UNDERSTANDING OF MUSEUM BRANDING
AND ITS CONSEQUENCES ON MUSEUM FINANCE

A Thesis
Presented to
The Graduate Faculty of The University of Akron

In Partial Fulfillment
of the Requirements for the Degree
Master of Arts

SeJeong Kim
May, 2008
UNDERSTANDING OF MUSEUM BRANDING
AND ITS CONSEQUENCES ON MUSEUM FINANCE

SeJeong Kim

Thesis

Approved:              Accepted:

Advisor
Mr. Durand L Pope

Dean of the College
Dr. James M. Lynn

Committee Member
Mr. Neil Sapienza

Dean of the Graduate School
Dr. George R. Newkome

Committee Member
Mr. Rod Bengston

Date

School Director
Mr. Neil Sapienza

ii
ACKNOWLEDGEMENTS

I would like to offer my sincerest gratitude to my adviser, Randy Pope who has supported me all throughout my thesis with his patience and knowledge. I also thank to the committee members, Neil Sapienza and Rod Bengston for encouraging me to start and carry out this project.

I am really thankful to all my friends in Akron, being like a real family, for supporting and taking care of me all the way through to the end of my journey here. I also wish to express my sincere appreciation to my parents and family thousands of miles away who have always believed in me. Without their loving support and encouragement this project would not have happened.

Last but certainly never least, my special gratitude goes to T and X. “Sing Heav’nly Muse.”
TABLE OF CONTENTS

CHAPTER

I. INTRODUCTION ..........................................................1

II. FUNDAMENTAL PRINCIPLES OF BRAND AND BRANDING..........3
    Brand and Branding ......................................................3
    Brand versus Marketing ..............................................7
    Expected Outcomes of Brands and Branding ......................10
    Process of Branding: To Develop a Successful Brand ............13

III. BRAND AND BRANDING OF NONPROFIT MUSEUMS .............17
    The Growth of Nonprofit Marketing and the Rise of Commercialism in
    the Nonprofit Organizations ........................................17
    Nonprofit Brands and Mission ......................................19
    Risks in Nonprofit Branding ........................................22
    Commercialization and Branding in Nonprofit Museums ........24
    Earned Income Sources of Museums and Museum Shop ..........25

IV. FINANCIAL ASPECT OF MUSEUM BRANDING ....................31
    Brand Value and Valuation ..........................................31
    Obstacles to Nonprofit Organizations’ Undertaking Branding Strategy ....35
    Misconceptions about Costs of Museum Branding ...............37
    Branding Practice of Leading Museums ...........................38
Possibilities of Reducing the Cost of Museum Branding

V. CONCLUSION

BIBLIOGRAPHY
CHAPTER I

INTRODUCTION

Branding is the process of delivering a clear, consistent message about an organization over a period of time. The purpose of branding is to reach a point that customers and clients have instant recognition of brand names and symbols, and a corresponding position perception of the organization they represent. Branding, long an important business practice in the for profit sector, is increasingly used in not-for-profit business. Branding is an essential tool for nonprofit organizations to survive in an increasingly competitive world. Nonprofits try to draw attention from volunteers and donors by making their institutional names valuable. A strong brand also can function as a guide-star by defining the values central to an organization. Successful brandings generate positive outcome to nonprofit institutions.

Regardless of the fact that brand or branding is not a foreign concept to the museum world, museum branding has never been defined easily in the nonprofit sector. Museum professionals and managers still do not fully understand the concept of branding. Misconception about branding can be a major obstacle for nonprofit museums to undertake effective branding techniques. The objective of this thesis is to analyze and
help correct misunderstandings about the advantages of corporate marketing, and to review theories and practices of museum branding. This study will help the museums understand nonprofit branding and develop proper branding strategies.

