Pitching a fit with the sound of music in a sponsor development plan for a nonprofit community concert association

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ABSTRACT

Small, local nonprofit community concert associations face many challenges today given aging audiences, increased competition from other musical groups, and reduced support from traditional sources including government, nonprofit, and business organizations. Typically written communications directed to diverse business organizations across the community are used as a primary fund raising technique with little success given the deluge of requests for donations and sponsorships that businesses receive daily. New strategies for sponsorship development require a marketing plan and pitch that is focused on prime organizational targets, backed by analytics, and grounded in appropriate theoretical constructs. The purpose of this paper is to present such a sponsor development plan based on analysis and application of research studies regarding the concept of fit, both sponsorship and music, and characteristics of classical music audiences. The proposed plan suggests the concept of fit to be used to identify, communicate with, and incentivize potential sponsors.

Keywords: Sponsorships, sponsorship fit, music-brand fit, classical music concert marketing
INTRODUCTION

Small, local community concert associations that provide jazz and classical music performances face strong competition for both audiences and financial support within a diverse music and entertainment industry. Many such associations have a volunteer board and staff and a limited budget. Therefore the marketing task to grow the audience and sponsorships can be daunting. Too often the immediate thought is to do a mass marketing campaign through nonpersonal communications to the homes and businesses in the community. Such efforts can be expensive and tend to over-reach the individuals and organizations that are most likely to attend or provide support. Without focus, a community concert association can waste scarce resources.

Recent findings highlight the challenges that community concert associations face. Concerning competition for audiences, the most recent data on attendance and participation rates for arts activities available from the U.S. Census Bureau, Statistical Abstract of the United States: 2012 (pg. 763) provides evidence that consumers are more likely to engage in other opportunities to enjoy the arts. The data indicate that attendance and participation rates for jazz concerts (7.8) and classical music concerts (9.3) are the smallest among eight arts activities. Other activities include musicals, non-musical plays, art museums and galleries, craft/visual art festivals, parks/historic buildings, and reading literature. This also suggests that competition for sponsorships is high as businesses have other art venues with larger participation rates they can support. A report from The Business Committee for the Arts, a Division of Americans for the Arts indicated that supporting the arts in general is not a high priority of businesses (Shugoll, 2010).

Discussions of the need for more efficiency in fundraising have been frequent (Luketich and Hughes, 1997; Frumkin and Kim, 2001; Jacobs and Maraudas, 2009; Maraudas and Jacobs, 2008, 2011; Berber, Brockett, Cooper, Golden, and Parker, 2011; and Golden, Brockett, Betak, Smith, and Cooper, 2012. Jacob and Maraudas (2007) have also specifically focused on the efficiency of fundraising by US arts organization. Efficiencies can be enhanced through management of expenses (Pollak, Rooney, and Hager (2002) and strategic collaborations (Scheff and Kotler, 1996; Jagre, Watson, and Watson (2001), and Sargeant and Jay, 2002). Niche and targeted marketing can reduce the promotional expense of nonprofits when efforts are made to identify and communicate with prime sponsorship targets that are most likely to see a fit between classical music concerts and their organizational profile.

This paper outlines a sponsorship recruitment strategy for a small concert association using the concept of fit to target potential sponsors and to develop a communication and incentive plan. As much of the focus in the fit and sponsorship literature has been within the context of sports and the impact of fit on consumer’s perceptions of large corporate sponsors this paper expands the application and discussion of sponsorship fit theory to the context of classical music community concerts associations. Music and classical music fit studies have focused mainly on the impact of music in retail stores and advertising; and, with a few exceptions (Performance Research; Shugoll, 2010; and SponsorMap, 2009), marketing strategies for classical music concerts have focused on audience building. This paper adds to the discussion of marketing strategies based on music and classical music fit directed toward potential sponsors. It is not intended, however, to provide an exhaustive review of the literature related to sponsorship fit, music fit, nor classical music marketing strategies. For more detail regarding the research on sponsorship-linked marketing see Cornwell’s article, “State of the art and science in sponsorship-

