

Arts & Business

Private Investment in Culture 2008/09: the arts in the 'new normal'

Maximising inward investment



Executive summary

Overview of the state of the arts, focusing on the changing relationship between the private sector and culture

Tripod economy

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markets involved in HSBC's Cultural Exchange

30%

the proportion of global equity from emerging markets by 2020

10%

the possible decrease in private investment if alcohol sponsorship was banned

£8–15m

shortfall for the arts if alcohol sponsorship is banned

emerging economies are recovering faster than developed countries

20

years Beck's bottles have been a canvas for contemporary art



Corporate cultural diplomacy

In the groundbreaking report *Cultural Diplomacy* (Bound et al 2007) identified culture as a central component of international relations, suggesting that governments and public bodies should start to unlock culture's full potential. To this we would add that culture is now also a central component of business relations, where business models can come to life in a more engaging and profound way than ever before, starting intercultural dialogues and building international relations across and between different nations and markets.

“70% of business priorities revolve around B2B activities”

As some businesses are increasingly placing culture in the driving seat of their business-to-business (B2B) promotional activities, this is accounting for a substantial proportion of arts' income. In addition, as emerging markets are becoming increasingly important for businesses (the financial sector will be used as an example here), there is a plethora of opportunities to use culture to break into these markets and speak louder than traditional forms of political lobbying, media engagement and paid-for advertising.

This reflects the increasing globalisation and interconnectedness of not only society, but the economy and the art market itself (increasingly collectors and artists are coming from the East, Middle East, Africa etc). Inevitably, some people will question to what extent businesses and their stake in different markets should determine the art and culture that will be showcased in the UK and if there is a danger that these objectives could side-line the all important UK art scene.

However, issues of co-operation, collaboration and international relations should overtake any unhealthy nationalistic overtones or connotations. It is one thing to promote and inspire and another to impose – the fine line between the two is the motivations driving the projects and the way the projects are being driven, which should be based on mutual benefit, knowledge sharing and value-added experiences. These experiences can also help the arts reach a wider audience, as more diverse work can resonate with greater groups of the public.

“culture can be used as an innovative and creative way to build in-roads into emerging markets and to meet B2B objectives”

We see this as a growing area of interest for businesses with a stake in foreign and emerging markets through their business objectives. Culture can be used as an innovative and creative way to build in-roads into these markets. Simultaneously, these practices will make the corporate sector more responsible and humane, with businesses beginning to understand and appreciate cultural intricacies and idiosyncrasies. Sharing responsibility with governments, politicians and policy makers in building relationships with foreign territories politically, socially, culturally and commercially, will only strengthen businesses further, not just through increasing profit, but by adopting the facilitating role of a broker between all important partners.

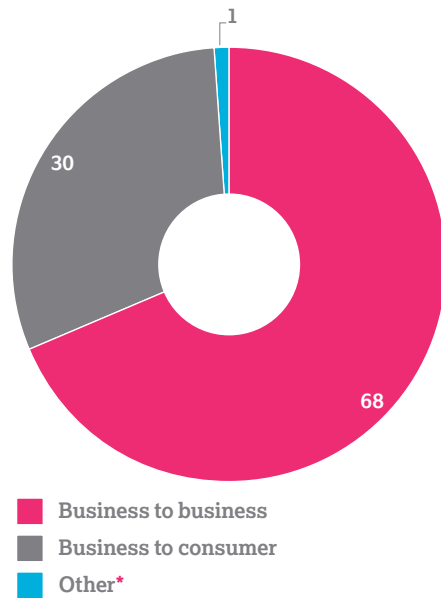
Business priorities

Hitherto, a significant body of research has been conducted around arts sponsorship which is focused on engaging directly with the consumer, to increase and improve brand awareness, profile and loyalty (Gilmore et al, 2009). However, these arguments often ignore the potential and significance of working with culture to engage a different target group, namely external business stakeholders.

Much of the attention on these kinds of priorities has been limited to an exploration of corporate hospitality, which is a safe way to network, entertain business clients and build relationships. However, there is a growing stream of engagement with other business stakeholders that are driven by business-to-business objectives.

Our business respondents have exemplified that business engagement is a priority for them going forward. According to them, 70% of their business priorities revolve around business-to-business (B2B) activities (with 31% of the respondents saying this makes up 100% of their business priorities). The bias towards B2B priorities is particularly strong within business services (such as management consultancies) and manufacturing companies.

Business priorities (%)



According to our business respondents, engaging the community is also an important objective, especially as part of their Corporate Social Responsibility (CSR) programmes; “activities focus around community engagement and alignment with business objectives... we try to work with arts groups based in the local community to ensure that our projects are visible to our clients, accessible to our staff and benefit the community which we serve... the arts act as a promotional tool, as well as a focus which enables staff and clients to share an experience.”

* Other includes business-to-community and business-to-arts

Emerging markets

“European companies generate 23% of their revenue from emerging markets”

The globalised market, which has to a certain extent been intensified by the global recession, has in turn proved how interconnected different communities are and the significance of the BRIC countries – Brazil, Russia, India and China – in particular. Moving away from local communities, there is ever more need and desire to also work across those markets and start building bridges between them.

The emerging economies are recovering faster than those in the developed countries, and they now account for one third of the world's gross national product so “it would not be smart for investors to ignore the rise of emerging markets, led by the four BRIC countries... and their long-term potential. Most of the growth in the global economy came from emerging markets even before the crisis.”⁵

“the art market follows the economy, with supply and demand becoming increasingly globalised”

Even though on average and according to our business respondents, 83% of their business stake lay in the UK, we anticipate for there to be more interest to diversify business activities with income streams from emerging markets in the future, especially from financial service companies. As exemplified by Claire Simmonds of the JPMorgan Emerging Markets investment trust, “emerging markets look to us simply too big to ignore. By 2020 we believe they could be just under 30% of global equity markets. There is a long-term structural case.”⁶

Also, according to the McKinsey Quarterly (2010) “the vast majority of companies... believe that economic growth in developing markets is important to the success of their business strategies. And more than two-thirds of those companies are engaged in various programs to encourage that growth, whether through education or private-sector development or technological advancement.”