Chapter Two presents the basic definitions, concepts, and theories of brand and branding; and summarizes the benefits of branding and branding strategy. Chapter Three discusses branding in the nonprofit sector in general and museum sector in particular, explaining nonprofit branding as a management tool. This chapter also describes the relationship between nonprofit organizational mission and the brand, trends in museum branding, and the risks that may be involved. Chapter Four describes brand valuation and the financial implications of museum branding. More importantly, this chapter discusses the most common misunderstandings about the cost of museum branding and strategies to minimize financial risk.
CHAPTER II
FUNDAMENTAL PRINCIPLES OF BRAND AND BRANDING

2.1 BRAND AND BRANDING

According to Blackett (2004), “the word brand comes from the Old Norse brandr, meaning to burn, and from these origins made its way into Anglo-Saxon.” (Blackett 13) He relates the origin and the concept of branding to the practice of stamping a symbol on livestock, not only to establish ownership, but to make one brand distinct from others. He also finds evidence of the earliest visual form of brands from the practice of potters making an identifying mark on clay pots, one of the earliest manufactured goods. In the 17th and 18th centuries, porcelain, furniture, and tapestries factories in France and Belgium used brands internationally to immediately suggest quality by indicating origin. Blackett indicates that, “The widespread use of brands is essentially a phenomenon of the late 19th and early 20th centuries.” (Blackett 15). In that period, the industrial revolution led the western world to the mass-marketing of consumer product. The introduction of trade mark legislation at that time encouraged the wide use of brand by allowing owners
of brands to protect them in law. Blackett (2004) describes the significant increase in the use of brands after the World War II.

Propelled by the collapse of communism, the arrival of the internet and mass broadcasting systems, and greatly improved transportation and communications, brands have come to symbolize the convergence of the world’s economies on the demand-led rather than the command-led model. (Blakcett 15)

As seen above, brand concept started with inscribing names of manufacturers on their products to differentiate them from similar products, and also to establish and secure their product reputation in the market. Over the years, the word “brand” has acquired “a commercial application.” (Blackett 13) Blackett (2004) pointed the difference between two contemporary dictionary definitions of brand.

*The Oxford American Dictionary* (1980) contains the following definition: Brand (noun): a trade mark, goods of a particular make: a mark of identification made with a hot iron, the iron used for this: a piece of burning or charred wood, (verb): to mark with a hot iron, or to label with a trade mark.

Similarly, *The Pocket Oxford Dictionary of Current English* (1934) says: Brand. 1.n. Piece of burning or smoldering wood, torch, (literary); sword (poet.); iron stamp used red-hot to leave an indelible mark, mark left by it, stigma, trademark, particular kind of goods (all of the best bb.). 2. v.t. Stamp (mark, object, skin), with b., impress indelibly (is branded on my memory). (Blackett 13)

In the definition of *The Oxford American Dictionary* (1980), “a trade mark, goods of a particular make” implies the use of the word brand as a commercial term and shows clearly the difference from the definition of 1934. Although the meaning of brand has become diversified and the range of a brand’s effectiveness has expanded from a local farmer’s cattle to an internationally distributed product, fundamental principles of branding have not changed.

Barwise (2004) identifies three unique, but interrelated definitions of brand as follows:
In most everyday use (for example, “which brand did you buy?”) a brand is a named product or service. In some contexts (for example, “which brand shall we use for this new product?”) brands are trade marks. In other contexts (for example, “how will this strengthen or weaken our brand?”) brand refers to customers’ and others’ beliefs and expectations about products and services sold under a specific trade mark or about the company which provides them; the best term form this is “brand equity.” (Barwise, 2004, xii)

The most common perception of brand would be the first one, and many people treat the name of a product as the brand of it. The second definition of brand would be accepted most widely by companies that manage more than one brand line. The third definition is the one this study is focused on. That is, a brand includes all the values that a company creates. According to the glossary found at allaboutbranding.com, “brand equity is the value – both tangible and intangible that a brand adds to a product/service.” (allaboutbranding.com, Glossary) DK Holland also explains this as “the overall strength of a brand.” (Holland, Glossary)