SPONSORSHIPS CAN BENEFIT THE SPONSOR AND THE CAUSE

Sponsorships have been defined by Meenaghan (1991, pg. 36) as “an investment, in cash or in-kind, in an activity, in return for access to the exploitable commercial potential associated with that property”. Mazodier and Merunka (2011) discussed the literature on sponsorships and using an experimental design found sponsorship exposure to have a positive influence on brand effect, trust, and loyalty. In addition to the financial support given to causes through sponsorships, other benefits relate to patron response. Becker-Olsen and Hill (2006) identified multiple benefits to the sponsored cause when there is a high fit between sponsor and cause; these benefits included increased donor loyalty and willingness to advocate, make contributions, and volunteer.

Organizations participate in sponsorships with hopes to positively impact reach and consumer awareness, organizational image, goodwill, and profitability (Hoek, Gendall and West (1990), Meenaghan (1998b), and Asman (1996) and the research indicates that sponsorships can help organizations achieve these goals when there is a good fit between the sponsor and the event/cause. Mazodier and Merunka (2011) even found that brand loyalty was raised to a higher level by sponsorships than advertising.

SponsorshipMap (2009) has reported results of a study by TNS, a global research firm that measured and compared levels of emotional engagement to specific properties (arts, causes, and two football properties). The study involved a national sample of adults that represented the general population. The arts were found to have a larger percentage of fanatic and great fans than the cause and football properties. In a subset of the study to include 250 high income earners they found adult females to be highly engaged with the arts. Additionally they studied how the sponsorship of the arts enhanced image attributes of the sponsor, sponsor appreciation, and brand advocacy and found positive impact on brand image of trust and quality and high levels of appreciation for the sponsorships and brand advocacy particularly among the females. They stated that sponsor appreciation “is a very strong feature of arts sponsorship” (pg. 4).

By sponsoring the arts and cultural causes, organizations can meet the growing consumer expectations that businesses will support different causes. In a global study Nielsen (2010) found that 38% of the participants believe companies should support increased access to cultural institutions, such as the arts, museums, and performances.

HIGH-FIT AND CREATED-FIT SPONSORSHIPS PROVIDE THE GREATEST VALUE FOR BOTH THE SPONSOR AND THE NONPROFIT ORGANIZATION.

The importance of fit theory has been indicated by Jagre, Watson & Watson (2001) as an important variable affecting sponsorships. Sponsorship fit has been found to be a functional or value construct that can occur when key associations can be made with most anything but specifically between mission, products, markets, technologies, and brand concepts (Simmons, 2006). Levels of fit are referenced as “natural” or “high”, “low”, and “created fit”. Created fit occurs when communication strategies are used to shift a perceived low fit to a recognizable fit.
Numerous studies have found event/sponsor fit to have positive influence on brand awareness and image (Cornwell, 2008; Nickell, et al, 2011) and brand affect, brand trust, and brand loyalty (Mazodier and Merunka (2011). Kim (2010) found product fit to have a positive association with short term financial outcome. Low fit sponsorships have been found to result in negative outcomes (Aaker (1990), Milberg, Park, and McCarthy (1997), Speed and Thompson (2000). However, appropriate message content and sources can create and improve a fit for a low-fit sponsorship and result in positive outcomes. (Bridges, Keller, and Sood (2000) and Simmons and Becker-Olsen (2006).

