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EVENT PROJECTS FINANCING TOOLS

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Abstract — This paper is considered different financing tools for event projects. Also there were defined the role of fundraising and sponsorship in event management as well as other ways of financing an event.

Key Terms — event, financing, fundraising, loan, project, sponsorship.

The events industry includes events of all sizes from political party conferences and the Olympics down to business meetings, trainings and corporate parties. Many companies hold events to market themselves, build business relationships, raise money, or draw attention to a particular issue.

The process of planning and coordinating events can include budgeting and financial sources attraction. In order to successfully plan an event, project manager will need to develop an accurate and comprehensive budget.

The goal of the paper is the generalization of financing tools for projects implementation in the event industry.

The different aspects of event project financing were considered by Booker B., Rushbam Ye., Isaac L. and others [1-4].

There are numerous ways to finance event projects. The analysis of the publications [2-5] helps to generalized possible financing tools in the framework of event management (Fig. 1).

Let's consider essence and features of above mentioned financing tools.

Grant funding sources. Finding and applying for grants funding can be a complex and time consuming process often requiring a lead time of up to six months before event [4]. Isaac L. [5] mentioned that grants to assist with the running of events are not easy to obtain. To be successful, applicant organizations need to demonstrate that the event has strategic importance for region, country, particular social groups, etc.

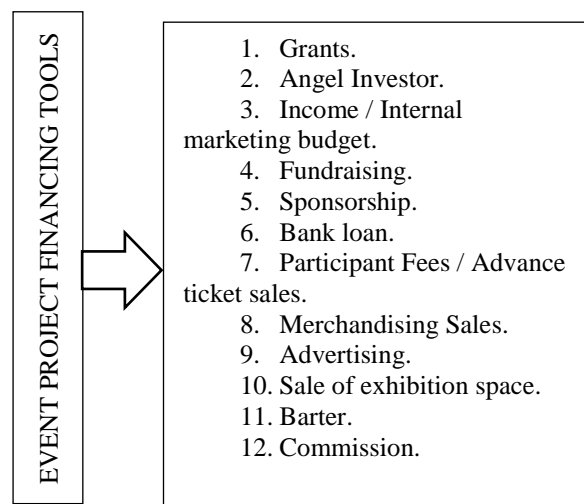


Fig. 1. Event project financing tools*

*generalized by the author

Angel investors are wealthy individuals or groups of people looking for investment opportunities [3]. Find an investor would be approaching existing contacts who know and trust you, or highly targeted individual investors or specialist investment groups.

Income / Internal marketing budget. Company can use own resources from income and planned marketing budget. It is important for company to accurately analyze how much cash it can put into the budget [3].

Exposing to some level of risk can demonstrate company commitment and help encourage other investors, sponsors and partners get on board.

Fundraising. As in the work [5] it is find that organizations employ different fundraising strategies. The most common example is the raffle and a small amount of income can be achieved this way. Whereas it is difficult to achieve cash sponsorships, it is easier to obtain goods from sponsors which can be raffled.

Before holding a raffle or fundraising event, it's necessary to ensure that your event complies with laws and regulations [4].

Sponsorship. Sponsors are companies that provide financial support in exchange for a specified package of services from the organizer, allowing the company to satisfy its interests in a particular event [1].

Sponsorship is a very effective way to fund key elements of an event, and is utilized by the vast majority of events [3]. Seeking sponsorship from businesses and organizations can be time consuming and frustrating. Many organizations have great difficulty in achieving a significant amount of sponsorship.

When short listing potential sponsors, make sure their philosophy matches with an event concept and target audience. Organizations need to be very professional in their approach to sponsorship and to be able to offer sponsoring companies outstanding value in promotional services [5]. Sponsors will want to know how many people are coming to an event, when and where it's taking place, what's on the agenda and see event's marketing plan [3].

In the paper [4] it is recommending a face-to-face meeting as the most effective way to sell an event for sponsors.

Participant Fees / Advance ticket sales. The charging of fees to participate in the event is perhaps the most common form of event revenue [5].

Radionova O. in the [2] considers tickets for events. This is a variety of participant fees, it is more likely to apply to mass events, such as exhibitions, concerts, festivals. Usually tickets are relatively inexpensive. Moreover, customers are more often individuals, not companies. From a financial point of view, the specifics of these financing is that tickets are purchased more often before visiting the event, directly at the entrance. But company can use special services for advanced tickets sale. Using an event-ticketing platform like 2event.com, Ticketforevent.com, Karabas.com, Internet-bilet.ua, company can start selling tickets long in advance of planned event date. Using event-ticketing platform provide more opportunities to receive payment before the event takes place.

Merchandising Sales. Isaac L. [5] said, that the term merchandising applies to the sale of a range of products that may be strongly identified with the event or the organization hosting the event. Typical examples of merchandising products are glassware, pens, dish cloths, drink bottles and badges, T-shirts, polo shirts, caps and other forms of clothing that are screen printed or embroidered with a design or trademark of the event.

Advertising. The event may be an interesting platform for the advertisement of other companies, and company that holds the event can sell this opportunity. Depending on the type and specificity of the event, it may include placing the stand, distributing promotional brochures, placing advertiser's symbols on different media [2].

Sale of exhibition space. Company can also pre-sell exhibition stands and take deposits from exhibitors [3]. This is a classic income article for exhibitor organizers. But it can become common for other types of activities [2].

Barter. Barter partners are companies that provide services free of charge [1]. Company can offer partners the opportunity to play a role at the event itself – e.g. negotiate with the venue to give a discount if company-organizer allows them to make a presentation.

As author in [3] mentioned, that attracting a lot of partners and brands to an event provide more savings for the company. The most popular examples of partner for event are technical support, catering, information support etc.

Commission. It is possible to conclude an agreement on commissions in case of certain conditions [2]. For example, if a specialized event company carries out an event on an order of a corporate client, a hotel or catering may allocate several percent in the form of commission or accumulating bonuses for placing an order from them. Another option is to get a commission from the company advertised on event if one of the clients makes an order for it.

By using a combination of the above funding tactics company can first test interest in the event, allowing company to book its venue or

sign contracts in confidence, before moving on to wooing bigger fish. For different events the various financing tools can be used. The features of choosing appropriate financing will discuss in future publications.

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