In a nutshell, brand is the perception of a product, service, or company that people have in their minds. It also is what people say about a product, service, or company. Though a name or logo reflects the brand and is a visual form of each brand, a brand is more than just as a name or logo. A company creates the most appropriate brand concept for its product, service, or itself. Each customer has a perception of the product, service, or company, either positive or negative, through direct or indirect experience. A brand can be given both to customers who purchase a certain product and those who hear other customers’ review about it or see a TV commercial for the product. In essence, each customer determines a brand. Neumeier (2005) briefly defines a brand as:
A brand is a person’s gut feeling about a product, service, or company. It’s a GUT FEELING because we’re all emotional, intuitive beings, despite our best efforts to be rational. It’s a person’s gut feeling because in the end the brand is defined by individuals, not by companies, markets, or the so-called general public. (Neumeier 2)

Miller and Muir (2005) also agree that brand is personal perception. “A brand exists only in people’s mind—it is a collection of feeling and perceptions in the mind of the consumer.” (Miller and Muir xi) Therefore, it is possible that there exist many different perceptions of a product, service or company.

An important question is why companies even try to create a brand if a brand is ultimately defined by individual customers. Neumeier (2006) answers,

While companies can’t control this process [each person creates his or her own version of it], they can influence it by communications the qualities that make this product different than that product. (Neumeier 2)

A company can try to influence those personal impressions of its product, service, or company in the way that the company wants people to see its brand. Companies try to affect how customers see the value of their products and services in its entirety.

This leads to a functional definition of branding. DK Holland (2006) defines branding as any effort or program to build a brand; the process of brand building. (Holland, Glossary) It is also a process of narrowing the gap between “brand identity,” the message the company tries to embed in the brand, and “brand image,” how a consumer sees the brand. (allaboutbranding.com, Glossary) When large numbers of people share a “gut feeling” about a brand, “a company can be said to have a brand.” (Neumeier 2) In this case, branding is a process of making a companies’ value visible.
2.2 BRANDING VERSUS MARKETING

People are often confused about the difference between branding and marketing. Jacques Chevron (1999) admits "Branding and Marketing are closely related business tools, so closely related that they are too often intermingled." (Chevron, Distinction between Traditional Marketing and the Branding) This distinction must be understood before going further.

The definition of marketing released by The American Marketing Association is An organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefits the organizations and its stakeholders. (The American Marketing Association, AMA Adopts New Definition of Marketing)

Basically, marketers must comprehend customers’ particular needs and wants and manage all the marketing segments in order to satisfy those needs and wants. Managing customers’ experiences with a product or service satisfactory ultimately works to an organization’s benefits. Chevron (1999) explains that the terms branding and marketing confuse people because both make use of customer research. As Chevron points out, "all marketing knowledge has its source in the customers"; and a "customer owns the brand." (Chevron, Distinction between Traditional Marketing and the Branding) Therefore, successful marketing and branding are built on a full understanding of the market and the customers.

Nonetheless, branding and marketing are very different. Neumeier (2006) explains that marketing is “you,” the company, telling potential purchasers that you are
good so people well be attracted to you. Branding, however, is “they,” the customers, saying that you are good. Branding is successful if what “they” say matches how “you” want to be shown by them. No matter how many times a case is made, only customers can decide whether what the message is true or not.

Simon Knox (2004) argues that branding is a solution for marketing challenges in a competitive market.

The more enlightened ones know that they will not achieve this [increase the value of the products and service they sell] through the traditional 4Ps approach to product marketing. (Knox 105)

The 4Ps stand for product, price, place, and promotion—all elements of a well balanced marketing mix. Marketing mix refers to “the mix of controllable marketing variables that a firm uses to pursue the desired level of sales in the target market.” (The American Marketing Association, Dictionary of Marketing Terms)

Neumeier agrees with Knox when he writes,

The attention of marketing has shifted from features, to benefits, to experience, to tribal identification. In other words, selling has evolved from an emphasis on “what it has” to “what it does,” to “what you’ll feel,” to “who you are.” (Neumeier 38)

It is apparent that branding has become a significant business trend. Knox (2004) believes branding creates a broader vision of customer value, then would be possible in a traditional marketing department and argues,

It is the business leader who should be leading this transformation, as manager of the organisation’s brand and its values, as well as challenging the marketing department to redefine its role as brand custodian. (Knox 105)
While branding can improve overall marketing functions, it is an error to think branding is just another marketing strategy. Jon Miller and David Muir (2005) warn the possibility of underestimating branding’s impact.