Most of the research on sponsor fit has focused on the consumer reaction toward the sponsor’s brand. As mentioned earlier, Becker-Olsen and Hill (2006) investigated the influence of sponsorships on nonprofit service brands and found high fit between the nonprofit and the sponsor improved donor loyalty and advocacy and donor willingness to make contributions and to volunteer whereas low fit sponsorships diluted brand identity, integrity, and nurturance as well as feeling, trust, and sincerity. They also found that communication strategies could create a fit between a low-fit sponsor and nonprofit and parallel the results of a high-fit sponsorship. In this study they paired Alpo dog food with the Special Olympics and showed ads to eighty adults who were randomly assigned to conditions in a between-subjects three-group design (low fit vs. created fit vs. no-sponsorship control. The low fit group was shown an announcement by Alpo of its sponsorship of the Special Olympics. The created-fit group was also shown the announcement but was given an explanation that caring for animals could positively impact the self-esteem of the mentally disabled. No mention was made of the sponsorship to the control group. The results indicated that created-fit with the additional explanations strengthened broad associations related to brand identity, increased brand clarity, and positively influenced brand feelings, trust, sincerity, willingness to volunteer, make financial contributions, and recommend the organization.

MUSIC-BRAND FIT EFFECTS CONSUMER-BRAND RELATIONSHIPS

Studies of the impact of music fit on consumer behavior have focused particularly on the usage of music in retail settings and advertisements. Beverland, Lim, Morrison, and Terziovski (2006) provided an overview of studies related to in-store music and consumer-brand relationships. They referenced the findings reported by Baker, Dhruv, and Parasuraman (1994) that pairing classical music with soft lighting lead to higher ratings of service and quality. In their examination of the role of in-store music-brand fit, Beverland et al found music fit to be important for attracting new customers as music served as a “signaling cue to the brand’s position, image, and quality and found misfit to result in a consumer-brand relationship decline but useful in a repositioning strategy (pg, 982).

Other studies provide support of the impact of classical music on shoppers. Areni, C. and Kim (1993) found shoppers to buy more wine when classical music was played in the background. Morrison (1999) cited the case of Victoria Secret as a good example of how classical music was used to enhance customer arousal, staying time, brand recognition, and perception of higher merchandise and service quality. Their findings reinforced those of previous studies by Oakes (2000) and Yalch and Spangenberg (1990).

The music-advertisement fit has been examined with regard to influence of message fit in the message processing of high and low involved consumers (Macinnis and Park, 1991), on the ability of consumers to freely recall related products, on consumers’ preferences between alternate products (Yeoh and North, 2010, 2012), and on the role of music in modifying first
impressions of product endorsers and brands (Zander, 2006). In each of the studies music fit was found to have positive influence.

**APPLYING FIT THEORY IN A SPONSORSHIP DEVELOPMENT PLAN FOR A COMMUNITY CONCERT ASSOCIATION IS A MULTI-STEP PROCESS.**

The case in point here is an actual community concert association in the southeast region of the U.S. that serves to provide classical and jazz entertainment and to enhance the arts education of area youth. The association has legal status as a designated 501C3 charitable organization. For over fifty years, the association has typically offered five concerts a year with performances of national to international prominence and has been managed by an all volunteer board of fourteen members. Funding sources have included sales of tickets for the season and individual performances, monetary and in-kind sponsorships from the local university where the concerts are held, in-kind sponsorships by the local newspaper, and small donations and grants from individuals and business and arts organizations. University students attend at no charge and youth from area schools attend at a minimum charge with their parents or freely through sponsorships of the association’s Go Arts program. Before the concerts, the performers provide lectures to both university and area high school students for educational purposes. During the last three seasons, the association has contracted with Vendini, an on-line ticketing firm that also provides audience analytics including age, location, payment type, and frequency of purchase.

Facing the competition of a newly organized local orchestra group that draws from the same audience and the potential of reduced funding from the university, the board members agreed to aggressively seek more and larger sponsorships for the series and/or individual performances. Based on reviews of the literature, an evidence based strategic plan is recommended in the following discussion which initially outlines and then details the steps and issues to be addressed.