Furthermore, according to Morgan Stanley, European companies now generate 23% of their revenues from emerging markets and the trend of western investors slowly increasing their presence and exposure seems irreversible⁷. Therefore, there is a sea of evidence pointing to the increasing importance of these markets, and the subsequent need to build and consolidate strong and sustainable relationships with them.

⁵ The Financial Times, The attraction of emerging economies are no passing fads, 15th October 2009

⁶ The Financial Times, Faith is strong in emerging markets, 19th October 2009

⁷ The Financial Times, The attraction of emerging economies are no passing fads, 15th October 2009

Culture: the creative tool to entice emerging markets

“Cultural exchange gives us the chance to appreciate points of commonality, and where there are differences, to understand the motivations and humanity that underlie them... it helps recalibrate relationships for changing times with emerging powers such as India and China” (Bound et al, 2007). Social, political and cultural specificities can often lead to misunderstandings, which can in turn tarnish reputations and ruin relationships and business. However, a good understanding of culture has the opposite effect of bringing mutual respect and creating common ground both of which are needed for business relationships to flourish.

This can be done through three primary activities, and businesses can help with all three:

- Promoting a country's national goals and policies
- Communicating a nation's ideas, beliefs and values
- Building common understanding and relationships (ibid).

The ascension of the emerging markets has been heavily and frequently documented in the news as well as in academic and political realms, “the emerging Asian powers understand the importance of culture and are consciously using it as a means to project themselves not just to foreign governments, but also to global public opinion and potential partners and allies. In doing so, they are offering different economic and political models to compete with those of the West” (ibid). However, there is little research on how the financial services industry and other business sectors can use culture to connect with these markets, which will further position them as global leaders as they facilitate and develop these relationships beyond the marketplace.

Business models and activities that revolve around working with other businesses will use culture to engage with them in more innovative ways. This is not only used in terms of corporate hospitality, where businesses host networking events for their clients at a private view or another bespoke cultural event, but also in terms of corporate cultural diplomacy.

Businesses that therefore have a vested interest in foreign, international and/or emerging markets can use culture as a channel to get closer to and build relations with the market in question, which informs and feeds into the prospective business client in question. By doing so, businesses also publically showcase the lengths to which they are willing to go in order to understand and support the market/business they want to work with.

Cultural activity can help meet B2B objectives in the following ways:

- Build relationships with potential business clients by displaying respect and understanding of their culture
- Impress businesses with knowledge of the arts during networking sessions in cultural venues
- Display global brand values
- Develop unity between ancillary companies using staff engagement techniques
- Create relationships with external communities and the wider market in creative and innovative ways.

It is often also said that art imitates life, or reflects it at least, and to this end, it is interesting to observe how the art market itself is following the economy, with both the supply and demand becoming increasingly globalised, as we witness a surge in numbers of buyers and artists from Greece, South Africa, China and the Middle East to name but a few⁸. This trend will strengthen the popularity of and interest in art from different localities and cultures, and will further support the business need to take this out of the commercial art market and into the public realm.

⁸ The Economist, A whole new world: art is becoming increasingly globalised, 26th November 2009

Culture: the creative tool to entice emerging markets

The case studies below showcase companies in the finance sector leading the way with their corporate cultural diplomacy programmes. These examples can be translated and adapted for other sectors with B2B activities, such as Business Services, Legal, Manufacturing and Property & Construction.

They specifically focus on raising inward investment for the UK arts sector, in the following ways:

- 1 UK company builds and maintains relationships with foreign markets by sponsoring exhibitions/ performances/ organisations and so on, showcasing their culture and promoting greater understanding and appreciation
 - 2 Mediating and enabling a cultural exchange to take place in the UK with a foreign market
 - 3 An international company with vested interest in the UK sponsors exhibitions/ performances/ organisations etc to showcase and promote their own culture in the market they want to break into.
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Case study: HSBC – building relationships for a lifetime

“Indian Summer” at the British Museum was a season dedicated to Indian culture sponsored by HSBC. The season included the Garden and Cosmos: The Royal Paintings of Jodhpur (28 May–11 October 2009), India Landscape: Kew at the British Museum (until 27 September 2009) and a series of public programmes featuring debates, screenings, talks and educational activities. This sponsorship is a key example of how businesses can use culture to tap into the emerging markets.

Organisations:

Located in the heart of Bloomsbury in London the British Museum boasts a collection of over 8 million objects spanning the entire world's history. The Museum seeks to reach a broader worldwide audience through the content of the collection thereby seeking to make its collection accessible to greater and more diverse audiences. HSBC is a financial services company offering investment services and banking. The HSBC banking group is the world's largest bank while the company itself is the 6th largest company in the world.

Aims & objectives of cultural partnership:

Through this unique partnership HSBC was able to develop relationships with different cultures in order to further their business opportunities. In doing so they were able to place emphasis on their commitment to cultural exchange, awareness and appreciation of culture and customs as displayed through their advertising campaigns citing ‘Understanding culture is our business’⁹. In this particular case, through the sponsorship of the ‘Indian Summer’ season, they were able to position themselves as a guide to doing business in and with India by displaying acuity into the culture.

The British Museum wanted to create this season and a series of educational and recreational events. Through the partnership with HSBC, the museum was able to attract a greater number of visitors and target Indian and Non-Resident-Indian (NRI) audiences along with those interested in the subcontinent.

How did this help B2B activity?

For HSBC, the sponsorship of this season opened several doors. Forging a partnership with UK India Business Council (UKIBC) – together they published ‘Global Indians: A study of investment attitudes’ highlighting the diversity, dynamism and economic impact and potential of Indians abroad. This served to foster a relationship not only with India but NRIs also.