Traditionally, brands are seen as a tool to achieve marketing objectives, such as growing market share, or increasing repeat purchase. Consequently, branding is seen primarily as a marketing discipline: for example, a brand can grow market share by providing a focus for awareness of a product, and it can increase repeat purchase by building affinity with consumers. (Miller and Muir 7)

In conclusion, “a brand is what results from marketing consistency.” (Chevron, Distinction between Traditional Marketing and the Branding) Branding, the process of developing a brand, is the strategic process, and marketing is the implementation of the strategy. Branding aims at building a keystone, and marketing is a structure that is built upon the keystone. The keystone must keep the balance and focus so that all parts of the organization, including the marketing department, can perform their duties with a central focus. Miller and Muir (2005) support the opinion that branding should precede marketing strategy. They state,

Unless a brand strategy is fully aligned with the overall business strategy, it will probably fail.” Marketing involves “planning and executing the conception, pricing, promotion, and distribution of ideas, goods, services, organizations, and events to create and maintain relationships … that will satisfy individual and organizational objectives. (Miller and Muir 7)

All of these marketing activities should be determined under the basis of a brand and branding.
In the 19th century, the Industrial Revolution ushered in the era of mass production. The capitalist system that led the world economy accelerated and resulted in the explosion of branding. At the same time, improved communication systems made people “information-rich.” (Neumeier 8) Knox points out that those transitions have made contemporary society’s economy evolve into a more “demand-led rather than the command-led model.” (Knox 106) “…the days when Henry Ford offered ‘any colour you want as long as it’s black’ are now long gone.” (Blackett 17) In order to succeed, companies certainly must produce high quality products and meet the more challenging goal of customer satisfaction. People have more choices than ever before, and they are not only choices between good and bad products or service providers, the choices are among an array of good ones.

As a result, our old method of judging products – by comparing features and benefits – no longer works…. Today we base our choices more on symbolic attributes…. The degree of trust I feel towards the product, rather than an assessment of its features and benefits, will determine whether I’ll buy this product or that product. (Neumeier 18)

Again Knox concurs, supporting this opinion as follows:

Since the Second World War, customers have relied on a familiar and trusted brand name as the antidote to the perceived risk of the product and service failing to provide its basic functional benefits (de Chenaty and Mcdonal, 1998). And, at a psychological level, a trusted brand minimizes the risk that the image created for customers using the product or service falls short of that desired. (Knox 106)

It seems that successful businesses needs something more than a high quality product or a guarantee of customer satisfaction. Brand identification and loyalty has become a critical
tool in attracting and holding customers in this competitive world. The importance of
brand comes from the need to have a public that can distinguish one brand from another.
Hankinson (2001) points out, “…the need for differentiation within an increasingly
competitive environment has become ever more necessary.” (Hankinson, 2001, 346)

Successful branding also enhances the general management of an organization.
Branding, the process of developing brands, creates “more effectiveness, efficiency and
competitive advantage across all operation.” (Clifton 5) Effective brand management
will strengthen organizations by identifying and institutionalizing core values. According
to Howard (2000),

… corporate brands provide a mechanism for the organization to: differentiate
itself from competition, create recognized added-value to the products and
services marketed or delivered by the organization, and attract and maintain
customer relationships in order to prosper in an increasingly competitive and
constantly changing global market place. (Howard, The Power of Corporate
Branding)

While some discussions of branding tend to be theoretical, Miller and Muir (2005) focus
on practical business benefits.

Strong brands command market share; strong brands create barriers to entry for
competitors; strong brand can extend into new areas; strong brands can enter new
markets; strong brands have lower price elasticity; strong brands can command a
premium; strong brands can deal with market disruption; strong brands can attract
and retain talent; strong brands are a store of trust, and; strong brands can
stimulate innovation. (Miller and Muir xiii-xiv)

Miller and Muir (2005) present perhaps the most useful approach for managers who look
for practically sensible advice on building a brand.

