  - What are the usual motivations of your corporate sponsors sponsoring Jatka78?
  - Are there some of your sponsors providing resources other than money? Like facilities, physical products, or just contacts and professional service?
  - Can you list the sponsors that asked more than pure donation and logos on program?
5. Can you describe what they ask for specifically?
6. Can you describe the collaboration with Luxor?
  - How did it happen? Who approached whom? What's the process of discussion?
  - What's the deal?

7. Other than setting the chill zone in Jatka78, what else?
8. How long the chill zone will be there?
  - Who's in charge of construction of it? Who paid for it? How does it work?
  - Did they ask marketing and social media presence? If so, what are the requirements?
9. Are there some other sponsor activities/events like Luxor case that you did before?
10. Did any of the sponsors mention to interfere the artistic production? What's Jatka78's attitude towards it?
11. What are your worries and problems towards sponsorship in Jatka78?
12. According to your experience, anything else that you want to share that you think it's important for theatre to pay attention when it comes to sponsorship?