A second partnership was developed between HSBC and the Financial Times producing a supplement entitled ‘The New India’. The publication examined doing business in and with India and its economic growth while considering the role international business could play in this growth¹⁰. HSBC has also recognised that India is a key market for their, and the world's, future economic growth, and an understanding of cultures is an essential part of building international business relationships “Opening doors to different cultures and encouraging the exchange of ideas and traditions to generate and strengthen international business relationships.” – Marah Winn-Moon, HSBC's Head of Cultural Sponsorship.

The British Museum's ‘Indian Summer’ season was a success, the exotic flora surrounding the main entrance drawing in large numbers of visitors. For HSBC this collaboration with culture was extremely profitable. While HSBC's presence in India goes back to 1853, today nearly 5% of Indian trade passes through HSBC. Understanding the Indian market which is growing rapidly was key to the bank's overall strategy. The collaboration with the British Museum's programme thus proved instrumental in drawing on HSBC's knowledge and experience of doing business in India and positioning themselves in this context.

⁹ HSBC, Cultural Exchange – Doing Business in India

¹⁰ HSBC, Cultural Exchange – Business Highlights

Case study: HSBC – building relationships for a lifetime

“HSBC’s Cultural Exchange programme includes more than 22 markets across the globe”

As Winn-Moon commented, “To be frank, you cannot justify today just doing sponsorship. You need to deliver business and brand awareness. You need to leverage the sponsorship strategy to maximise opportunities.”

HSBC assert they have the understanding, networks, etiquette and nuances of how to do business in India and can offer their expertise to clients and companies. Through this sponsorship HSBC was able to aggrandise their client base and provide their expert advice to interested businesses. Stephen Green, group chairman of HSBC Holdings, said HSBC had to understand the “heritage and culture of the countries we work in for an exchange not just of commerce but of ideas.”¹¹

Future:

Promoted as the “world’s local bank” HSBC’s Cultural Exchange programme includes more than 22 markets across the globe. This programme allows for important business benefits and understanding of different cultures and values in order to build successful relationships. As part of this programme HSBC will be sponsoring ‘Festival Brazil’ at the South Bank Centre from the 19th of June to the 5th of September 2010. The festival will showcase the dynamic culture of contemporary Brazil celebrating the music, visual arts, literature, dance and food.

“The key objectives for cultural sponsorship are benefiting the business, deepening brand understanding, benefiting the communities in which we operate and using sponsorship as a vehicle to demonstrate HSBC’s expertise in cross-border business,” said Zarir Cama, Group General Manager – Continental Europe for HSBC Holdings.¹²

HSBC’s continual emphasis on understanding and promoting the local culture they do business with is at the core of their business strategy and thus embodied by the Cultural Exchange Programme. Multi-national companies such as HSBC are now turning their attention to the emerging markets as the developed markets appear saturated. By choosing to invest in the creative industries HSBC is able to legitimise their place within the emerging world.

“HSBC’s cultural exchange programme aligns the needs and interests of our customers with a deeper understanding of a particular market and its culture. Cultural Exchange, which concentrated on the emerging economies of India in 2009 and China in 2008, reflects our belief that by understanding a country’s culture, stronger international business relationships can be built.” Stephen Green, Group Chairman, HSBC Holdings plc.¹³

“855k visitors registered for the British Museum’s First Emperor exhibition, sponsored by Morgan Stanley (highest in 33 years)”

¹¹ Spear’s Wealth Management Survey, Green and Gold and Green

¹² International Trade Forum, HSBC’S Cultural Exchange Programme: The Business of Engaging in Cultural Industries

¹³ Arts & Business, HSBC announced as sponsor for Festival Brazil, Southbank Centre’s major summer festival

Case study: Morgan Stanley – the catalyst

Morgan Stanley sponsored the British Museum's *The First Emperor: China's Terracotta Army* exhibition (September 2007–April 2008). The exhibition contained the largest number of Terracotta warriors to have ever left China. It was a major loan exhibition in London featuring China's First Emperor Qin Shihuangdi and the terracotta army of Xi'an, China buried with him.

Organisations:

With an existing reputation for bringing the history of the world under one roof, the British Museum needed the financial support and insight of doing an exchange with China, both of which were provided by Morgan Stanley. This global financial services provider was the first international investment bank to have a domestic China joint venture as early as 1995 and its sponsorship reinforced the company's commitment to the country. They have offices across the region in Beijing, Hong Kong, Shanghai and Zhuhai and they continue to advise Chinese businesses on numerous transactions and deals. Morgan Stanley was also the first to bring a part of China's history to Europe.

Aims & objectives of cultural partnership:

This sponsorship reinforces Morgan Stanley's ongoing commitment to the arts and to China. Although this was the first partnership with the British Museum, Morgan Stanley's reinforcement of their relationship with China had underlying branding and marketing strategies. Doing so they were able to differentiate themselves from competitors and create a platform to build new relationships with clients intending to pursue business opportunities with China and nurture existing relationships with clients there. The British Museum's objectives were to attract as many visitors as possible by developing new audiences and new relationships with the Chinese community both in London and China.

How did this help B2B activity?

The exhibition was of major significance to Morgan Stanley as they have a growing number of clients in China and continue to increase their presence in the country. Morgan Stanley were able to bring the Terracotta Army to the British Museum

because of their strong presence in China, and the relationship consolidated their ties with businesses based in China and Chinese businesses in London by displaying respect for their culture and history.¹⁴

Impact & outcomes:

The success and innovation of this partnership meant it was awarded the Old Mutual Arts and Business Culture Branding Award for 2008. Morgan Stanley engaged with over 15,000 individuals within their key audience groups through the course of the exhibition, including clients, employees and the community. As part of its sponsorship, Morgan Stanley was able to host private viewings for clients; Great Ormond Street Hospital employees, patients and their families; and the Firm's local community partners. The British Museum also registered the highest number of ticket sales in 33 years while visitor numbers reached 855,000 making the exhibit the 2nd most popular in the British Museum's history.