The following discussion focuses on how consumers may benefit from brands and
branding in the purchasing process. “Brands allow the consumer to shop with
confidence, and they provide a route map through a bewildering variety of choices.”
Brands may reduce customer risk by sending instant messages and images about products, services, or companies. A strong psychological impression will shorten the process of purchasing. As in the case of buying a car or a cereal, good “brands offer an assurance of quality and consistency.” (Ritchie et al. 2) Unsuccessful branding may suggest just opposite.

Not only sellers or customers will be influenced by brands. Blackett points out that “Brands can generate high-quality earnings that can directly affect the overall performance of the business and this influence the share price.” (Blackett 19) In the nonprofit sector, good brands can attract donors, both individual and institutional, as well as volunteers and board members.

It is the power of a brand that makes an organization unique among its competitors. “Effective branding creates awareness of who you are, what you stand for and what unique and meaningful benefits you can deliver.” (G. Thompson 2) A company must be able to be clearly visible and available when people need or want its products or services. Only then will a company be able to develop long-term relationships with consumers.

The best advantages of brands and branding can be generated only when a company builds a long-term trust in customer’s mind.

At its best this [a brand] means caring about, measuring and understanding how other see you, adapting what you do to take account of it, without abandoning what you stand for. (Barwise xii)

Though a company may attract people with its name or trademark it only takes one failure to meet expectations with a product or service to undermine the brand. A brand is like a promise. It must be kept.
2.4 PROCESS OF BRANDING: TO DEVELOP A SUCCESSFUL BRAND

Brymer (2004) analyzed the commonality of world’s best brands. He found great brands share a compelling idea, a resolute core purpose and supporting values, and a central organizational principle (Brymer 66-67). Moreover, those strong brands reflect the following traits.

Consistency in delivering on their promise, superior products and process, distinctive positioning and customer experience, alignment of internal and external commitment to the brand, and an ability to stay relevant. (Brymer 69-71)

Neumeier (2006) suggests five principles of branding. The disciplines are: (1) Differentiate; (2) Collaborate; (3) Innovate; (4) Validate; and (5) Cultivate. First, the concept of a brand starts by differentiating oneself from others. This process may start with three simple questions: Who are you? What do you do? Why does it matter? (Neumeier 31) Thompson (2004) refers to those questions as the “CEO test.” (Thompson 80) She says, “Whether it is to shareholders, to investors, to the media, to employees or to consumers, the response must clearly and vividly set out how this brand is different and better.” (Thompson 80) One of Brymer’s findings on the principal attributes of great brands is “a compelling idea.” (Brymer 66) When the brand “fills an unmet or unsatisfied need” for customers, it can be compelling. (Brymer 66)

Second, Collaborate means that, from outside brand specialists to your own employees, people will have to contribute to the branding process. Neumeier (2006, 50 and 70-71) says that with successful collaboration, one plus one could equal eleven. He
emphasizes that great brands result from the interaction of thousands of people including executives, marketing people, strategy consultants, design firms, advertising agencies and so on. It is easy to find the examples of companies and branding firms working together in order to branch a brand of companies. For instance, recently in the museum world, SUMO Museum Branding assisted the Shetland Museum and Archives in England to find a strong identity and also worked hand in hand to develop a new design for the museum building, logo, posters, and brochures. The Shetland Museum and Archives undertook this branding project because it recognized that a strong identity would appeal to a broad audience range of residents, visitors and researchers. (SUMO Museum Branding, The Shetland Museum and Archives: Case Study)

Third, Innovate emphasizes the need to be creative in the execution of branding strategies. The challenge is to create something memorable. From naming, design of logo, website, and packaging to a brand campaign, firms need to create a positive perception and experience for the customers. Neumeier (2006) also suggests that brand icons such as the one used by Shell and avatars (animated icons) such as one used by Cingular are more effective than logos in non print media such as web sites and television. Neumeier explains that logos are limited because “evolved as a way to identify brands rather than to differentiate them.” (Neumeier 87) Also, in Neumeier’s opinion, icons and avatars are far more effective than a simple logo for use in internet, TV, telemarketing, live events and other electronic media. (Neumeier 87)

The concept of Validate refers to collecting and evaluating customer feedback. This research is the only sure way to determine if brand management is really working or not. An ability to stay relevant is one of traits shared by “leading” brands (Brymer 71).
The world’s best brands are able to “maintain their relevance to targeted set of customers…. They sustain their credibility by increasing customers’ trust of and loyalty to them.” (Brymer 71) Successful branding requires strategic management and that is impossible without customer research.