Fit theory can be applied to the sponsor development plan in a multi-step process which includes developing a prospect list, communication plan (specifically the message (sales pitch), and incentive plan. The concert association should first identify and evaluate potential sponsors for a “natural” fit with the classical and jazz music, and their organizational mission, values, and concert patrons. A review of the association’s internal data base of ticketholders and that provided by Vendini is an excellent starting point for this process. Rizkallah (2009) stressed the importance of a data base in his discussion of marketing strategies and tactics for classical music performing organizations. In a case study of a classical music group, the San Francisco Girls Chorus, (Harlow, Alferi, Dalton, and Fields, 2011), The Wallace Foundation found the use of marketing research and a targeted marketing campaign to increase audience size and professional reputation. This same approach should also be useful in identifying potential sponsors and increasing the number and dollar value of sponsorships. Next, personal sales calls should be scheduled and appeals (pitches) made on the basis of the source (mission, patrons, etc) of the fit. In the event that the prospective sponsor does not immediately perceive a strong fit, additional information should then be provided to explain the nature of the fit. However, no effort should be made to force a fit when one does not exist. The final step is to fit the sponsorship incentives to meet the needs of the sponsor and the concert association. Each of these steps is described below.
Identifying and appealing to natural fit sponsors.

Based on Simmons (2006) discussion of sponsorship fit as functional and value based, natural fit sponsors would be those businesses whose product functions, organizational values, customers, and brand concepts are consistent with those of the association that offers classical and jazz concerts for both entertainment and educational purposes. Discussed below are natural fits based on (a) values for the arts, education, and youth, (b) product functions and complimentary activities, (c) shared customers, and (d) brand images. To find the organizations with a natural fit requires both an internal and external search process to identify those who have a passion for classical music, a strong interest in arts education, or whose support of the classical music association could improve consumer perceptions of and patronage with their organizations.

First, natural fit sponsors may be found among those who already attend the concerts. The strongest value fit should be with potential sponsors who are passionate fans as evidenced by their regular attendance at the concerts. They are aware of the concert association and strongly value the entertainment that is provided. In a review of the internal records of the community concert association, sixty-three season ticketholders were identified. Three work-related groups were noted among these fans and included university employees (16), business owners/employees and professionals (9) and retirees (38). The largest sponsor of the association is the university and each of the business owners and professional members do provide small donations or grants. Individuals within the retiree group could be encouraged to provide donations and those who are involved with other nonprofit organizations, such as civic and social clubs, churches, etc. could serve as ambassadors in seeking sponsorships from those organizations. As Vendini, the on-line ticketing firm, provides contact information (addresses and/or e-mails) for most ticket purchasers, appeals for donations and sponsorships through brochures, letters, and e-mail messages should focus on the importance of the fan’s support in helping the association continue to provide them with the music they enjoy and to share their passion with others, particularly youth in the community.

Next, an external search can identify potential sponsors who do not attend the concerts but who value arts education, whose products or services provide related functional value, and who share patrons and/or brand image. Sources of information include corporate websites, information provided by local schools and the chamber of commerce regarding businesses that participate in the “Partners for Education” program, promotional materials of other music-related organizations that identify their sponsors, and other observations through interactions and associations with the local organizations. A review of the websites of large corporations in the area yielded one bank with stated interest in supporting the arts, particularly musical events. Additionally one regional grocery chain was noted to support programs for k-12 education and another regional grocery chain found to support a youth related organization both of which relate to the concert’s Go Arts Program to provide music education for youth. Civic organizations typically contribute money from fund-raising events to support programs for youth. Presentations to two of the local Rotary clubs have resulted in donations so this suggests the possibility that other similar organizations have potential as sponsors. Emphasizing a shared value for the arts and/or youth and education would be the focus of the appeal in discussions with these potential sponsors.