Future:

This partnership was a one-off as Morgan Stanley does not customarily invest in the creative industries of the emerging markets. However, Morgan Stanley was instrumental in facilitating this major loan exhibition owing to their existing relationship with China. (In 2008 Morgan Stanley sponsored 'JAPAN! culture + hyper culture', a large scale festival celebrating the diversity and richness of Japan's creative industries. This partnership with the Kennedy Centre, USA highlighted Morgan Stanley's relationship with Japan. Having developed their business in Japan since the 1970s, today Morgan Stanley is one of the largest and most active players in the Japanese market).



¹⁴Morgan Stanley, *The First Emperor: China's Terracotta Army*

Case Study: Guaranty Trust Bank – breaking into new markets

Guaranty Trust (GT) Bank of Nigeria is the first African corporation to sponsor art in Britain. In January this year they sponsored a major retrospective of Anglo-Nigerian artist Chris Ofili at Tate Britain. The Bank will also be sponsoring Anglo Nigerian artist Yinka Shonibare MBE's 'Nelson's Ship in a Bottle' to be unveiled on the fourth plinth in Trafalgar Square on the 24th of May 2010. Both artists are noted for their accomplishment in Britain and their artworks for paying homage to their native Nigerian heritage. This year marks the 50th anniversary of Nigerian Independence – in London this is signified by these two important exhibits, both supported by the GT Bank.

Organisations:

The third largest bank in Nigeria, GT Bank is headquartered in Victoria, Lagos and operates in 5 countries including the UK. GT Bank has been involved in corporate banking from the early 1990s leading the race in banking in Nigerian financial institutions. In 2008 a UK subsidiary of the bank was opened in London to cater to the bank's global clientele. Tate Britain, the world centre of British Art, holds a substantial collection of British art from the time of the Tudor monarchs in the 16th century right up to present day. The Fourth Plinth is managed by the Fourth Plinth commissioning group, which includes a panel of specialist advisors. It is funded by the Mayor of London and the Arts Council England. This panel is appointed to monitor a programme of contemporary art commissions from key international and national artists.

Aims & objectives of cultural partnership:

The Guaranty Trust Bank has consistently supported arts and culture since its inception. Some of the sponsorships include: the Edo Bronze festival and the Double Club by Carsten Höller. However, through these two partnerships in London, the bank has the potential to reach a much wider audience and promote itself in Britain. In supporting British born Nigerian artists, the bank is able to employ strategies of cultural diplomacy in positioning itself within the 'developed' markets. By establishing a platform to cultivate awareness of their own culture they seek to develop a clientele within the developed market by attracting both UK businesses and British based Africans.

Meanwhile, the Tate Britain and Fourth Plinth seek to develop international artistic awareness and cultural understanding. As an emblem of creativity in London, the Fourth Plinth seeks to promote Trafalgar square as a vibrant public space that prompts debate around the place and value of public art in a built environment.

Case Study: Guaranty Trust Bank – breaking into new markets

How did this help B2B activity?

This partnership will and may have already generated interest in the Guaranty Trust Bank from businesses based in the UK and Nigerian businesses wishing to engage in business activity in the UK. It will also serve to attract Anglo-Nigerian business interest and investment. By supporting their local culture in a foreign land, the bank is able to reach a wider audience through their active participation and appreciation of Nigerian arts and culture. Furthermore, in doing so, in London the bank has the potential to leverage itself on an international level, actively seeking out business-to-business relationships.

Future:

In nurturing these two cultural partnerships, the Guaranty Trust Bank will be able to establish a greater and more credible base in the UK for business-to-business activity. The bank could also use this strategy to further spread its subsidiaries and explore potential business opportunities.

“by supporting their local culture in a foreign land, the bank is able to reach a wider audience”

Impact & outcomes:

The partnership with Tate Britain has proved immensely successful. The Guaranty Trust Bank has received press coverage and exposure through this sponsorship, while Tate Britain has experienced a great influx of visitors of African heritage, thereby attracting a very diverse audience compared with its traditional visitors. The bank as a foreign financial service has succeeded in developing a mutually beneficial partnership with two arts organisations in the UK through the use of their own cultural heritage and artistic production.

Don't drive away investment...

“£8m to £15m possible shortfall for the arts if alcohol sponsorship is banned”

Introduction

When money is scarce and sponsorship is hard to secure, this is a particularly testing moment to be placing private investment of the arts under even more pressure. However, this is indeed what will occur if the blanket ban on alcohol sponsorship, recently called for by the British Medical Association (BMA)¹⁵, is implemented. Rights holders in the arts sector that rely on this source of income would stand to lose between £8 million to £15 million.

The alcohol industry, led by the Portman Group, is already highly self-regulated and has been keen to protect its position and investments by taking significant voluntary steps to promote responsible drinking; and in some instances to use their sponsorships as a vehicle for conveying messages of sensible drinking.¹⁶

According to Helen Day of European Sponsorship Association (ESA), “not only must they guarantee that no promotions are made to under 18 year olds and that all advertising, giveaways, sales and hospitality are managed to the highest level of control, but they must also take positive steps to promote responsible drinking... abiding by voluntary codes of practice and imposing their own self-regulations.”¹⁷ Furthermore, internal and self-imposed regulations from rights holders and the recipients of sponsorship themselves is not only good practice but also a good way to filter out inappropriate sponsorships of projects with audiences of a young and vulnerable age, with sampling and giveaways heavily monitored to ensure that the activation of the sponsorship was handled responsibly (Comperio Research, 2009).

Around half of the organisations surveyed by ESA said they would be affected if legal restrictions were imposed upon alcohol sponsorships, suggesting that a commitment to self-regulation and responsibility amongst rights holders and sponsors may be a more suitable way to tackle the issue of alcohol sponsorship in the UK.

Context

The primary motivation in calling for the ban is to minimise alcohol consumption and in respect alcohol-related health problems. However, in this analysis we only wish to consider the detrimental (and disproportionate) effects that a blanket ban on alcohol sponsorship would have on the arts sector and not to enter the debate as to whether or not alcohol sponsorship is an influencing factor in alcohol consumption; nor do we seek to take forward any of the arguments on what Government should do in order to modify the drinking culture in the UK.