Finally, Neumeier (2006, 139 and 155) suggests, “your business is not an entity but a living organism…. The secret of a living brand is that it lives throughout the company, not just in the marketing department.” He emphasizes the importance of cultivating the branding process inside the organization. “No decision should be made without asking; Will it help or hurt the brand?” (Neumeier 156) Defining the brand from inside the organization is the most effective way of making any branding project successful. According to Brymer (2004, 67), the world’s best brands have a central organizational principle, which once again means that a brand should guide every decision-making process. He quotes Shelly Lazarus, chairman of Ogilvy & Mather who says,

> Once the enterprise understands what the brand is all about, it gives direction to the whole enterprise. You know what products you’re supposed to make and not make. You know how you’re supposed to answer your telephone. You know how you’re going to package things. It gives a set of principles to an entire enterprise. (Brymer 67)

When the whole organization performs as “a living organism,” the brand will finally function as a brand. (Neumeier 155)

A brand itself should be innovative and unique to get an attention. Also, it is important that an organization manages brand to be sustainable or viable in the long-run. Another important point is that organizations must keep their promises to their customers
by offering high quality products and processes, and communicating the message about themselves with their customers.
CHAPTER III
BRAND AND BRANDING OF NONPROFIT MUSEUMS

3.1 THE GROWTH OF NONPROFIT MARKETING AND THE RISE OF COMMERCIALISM IN THE NONPROFIT ORGANIZATIONS

In the 1970s, “social or societal marketing” emerged. Marketing techniques became more specialized and were applied to economic sectors including non-profit organizations.

In the second half of the 1970s and the 1980s, marketing expanded into the service and “grey matter” industries. This was also the beginning of philanthropic marketing and the first attempts at integrating these concepts into the art sector. (Colbert 11)

It was not an easy task for nonprofit organizations to learn and to apply for profit marketing techniques to their managements.

Twenty years ago, management was a dirty word for those involved in non-profit organizations. It means business, and nonprofits prided themselves on being free of the taint of commercialism and above such sordid considerations as the bottom line. Now most of them have learned that nonprofits need management even more than business does, precisely because they lack the discipline of the bottom line. The nonprofits are, of course, still dedicated to "doing good." But they also specialize that good intentions are no substitute for organization and leadership, for accountability, performance, and results. Those require management and that, in turn, begins with the organization’s mission. (Andreasen and Kotler 6)
This quote by Peter Drucker (Andreasen and Kotler 6) from *Harvard Business Review* in 1989 verifies that many nonprofit organizations had already started to feel the need of professional management. The tendency toward growing commercialism in the nonprofit sector has been getting stronger partly because nonprofit organizations are not free from competition. “According to the NCCS (the National Center for Charitable Statistics) Table Wizard, there are currently nearly 1.4 million nonprofit organizations in the United States.” (FoundationCenter, F.A.Q, 2007) Birkin adds that “even though giving in the United States continues to rise, 44% of charities are experiencing shortfalls in funding since Sept. 11th.” (Birkin, “Non-profit Brands: The Strong (Not Just the Big) will Win”) The nonprofit arts organizations are no exception in the growing competition for funding. Local and state government levels of funding for art has rebounded and risen steadily since 2005, but federal support remains almost flat. Also, private donations to the arts have traditionally been below 6% of the total philanthropic donation (Americans for the Arts, Arts Advocacy Day 2007 “Congressional Arts Handbook”). In the case of museum funding, the government, foundations, and corporations have preferred to support special activities such as exhibitions and outreach programs, or specific acquisitions rather the providing museums with undesignated operating funds (Anheier and Toepler, 233). In fact, most nonprofit organizations have had to find ways to generate income for general operation by themselves. According to Americans for the Arts, 2004, earned income makes up only half of nonprofit arts organizations’ revenue. In short, securing funding has been the most important and crucial challenge for most nonprofit institutions. As a result, nonprofit organizations started to think and act more like business and have
increasingly adopted certain practices of the for-profit world. (Walsh, *Profits for Non-Profits?*)

