CultureCase

Increased spending on marketing leads to increased revenue

This research was conducted by **Hyunjung Lee**, **Kyoungnam Catherine Ha** and **Youngseon Kim** at the **University of Hartford**, **Pacific Lutheran University**, and **Central Connecticut State University, USA.**

Summary

This paper looked at the relationship between the amount spent by arts organisations in the United States and their levels of revenue. It found that increased marketing spend corresponds with increases in revenue, and that ‘marketing activities that are designed to convince customers to buy a ticket also provide a donor [with] updates about organisations or act as a reminder for donation.’ Additionally, they found that ‘marketing activities for fundraising reach and convince only current and potential donors as intended and have no impact on commercial revenue.’

The study was based on a sample of organisations in the DataArts database

In all they looked at a total 4,908 nonprofit arts and cultural organisations that reported financial and programmatic information at any given year between 2003 and 2013 in nine states across the territorial US.

The study looked at two forms of marketing spend and a mixture revenue sources

Those sources appeared in the data set as total revenue, commercial revenue, and donation revenue. All the revenue used in the study is unrestricted revenue. Marketing expense includes that recorded as 'advertising and marketing expense' and 'public relations expense'.

The separation of marketing and development teams isn't effective for revenue generation

For example, the development team ‘may not consider a direct mail campaign to potential or current donors as a marketing activity.’ There is likely to be significant overlap in the people who buy tickets and those who make donations, and neither group care about which department sends them correspondence. Marketing and development are so connected that marketing should not be considered as an overhead but as investment.

Keywords

USA **data** **revenue** **marketing**

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