It is useful to contextualise this analysis with references to other studies that have been conducted, specifically around the support for and opposition to the notion that alcohol sponsorship has direct and/or indirect effects on alcohol consumption. The report Alcohol by the House of Commons Health Committee (2009) includes some studies within their exploration and recommendations that suggested, in their majority, a correlation between the two. Other studies conclude that no statistical relationship existed between alcohol advertising and consumption for either 18-24 year olds or over 25s (Dorsett et al, 2004).

Supporting the same notion, research conducted by the Foundation for Advertising Research (2006), suggests that alcohol sponsorship is an insignificant variable in the alcohol take-up or abuse equation. Furthermore, a recent report exemplifies that there is little correlation, if any between alcohol sponsorship and alcohol consumption, let alone binge drinking¹⁸.

It is also worth adding, that even if there was a high correlation between the two, as we have already exemplified earlier in the report, it would still not necessarily equate to causation; therefore there is insufficient evidence or guarantees that a ban on alcohol sponsorship would reduce alcohol-related health problems. We therefore suggest that the ban on arts sponsorship from alcohol brands would have a disproportionately negative effect on the health of the arts sector, without mitigating these with any positive effects for the health sector.

¹⁵ The Guardian, BMA demands total ban on alcohol ads, 8th September 2009

¹⁶ Hollis Sponsorship Bulletin, ESA Column: Alcohol Sponsorship – Half Empty or Half Full? 30th June 2009

¹⁷ Hollis Sponsorship Bulletin, ESA Column: Alcohol Sponsorship – Half Empty or Half Full? 30th June 2009

¹⁸ IMR, Alcohol sponsorship ban would have 'little effect' on underage drinking, 11th February 2010

“around half of respondents said they would be affected if alcohol sponsorship was banned”

Don't drive away investment...

In addition, the nature of alcohol sponsorships with the arts is arguably different from that with sports. Arts sponsorship from alcohol brands leans towards innovative and unobtrusive profiling (as will be exemplified by the case studies below). Working as holistic and 360° cultural brands, emphasis is placed on alignment of brand image with sophisticated and innovative creative activity, placing consumers at the heart of these projects, aiming to enhance their experience and engage them in broader and more direct ways rather than just alcohol consumption.

The nature and reach of alcohol sponsorship in the arts is arguably more sophisticated and targeted than other types of sponsorship, so more regulation would be preferable and potentially more impactful than a total one-size fits all ban.

Current contribution to the arts

Alcohol sponsors make a large financial contribution to the UK sponsorship market (arts and sports included). Estimates suggest that a ban on alcohol sponsorship could have severe consequences on the sports and marketing industries with a £180 million shortfall for the UK advertising industry.¹⁹

Closer to home, according to the ESA (2009), 18.5% of arts organisations receive investment from beer sponsors, 19% from wine sponsors and 13.7% from spirits brands. And according to our private investment in culture figures, it is estimated that between 5-10% of business investment comes from alcohol brands overall (with some categorised as leisure & recreation, manufacturing, retail but mostly fitting into the FMCG category).

Therefore a possible ban in alcohol sponsorship for the arts could lead to anywhere between £8 million to £15 million deficit in the sector, though we believe this is an underestimate as it doesn't take into consideration arts-related sponsorship, which is not directly linked to a specific arts organisation (such as Beck's overleaf).

Compared to the scale of the sponsorship market at large this is not a significant proportion, but relative to the scale of arts sponsorship specifically, this would be a substantial decrease of about 10% overnight – a greater negative impact on the sector than

the recession has triggered to date. This would be a large void to fill, as expressed by Jennifer Davies, Development Director of the Philharmonia Orchestra, where a wine sponsor has been in place for 5 years providing free product for private bar and fund-raising events; “for UK arts organisations that are experiencing diminishing subsidy and a critical reliance on a limited pool of private donors, alcohol sponsorships can make the difference between a successful fundraising campaign or one that does not cover its costs. And private fundraising is key to an arts organisation's survival” (ESA, 2009). The orchestra would not, however, accept alcohol support for any educational programmes.

Arts organisations generally will take steps to ensure that sponsorship by alcohol brands is not associated with activities for children or young people, therefore, brand choice and awareness is unlikely to encourage under-age drinking, especially if the sponsored exhibition/performance event is not targeted towards under-aged users or participants. Rather than placing a ban on alcohol sponsorship in its entirety, more focus should instead be placed on the necessity to encourage messages of responsible drinking and self-imposed regulation.

Best practice can be shared amongst rights holders to improve contractual deals with alcohol sponsors, encouraging both parties to assist in promoting responsible drinking messages (ESA, 2009). Less intensive sponsorship branding could encourage less obtrusive logo placement. Fostering creativity and innovation through alcohol sponsorship by capitalising on an alcohol company's image can develop its positive brand identity as ethical, responsible and trustworthy.

The potential damage and side-effects of a total ban on alcohol sponsorship for the arts are much more complex than at first imagined. Removal of this funding stream would result in a gaping hole in financial support for the arts, placing a significant number of cultural organisations and projects at risk. No one is poised to fill this gap - especially in the current climate. Greater self-imposed regulation offers a solution. To paraphrase a comment from IMR, “The arts don't have to be part of the alcohol problem, they can be part of the solution, and the same can be said for alcohol sponsors.”²⁰

¹⁹ The Guardian, Alcohol advertising ban would 'devastate' media industries, 8th September 2009

²⁰ IMR Comment, Calling Time? 11th January 2010

Don't drive away investment...

Case studies

There are a range of alcohol brands involved in all levels and all types and forms of the arts industry. Their involvement ranges from financial and in-kind support, expertise and B2B work, to experimental marketing and special events. Three of the best known and innovative arts sponsorships by alcohol brands are explored below, along with their objectives and their outcomes.