Branding has been of use in the nonprofit sector. Kotler (1975) includes an explanation of branding as a very small part of his book, *Marketing for Nonprofit Organizations* published in 1975. Thirty years later, branding plays an important role in the nonprofit sector. “Charity branding was becoming part of the overall professionalization of the nonprofit sector.” (Hankinson 2004, 85) Branding is often a subject of success stories of nonprofit organizations. Nowadays, a large collection of studies and literature can be found on nonprofit branding. However, “There are few books on museum branding and none explain the relationship between branding and financial health.” (Wallace, E-mail) It is understandable that many nonprofit organizations passively accept the fact that they are brands or potential brands, but it is necessary to develop proactive efforts to understand and create successful branding.

3.2 NONPROFIT BRANDS AND MISSION

There is a critical link between the mission of a nonprofit organizations and its brand. A nonprofit organization’s mission statement explains why the nonprofit organization exists by clearly indicating its purpose, its reach, and whom it serves. If the institution has a well-defined and compelling mission statement, it is in a better position in terms of branding. This is because the first step of branding is to clarify identity including who you are, what you do, and why it matters. Differentiation starts by
defining unique identity. In other words, the process of understanding and clarifying the identity of a nonprofit organization is comparable with a key procedure in branding. Stephen Brand, an enterprise development consultant and entrepreneurial coach, states that “In the not-for-profit world, I would consider branding as an organization’s mission and core values on steroids.” (Brand, Branding-a not-for-profit strategy?)

Hankinson (2004) points out that the senior managers of leading charities in the United Kingdom use substitutes of the term “brand.” “Brand” is not common parlance among senior managers. Instead of “brand,” they use different terms and words such as, purpose, mission, why we are here, values, beliefs, pledges, fundamental principles, managerial practice, expected behaviors, the way we do things, ethos, feel, and spirit (Hankinson 2004, 86). Terence Riley, chief curator of the architecture and design department of Museum of Modern Art, told Ed Pusz, director of the department of graphic design, that “Here at the Museum of Modern Art, we don’t use the word ‘brand.’ We prefer the term ‘spirit’.” (Pusz x) In this sense, nonprofit organizations have already met the first requirement of branding. Again, creating a clear and meaningful mission statement is the first and most basic step in building a nonprofit organization.

Some people view a mission as a brand. An organization’s mission and brand must be complementary to and harmonized with each other. More specifically, a mission should be the basis of developing a brand. Yet, the mission is not a same as its brand. Brand message is the core idea that a nonprofit organization wants to communicate to its clients and supporters regarding the value it creates. The value is built on the organization’s activities in the service of its mission.
Bloch (2005) doubts that a mission statement can provide all the information that is necessary to create and maintain a strong institutional brand, which must reflect a wide variety of elements such as a company’s enduring focus, reason for being, guiding light, motivational statement, ethical position, primary goals and objectives, meaning, focus, challenge, and passion. A dilemma museums face in developing a potential brand is that they have such similar mission statements. As Bloch points out, “[museums] are nonprofit organizations that collect, preserve objects and then exhibit and interpret them for the benefit of their respective constituencies.” (Bloch 37) The sameness of their core mission statements can be an obstacle because a brand is a tool of distinguishing one from another. Bloch (2005) still raises a question about how issues should be contained in the mission statement of nonprofit museums based on the guideline of American Association of Museum’s Accreditation Commission. According to AAM recommendations, mission statements should address public accountability, why the museum exists, its unique identity, who it serves, its public responsibilities and environment.” (American Association of Museums, The Accreditation Commission’s 2004 Expectations) Bloch finds this sort of lengthy and complex mission statement format much less useful in branding than the simple, straightforward mission statements of organizations such as Disney’s to ‘make people happy.’ A statement such as this one cannot possibly be confused with plans, policies, or goals, or programs (Bloch 78). Bloch (2005) asserts that “mission statements cannot, and should not, carry the whole load because we have better mechanisms to do the job.” (Bloch 79) He also makes a distinction among mission, vision, and goals. According to the classification made by Bloch, “mission is what we do, vision is what we want to become, and goals are the
specific initiatives as set forth in the long-range plan.” (Bloch 78) Vision seems to be much more congenial to the concept of brand than mission. Pusz (2006) also explains that a mission is a shared intention in an institution. It binds together dedicated employees with a common desire. The motivational force or the spirit of intention is the mark of a great company, nonprofit or otherwise, and it invigorates the entire organization, from its leadership and staff to the products or services it delivers.