Functional similarity may occur with music related organizations or with those organizations whose products and services are associated with the concert events. Music stores
and music teachers are logical groups who share a common value for music and music is typically an integral part of the worship services of most churches. Business organizations such as hotels and restaurants benefit from the patronage of concert performers and/or attendees. Both music stores and music teachers could benefit from increased sales or students if the concert performances induce a desire to learn and play an instrument. Typically the performers are not local and must stay overnight at a hotel; one hotel is currently a sponsor. As most performances start at seven thirty in the evening, many ticketholders choose to have dinner prior to the concerts at nearby restaurants. The restaurants and hotels can immediately benefit from sales generated by the event. The appeal in this case would be based on the potential for increased enrollment, membership, or patronage.

Similarly shared customers represent another natural fit with business organizations. The appropriateness of a strategic fit between demographics of classical and jazz music festival patrons and sponsoring organizations was previously emphasized by Oaks (2003). The audience for the typical concert includes adults who have purchased tickets for the season or individual concerts, university students who are required to attend for course credit, and young students who attend with parents or school groups. Most attendees live in the local and surrounding communities. While sponsors have an opportunity to reach multiple and diverse market segments among the audience members, the audience sector that is the most passionate and most likely to respond positively to a sponsor’s support is the group of season ticketholders. As previously indicated a large segment of this group of sixty-three individuals is associated with the university as current or retired faculty, staff, and/or administrators. Others include retired and working professionals, such as music teachers, medical doctors, ministers, lawyers, artists, and entrepreneurs. With an above average level of education and middle to high income, this segment is an attractive market particularly with the fact that most are empty-nester seniors who have an above average propensity to engage in discretionary spending and financial planning. In his survey of participants at jazz and classical music festivals in England, Oaks also found the audiences to be well educated and suggested holiday/travel companies as appropriate sponsors. Arts and Business.com has indicated that arts sponsorships appeal to such culturally-literate and demanding audiences and provide an opportunity for a business to differentiate their product offering. Performance Research has found that classical music fans have a definite interest in sponsorships with 40% of survey respondents indicating that stable and profitable companies should spend more on classical music sponsorships and 67% having a somewhat to very high interest in knowing the identity of the sponsors. They also report that these same classical music fans indicate that their opinion of corporations would increase if they sponsored classical music concerts and over half would “almost always” or “frequently” buy products of companies that sponsor arts or cultural events. To appeal to sponsors whose customers or potential customers attend the concerts, the sales pitch would be based on access to potential customers and improved relations with current customers through enhanced attitudes and appreciation for sponsorships.

The prospective sponsor may share or desire to share a similar image or brand personality with classical or jazz music. As previously noted, studies of consumer response to classical music in a retail setting have found positive associations with product and service quality (Baker, et al 1994; Morrison, 1999). Although the venue for the music is not in a retail store, the association of the sponsor’s name with the promotional materials and program of the concert should induce congruent perceptions. A sales pitch would focus on shared images or the potential to induce images of high quality. Obviously, the concert association should seek
sponsors whose image transfer would be positive for the association as well. Performance Research found that arts audiences deem sponsorships by alcohol, beer, and tobacco companies as inappropriate.

While it may be obvious to the concert association that a “natural fit” exists, it may not be obvious to the potential sponsor. In this case, further communication may be required to “create a fit” in the mind of the sponsor as discussed in the following section.

Creating a fit and appealing to potential sponsors who may initially perceive a low fit

As indicated previously, most research has concerned the perception of fit or poor fit by the sponsor’s customers and has shown that a fit can be created with information provided by an appropriate source. In this case the target is the potential sponsor who may not immediately see a good fit with classical or jazz concerts and findings from the research of perceived low fit by consumers are used to suggest that information by an appropriate source may work with potential sponsors as well to increase awareness, improve affect, and induce agreement to sponsor. Assessment of why the poor fit is perceived can help identify if the problem is based on cognitive or affective issues. From a cognitive perspective, the problem may be a lack of awareness of the concert association, its mission for entertainment and education, operations and board members, and the type of music and audience. Asking questions about the level of awareness of each of these attributes will help direct the types of information that needs to be provided. Offering free tickets to experience a concert can help raise awareness and provide opportunity for the potential sponsor to observe the audience.