Case study: Beck's

A German beer, Beck's was first brewed in Bremen, North West Germany in 1873. It was owned by local families from then on until 2002 when Beck's was sold to Interbrew for £1.2 billion. In addition to its main brand pilsner, there are 9 other Beck's products.

The opportunity:

More than 20 years ago, when Beck's entered the UK bottled beer market, it needed to find a means of attracting attention and battling through the already crowded market.

While beer brands traditionally sponsored sporting and musical events, Beck's chose to attract the attention of urbane consumers by looking beyond the obvious and turning to art. Maintaining the motto of 'Sponsoring the unsponsorable' Beck's went on to establish a partnership with the Institute of Contemporary Arts (ICA). Beck's also began by sponsoring the visual arts through more traditional means such as providing beer at contemporary art events.

Projects developed:

Beck's Labels

- From the late 1980s Beck's began commemorating their major sponsorship deals and exhibition openings with limited edition bottle labels
- These labels began with Gilbert and George in 1987 and continued over the years to include the work of Young British Artists (YBAs) Damien Hirst and Tracey Emin
- By fusing together art, design, popular culture and innovative, marketing these labels stimulated creativity and wonder
- The Beck's labels are now collectors' items, showcasing the epitome of artistic talent of the time. They were exhibited at the V&A in 2006 in the show 'Prints Now: Directions and Definitions'
- For nearly 22 years now, the Beck's bottle has served as the canvas for some of the most prolific names in contemporary art. In 2009 Beck's began to bring art and music together by commissioning cutting-edge musicians to redesign the labels.

Beck's Fusions

- In 2007 Beck's began to integrate music with their work in contemporary art through Beck's Fusions
- Building on their existing partnership with the ICA, Beck's held a series of concerts with modern musicians, artists, animators and film makers, thereby creating a stimulating synthesis of music and art
- This included work with Alexis Taylor from Hot Chip and musician and artist Brian Degraw, founding member of the experimental music group Gang Gang Dance and culminated in a special free concert by the Chemical Brothers and United Visual Artists (UVA)
- The Beck's Fusions Pod travelled to Manchester, Glasgow and Dublin for the remainder of the month, with Calvin Harris and Novak 3D Disco to headline at each city, with supporting artists representing each city
- Beck's Fusions returned in 2008, establishing itself as an annual event, this time working in collaboration with Contemporary Arts Society (CAS)
- They also used social networking spaces such as MySpace, uploading videos and providing live streaming. The festival was promoted on the MEN (Manchester Evening News), various blogs and on the National Express' 'What's on' page
- Paul Hobson, Director of the Contemporary Art Society said: "We are delighted to be working with Beck's on this ground-breaking project. We are celebrating our centenary next year and it's the perfect way to start the celebrations early, with a partner who shares our longstanding support and commitment to contemporary artists"²¹

“for more than 20 years the Beck's bottle has served as a canvas of some of the biggest names in contemporary art”

²¹Contemporary Arts Society, Contemporary Art Society Announces New Partnership With Becks, 1st June 2008

Case study: Beck's

- Louise Brown, Sponsorship Manager at Beck's said:
"Working with the Contemporary Art Society has given us the opportunity and scope to engage with a wide selection of contemporary artists from across the UK. The indispensable input made by the Contemporary Art Society has helped shape the event's artistic focus and will make a valuable contribution to delivering what is gearing up to be an amazing event in September"²²
- Fabienne Nicholas, who will act as the curator on the programme said:
"Beck's Fusions is going to provide an exciting programme of opportunities for artists and the team at the Contemporary Art Society are really looking forward to discovering and working with new artists and bringing their work to life at the September event. Art and music...the possibilities are endless!"²³
- Running alongside this, was 'In the Studio' – an opportunity for the public to create their own works based on the Fusions brief and inspired by the online mixer and music. The winning pieces were presented at the festival. Professional artists were filmed in Beck's in North London creating art work to music mixed by Beck's online mixer for Live Studio.
- Richard Archer, lead vocalist, Hard-Fi said "We've always seen art and our re-interpretations of everyday images as a way of giving added depth to our music. Working with Beck's has given us the opportunity to connect with our fans in a different way and we're looking forward to how they'll react to our designs"²⁵
- As part of this promotion Beck's painted various pubs in London, each representing a famous song for a limited period of time. The Lock Tavern in Camden was painted to represent Prince's 'Diamonds and Pearls', while the Old Blue Last in Shoreditch was painted to represent The Cure's 'Lovecats'.

Beck's Futures

- Beck's Futures was a British contemporary art prize founded by the ICA and sponsored by Beck's
- It began in 1999 but never reached the popularity of the Turner Prize, although the prize fund was substantially larger
- It was recognised internationally as UK's most prestigious prize for emerging artists, and was instrumental in launching the career of many artists
- The competition faced much controversy in 2005 when the prize was awarded to artist Christina Mackie for a sculptural installation of a papier maché egg topped with a crystal ball
- The prize was subsequently discontinued in 2007 as there was a growing fear that it was no longer cutting-edge and not serving the intended purpose.

Music Inspired Art

- In line with Beck's Fusions, 2009 saw the release of a series of 'Music Inspired Art' labels from musicians Ladyhawke and Hard-Fi who created designs based on and inspired by their own album artwork
- Ladyhawke, aka Pip Brown said: "Music and art are both inspirations to me, so to be involved in the Beck's Art Labels activity is a fantastic opportunity for a different creative expression. I'm really excited about the creative process and I can't wait to see my bottles in store"²⁴

²² Contemporary Arts Society, Contemporary Art Society Announces New Partnership With Becks, 1st June 2008

²³ ibid

²⁴ RTV Channel, Ladyhawke and Hard-Fi called in to design Beck's label

²⁵ ibid

Case study: Beck's

Impact & outcomes:

Beck's campaign was based around working with the contemporary arts in order to align itself within a certain sphere. Their campaign was more about brand awareness and shaping the brand from the very beginning, recognising that contemporary art is an area where you can never afford to stay still. It is owing to this motto that Beck's has been able to successfully execute so many projects and develop a relationship with the ICA and contemporary art.

