Chapter 6

Cultural Sponsorship and Entrepreneurial Mistrust

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ABSTRACT

Company sponsorships are a way to fund cultural management, allowing cultural organizers to be independent, especially in those countries where this sector is supported mainly by public funds. This chapter discusses the results of a survey the author conducted in Rome, Italy. Theoretically, in this city with a great cultural heritage, there are many opportunities of sponsorships both for companies looking for good tools of communication (i.e. for tourism targets) and for cultural managers asking for money to carry out better work and to make long term plans. Using a questionnaire of 20 closed questions, in a face-to-face way, the author asked 345 firms how, when and where they have been working with sponsorship tools. The main result of the survey indicates that there is often a problem of communication between these two different worlds: the cultural sector and commercial firms.

INTRODUCTION

Milton Friedman (1970), in his doctrine of social responsibility, advocates that increasing profit is a business’ only social responsibility. This doctrine views arts sponsorship as “corporate theft” and companies have no business engaging in this activity (Arts & Business, 2002b). Yet, since the mid1960s, companies have steadily increased their funding to the artistic community in the belief that cultural organizations influence the economy, serve as a catalyst for economic development, enhance the aesthetics of a community, and develop a well-educated public. Many corporate leaders believe that the arts are good for business (Alexander, 1996a, 1996b; Martorella, 1996a, 1996b; Sylvestre et al., 2008). Sponsorship has become increasingly popular within companies that operate in consumer markets. More recently, it also attracted interest from industrial marketers (Bruhn, 2003; Meenaghan, 1998; Smith, 2004; Kourovskaia & Meenaghan, 2013). If a company’s name is attached to a cultural program, the business is well positioned to benefit from the prestige and publicity associated with it (Alexander, 1996a, 1996b; Martorella, 1996a, 1996b; Olkonnen et al., 2006; Mazodier & Merunka, 2012). Many sponsors aim to achieve favorable publicity by increasing public awareness of their connections with sports, the arts and other social activities.
Sponsorship has the potential to contribute to product awareness in a variety of ways in order to create exposure for the product or service and to develop and promote brand awareness with strong, favorable and unique associations (Aaker & Joachimsthaler, 2000; Drennan & Cornwell, 2004; Keller, 2003; Roy & Cornwell, 1999, Olkonnen et al., 2006; Mazodier & Merunka, 2012).

As such, it is a logical conclusion that investment in the arts is part of the spirit of free market competition to create the right environment for business investment, and building a strong cultural infrastructure is an asset to a company’s image. (D’Entemont & Chatelle, 1997). Sponsorship can involve public, private, profit-making and non-profit making. Sponsees can include individuals and permanent or project oriented organizations. Various criteria can be used to classify sponsorship. These include the form of sponsorship contribution, the number and type of sponsors involved, the degree of commerciality, the time-span, the geographical coverage, the level of professionalism (Bruhn, 2003; Dolphin, 2003, Olkkonen, 1999, 2002; Olkonnen et al., 2006; Witcher et al, 1991).

**BACKGROUND**

In the literature, there are many different definitions of sponsorship (Abratt, 1987; Bauer, 2007; Colbert, 1997; Cornwell, 1995; d’Astous & Bitz, 1995; Gardner & Shuman, 1988; Gilbert, 1988; Javalgi et al., 1994; Lee, Sandler, & Shani, 1997; Meenaghan, 1983; Meenaghan, 1991a, 1991b; Thjømøe, Olson, & Brønn, 2002; Turgeon and Colbert, 1992; Witcher et al., 1991). Two activities are necessary if sponsorship is to be a meaningful investment (Cornwell & Maignan, 1998):

- An exchange between the sponsor and the sponsee;
- The marketing of the association by the sponsor.

Therefore sponsorship can be defined as a mutually beneficial business relationship between the sponsor and the sponsee. The benefits that firms seek from their sponsorship investments have two main dimensions. First, sponsorship objectives that are connected to a product or corporate image, and to awareness of the product or firm in general, are to a great extent based on the marketing-communicative and visibility-linked dimension of sponsorship. In particular sponsorship could give the today fundamental brand enrichment, in which cultural values so obtained could bring new opportunities of business and the market positioning desired (not reached in other ways, or not in the same time). Second, stakeholder relationships may also be established and developed interactively through sponsorship by inviting important representatives of the various stakeholders to a sponsored event to “tell” its social responsibilities or its new and big values. This stakeholder-management dimension is the other central feature of sponsorship-related phenomena (Olkkonen, 2002; Carroll & Buchholtz, 2011; Freeman, 2010). The benefits for sponsored organizations or events usually come in the form of financial resources, products, services and know how (Copley, 2004; Dolphin, 2003; Drennan & Cornwell, 2004; Meenaghan, 1998; Sleight, 1989). A news for sponsored ones is receiving also powered and qualified communication (through the presence of sponsor), using its company channels (i.e. from house organ, to facebook fan page or its media influence) at the same time, enrichment not obtaining differently. There are many cases in which a cultural institution didn’t want money or other sponsorships in kind but only staying in commercial advertising company GRP (i.e. when the sponsored organization is little and young and the sponsor company is big with a good brand awareness and loyalty.

The managerial viewpoints of the sponsor are emphasized in the literature. Issues of interest include: the importance of realistic, concise, and quantifiable objectives; effective planning