If the potential sponsor is fully aware of the association and its offering but simply does not like classical or jazz music, the sales pitch should focus on providing positive associations with other values, such as youth and education, shared customers, and/or brand image. Assume, for example, that the potential target is a young financial manager who prefers a different form of music. A board member who is the financial manager’s client would be a good spokesperson to make the sales call and to emphasize the potential for reaching a highly educated, middle to high income prospect. Businesses who are involved in the local program, Partners in Education, could be informed about the value of arts in the education of youth and encouraged to send students from their partner school(s) to the concerts. Those who strongly value economic development could be informed about the value of arts in community development.

Once a good fit is recognized by the potential sponsor, the next step is to offer an incentive plan that best fits the needs of the sponsor and the concert association.

Customizing the incentives to fit the needs of the sponsor and the community concert association

The potential sponsor may initially or eventually see a good fit as a sponsor of the classical music concert association but may want to negotiate one or more items in the incentive package offered by the concert association before finalizing the agreement. Sponsorship incentives are typically structured based on the dollar value of the sponsorship that includes cash and/or in-kind goods and services and level of sponsorship as the sole, signatory sponsor or co-sponsor. These incentives include name and logo recognition in promotional and program materials, free tickets to share with key stakeholders, tax write-offs, and opportunities for
networking. All of these incentives have been perceived as beneficial to business sponsors (Shugoll, 2010) but some may have more value than others to specific sponsors.

As consumers want to know what companies are doing to support causes (Performance Research; Cone, 2011), the need for businesses to communicate evidence of their sponsorships has increased. Such communication efforts can include printed articles and photographs in annual reports, websites, and social media. The community concert association can help sponsors communicate with key stakeholders by providing photos of the check presentation, the event activities, and the key benefactors of the event, such as the children who have been able to attend the event due to the sponsorship.

The IRS tax guidelines for sponsorships must be considered before the incentive plan is finalized to achieve the maximum tax benefit for both the business and the nonprofit. In this case the best fit for the sponsor may not be the best fit for the nonprofit. If the community concert association agrees to provide the sponsor promotional opportunities that the IRS would consider “taxable advertising”, the nonprofit community concert association may have to pay taxes on that part of the sponsorship income that would be considered “advertising income” (Carter, 2011). It is not the intent to offer a full explanation of the tax guidelines in this article but rather to stress that sponsorship incentives must fit within the IRS tax guidelines and to recommend that organizations, such as the community concert association, should work closely with a professional accountant who has experience in nonprofit tax accounting. This may seem obvious but many small businesses and nonprofit organizations that do not use a professional accounting service may be unaware of the tax definitions and rules regarding donations and sponsorships.

CONCLUSION

Based on evidence from the literature of the importance of sponsorship fit, this paper has discussed the concepts of sponsorship and music fit as applicable in the development of a sponsorship recruitment plan for a small, nonprofit classical community concert association. The recommended plan included an internal and external process to identify sponsors, a communication strategy (related to message appeals) based on level of awareness of sponsorship-music fit and the source of fit (shared values, patrons, etc.) and an incentive strategy based on the needs of both the potential sponsor and the association while meeting the IRS tax guidelines for sponsorships.

As assumptions have been generalized from a literature review of research findings related to fit theory regarding sponsorships in general and more specifically music fit in retail settings and advertising, testing the proposed sponsorship recruitment strategy is needed to validate the application of these findings and strategy within the context of a small, classical music community concert association. While some research has focused on characterizing classical music consumers and their response to marketing strategies and tactics, more research is needed to better characterize classical music sponsors in the business and organizational sectors and to measure the effectiveness of message appeals (pitches) and incentives. More insight can be gained through the use of focus groups and analysis of quantitative and qualitative data gathered through internal and external primary and secondary sources.
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