Their target audience is between 18–35yrs, this segment not only enjoy contemporary art, but also demand exciting and unique experiences with it. This is what propels Beck's work within the arts and keeps its brand at the forefront of the beer industry in the UK.

Will Morris, speaking in an interview for the Lloyd's Innovation Prize in anticipation for the 30th Arts and Business Awards, believes that rather than putting their name behind an existing project, it is better to be innovative and devise new experiences and new collaborations. The advantage of this is that over their 20 year campaign Beck's has a strong association with contemporary art, and through this they have aligned themselves as a cutting-edge innovative brand which continues to produce interesting ideas.

Beck's Fusions was a step forward, moving music and art together, recognising that many art forms can mix successfully. From the 'In the Studio/Live Studio' project, a direct link can be drawn to the ICA's 'Heavy Pencil' events, where artists bring their own music and draw against it in front of a live audience.

The significance here is that a corporate brand not only sponsors art but to an extent it was also able to encourage the creation of more original art by other cultural institutions and artists. Beck's beer has shown a true commitment to contemporary art with the amount of time, money and effort they have put into their contemporary art projects, presenting themselves with full enthusiasm and no cynicism. This leads to target audience media such as Xfm reporting on their events as a truly authentic artistic event rather than a blind grab for sales under the cover of contrived artistic relevance, which can happen with badly-executed cultural branding.

Case study: Jameson

Jameson is a single distillery Irish whiskey. The company was established in 1780 in Dublin and was bought by the French beverage conglomerate Pernod Ricard in 1988. Clocking in annual sales of over 31 million bottles, Jameson appears to be the world's best selling Irish whiskey.

The opportunity:

Jameson has had a longstanding association with film in Ireland. Their relationship with film goes back to 1988 when they created the Jameson Short Film Award. They are now involved in some of the most innovative film events occurring all over the world. Sponsorship is considered to be at the core of Jameson's brand strategy, with film being the chosen form to communicate brand values. The association with film can be traced back to Pernod Ricard, who bought the company in 1988. Sponsorship to them is an integral part of the marketing mix as it enables a dialogue with the consumers. This brand strategy is facilitated through partnerships with various film festivals across the globe, providing an international platform for the brand.

Projects developed:

Jameson Short Film Awards

- The first Jameson short film award was organised in 1988. It later went on to become an annual award with the Belfast Film Festival from 2003
- The aim of this award was to support international filmmakers and international cinema by alleviating the profile of winning directors and winning films
- Since several European nations chose their own Jameson short film awards, the whiskey brand was able to gain further exposure in the European market through an engagement with the European Coordination of Film Festivals
- In addition to brand leverage, Jameson aimed to raise the profile of contemporary short films and stimulate an exchange of cultural appreciation across Europe.

Jameson Dublin International Film Festival

- Established in 2003, Jameson Dublin International Film Festival (JDIFF) has rapidly grown to become Ireland's premiere feature film festival. It takes place over the course of 11 days and nights every February
- Jameson Whiskey has been the festival's partner since its inception
- As an international film festival, the emphasis is on celebrating film and providing a showcase for an Irish audience. Many of the films showcased here are Irish premieres, while others are often the only public screenings to be shown in Ireland
- In 2009, Jameson supported the festival with a €1m promotional campaign. This included radio, online, cinema, print, outdoor advertising and e-marketing. Jameson also signed a contract consolidating a further 3 years partnership with the festival until 2012
- Joanne O'Hagan, CEO of The Jameson Dublin International Film Festival, commented: "Jameson has supported us since the festival began in 2003, and is now one of the most significant sponsorships in Ireland. In these challenging times, to receive this positive news underlines the success of the partnership between Jameson and the Dublin International Film Festival over the last seven years. We anticipate that the next three years are going to be very challenging for us all, and to receive a financial commitment from Jameson until 2012 ensures the continued success of our event as Ireland's premier film festival"²⁶
- This partnership illustrates the value of consolidating ties with arts organisations and the benefits and exposure it can generate.

²⁶ Business & Leadership, Jameson extends Dublin film festival sponsorship, 13th January 2009

Case study: Jameson

“Jameson supported Dublin International Festival with a €1m promotional campaign and has extended the partnership until 2012”

Belfast Film Festival

- The Belfast Film Festival began in August 1995 as part of West Belfast Community Festival. The festival's growth has continued with audience levels increasing on average 35% annually over the past 5 years
- Jameson has been the main sponsor of the Belfast Film Festival from 2007–2009
- The Belfast Film Festival, since its inception, has been at the forefront in championing cultural film exhibition in Northern Ireland. It is now one of the key annual events in the city
- Each year BFF presents special events outside the normal confines of a cinema. Screenings on The Lagan Boat have become a regular highlight of the festival programme and the festival has presented a number of hugely successful drive-in movies both during the festival and throughout the year. Drive-in screenings have included The Texas Chainsaw Massacre at Halloween and Dirty Dancing on its 20th anniversary.

Movies on the Square

- Jameson sponsored a season of free film screenings from July–August 2008 in Dublin's Meeting House Square, in collaboration with Temple Bar in the Cultural Quarter of the city
- The Meeting House Square is the only purpose built open-air cinema in the country. It can hold up to 600 people per screening
- Some of the movies screened at this event included 'Some like it hot', 'Annie Hall' and 'Stranger than Fiction'.

Jameson Empire Awards 2009

- Jameson Whiskey was the title sponsor of the Jameson Empire Awards 2009
- Reinforcing their continual association with film, this partnership provided Jameson with significant exposure, gaining editorial coverage in 6 editions of the Empire magazine and serving whiskey cocktails during the ceremony

- Catherine O'Grady head of PR and sponsorship for Jameson asserted, “This is a really exciting partnership that's going to further strengthen and build Jameson's relationship with film.”²⁷

Jameson Cult Film Club

- In 2009 Jameson put on a series of free film screenings of cult and horror films leading up to Halloween
- Working in collaboration with free men's magazine Shortlist, the screenings were held in buildings characteristic of the films, such as the Union Chapel, Clapham Grand and Village Underground in Shoreditch
- The venues were staged and actors were hired to add to the experience, playing vampires, Mike Myers from Halloween and other horror characters
- This was essentially experience marketing; not only did film experts introduce the film, but the audience (18+) were given up to two free Jameson cocktails.

Impact & outcomes:

Having developed a relationship with film from the late 1980s, Jameson has nurtured this relationship over the last 20 years providing greater support for film and gaining increasing exposure worldwide. By aligning itself with innovative and cutting-edge films, Jameson has been able to strategically position its brand within the market for 18–35 year olds.

Their financial involvement in the form of support has been substantial. For the 2008 Jameson Belfast Film Festival, Jameson invested £30,000 in sponsorship and an additional £35,000 as in-kind sponsorship, mainly in return for marketing and flyers. In addition to this financial support, Jameson also provided and facilitated learning opportunities. These included the Movieoke competition and workshops on filmmaking.

The continuing partnership between Jameson and the Belfast Film Festival and projects such as Movie on the Square, fortifies their local ties to Irish heritage and builds on its provenance to strengthen their authenticity.²⁸ By providing the necessary assistance and backing to these events, Jameson has been able to cultivate creative development in film making and the appreciation of this.

²⁷Business & Leadership, Jameson to sponsor film awards, 1st December 2008

²⁸Design Week, Local Flavour, 18th February 2010

Case study: Beefeater

Of British origin, Beefeater is the world's leading premium gin dating back to 1860. It is the last major brand of London gin to retain its own distillery in the capital. Following its purchase by Pernod Ricard, Beefeater in 2005 underwent major revitalisation plans in an attempt to re-establish a kinship to its London home. Beefeater launched its new luxury London gin at the end of 2008, 'Beefeater 24' as a combination of tradition and modern glamour.

The Design Museum in London is one of the world's leading museums dedicated to contemporary design. It aims to provide a critical insight into the forces changing the world today through its exhibitions, educational, web and publishing programmes. The Design Museum is instrumental in shaping the public's appreciation and understanding of design and architecture.

The opportunity:

Beefeater and the Design Museum began talks of collaboration at an early stage without a specific proposal in place. Through their early discussions the two organisations were able to reach 3 areas of shared interest – Contemporary Design, Proximity and Influence to London (building on their provenance again), with an overlapping core target audience of core age 30. Both organisations desired specific outcomes from their collaboration. Beefeater desired brand recognition, brand experience, media coverage and a strong tie to London.

By tapping into the Design Museum's audience in this context, Beefeater would be able to create a platform to launch the new Beefeater 24. The Design Museum also had specific desired outcomes; primarily investment to boost the project ambition, access to sponsor's resources to enhance marketing and a creative brief to contrast with the traditional artist led/retrospective shows. In addition to these they also wanted to maintain artistic integrity and control.²⁹

Projects developed:

Super Contemporary

- The Design Museum collaborated with Beefeater to produce 'Super Contemporary', an exhibition showcasing contemporary design in London. The show ran from the 3 June 2009 – 4 October 2009. The museum appointed an external curator for the show: Daniel Charney
- The show was divided into three key aspects– Timeline, Maps & Commissions
- The Timeline provided a visual retrospective of 40 years of design in London, accompanied by a social commentary
- The Maps consisted of a series of maps of London tracing the location of creative communities ranging from publishers, to studios and to pubs
- The Commissions involved requesting London designers, including both household names and emerging stars to design something for the show

²⁹Design Museum and Beefeater 24 Present Super Contemporary, from Think Sponsorship: Partnership in Practice, 1st October 2009

Case study: Beefeater

“collaboration between Beefeaters and the Design Museum gained coverage in 29 national broadsheets, and had close to 1,500 people attend their 24 events”

- The commissioned work was a major element of the show, made possible only through the extra investment by Beefeater. It allowed the Design museum to bring in internationally renowned participants to engage with their project. It also provided Beefeater and the Design Museum with excellent media coverage
- The organisations worked together on the curatorial process of the exhibition and also on the launch, marketing and interactive elements of the show. They jointly developed an advertising campaign and a PR strategy. They also created a series of 24 events scheduled to take place in order to take the show onto the streets of London
- There was also a significant pooling of resources, specifically manpower and expertise.

Impact & outcomes:

The collaboration between Beefeater and the Design Museum was extremely successful. The show registered more than 47,000 visitors and gained coverage in 29 national broadsheets. 1,450 people attended the 24 events which included talks by designers including Sir Paul Smith and Ron Arad, to visits to the Beefeater Distillery which included ‘Design’ your own cocktail events. The success of this collaboration can be attributed to the two organisations working towards the development of a shared vision with a shared responsibility for its delivery.

The partnership with the Design Museum was vital for Beefeater in keeping with its new advertising campaign, entitled ‘Forever London’. This coincided with the launch of the New ‘Beefeater 24’ which boasted a new bottle design and packaging. Beefeater was thus able to take the brand by its traditional London roots and simultaneously add a contemporary twist. By partnering with the Design Museum and producing the ‘Super Contemporary’ exhibit, Beefeater were able to project their brand as one that moves with the times.

Nick Blacknell, Brand Director for Beefeater Gin, adds: “Beefeater is an international brand of huge popularity – it is the world’s largest selling premium gin at 2.3 million nine litre cases – and appeals to a stylish audience. It therefore needs to have a fresh and sophisticated look in line with our ambitious plans for the brand. The new packaging is a bold move that positions Beefeater as a contemporary brand and the new design has been researched exceptionally well, with consumers appreciating the quality and provenance cues.”³⁰

³⁰British Bottlers.com, Beefeater redesign captures the essence of London, 1st August 2007