3.3 RISKS IN NONPROFIT BRANDING

While branding techniques can offer tangible benefits to nonprofits, they also pose potential risks to the nonprofit institutions. This section deals with possible disadvantages of branding by reviewing Ritchie, Swami, and Weinberg’s debate in *A Brand New World for Nonprofits* (Ritchie et al., 1999). These authors list five risks that might make nonprofits hesitate to adopt branding techniques. They are; the risk of seeming too commercial, resource commitment, the need for ongoing justification of branding, the brand as carrier of contagion, and the brand as rallying cry.

First, nonprofits which are involved in the practice of branding run the risk of being perceived as too commercialized, because brands have traditionally been the domain of commercial enterprise. “Brands are seen as superficial window dressing that increases the cost of a product, without improving its functional value.” (Ritchie et al. 15) If potential donors start to believe that a nonprofit organization performs like a
business in the for-profit sectors, there is a danger that their decisions regarding charitable contributions would be affected.

Second, as discussed earlier, branding is a long-term and potentially expensive process. Nonprofit organizations should be aware that once they initiate branding they will have to commit resources to sustaining their branding and brand.

Third, the branding should be justified and supported within all levels of a nonprofit organization. Because it is a long-term process and nonprofits universally struggle with limited resources, it is difficult to sustain a long-term financial and organizational commitment for branding.

Resource allocation is often the subject of heated debate within nonprofits, and justification of brand-related spending may consume inordinate time and energy. This problem can be particularly severe when financial matters are reviewed on a regular basis by a broad cross-section of stakeholders. (Ritchie et al.16)

Fourth, a brand can act as a carrier of contagion because “brands can also magnify the impact of negative information about an organization.” (Ritchie et al.15)

Once there is negative news about organizations, the effect can be devastating. A recent event demonstrating this risk can be found in the Smithsonian Institution in 2007. Lawrence M. Small, the former secretary of the Smithsonian Institution, resigned under pressure after he was found to have received $1.15 million in housing allowances over a six-year period, including a $5,700 bill from a contractor to patch a roof, repair a skylight and redo walls in his house (Grimaldi, GAO Faults Smithsonian Upkeep and Security: Leaks and Vandalism Threaten Collections). This scandal created public mistrust of the institution’s administration, ultimately damaging the Smithsonian Institution brand. 

A
single event can seriously compromise a brand, and it takes a long time to rebuild confidence.

Finally, a brand can represent not merely an organization, but also the social causes it seeks to promote. If the social causes an organization promotes can be a subject of any public criticism, “the brand can become a symbol around which opponents of the cause may rally.” (Ritchie et al. 18) Ritchie, Swami, and Weinberg take the National Rifle Association, an advocate of the right to freely bear arms in the United States, as an example. In the minds of many people, the NRA name has come to be “a metaphor for firearm-related problems such as inner-city crime.” (Ritchie et al. 18)

3.4 COMMERCIALIZATION AND BRANDING IN NONPROFIT MUSEUMS

Museums have several unique qualities compared to other commercial venues. First, the missions of museums emphasize the preservation and promotion of art and education. They do not mention financial gain. “Unlike the commercial sector, which creates a product according to consumer needs, artistic concerns create a product first and then try to find the appropriate clientele.” (Colbert 13) Thus, the role of marketing in nonprofit museums should be to find an audience for their collections. Colbert describes this reality, which applies to other art-related nonprofit organizations such as theatres, orchestras, musical theatres, and dance companies as well, as “marketing the supply.” (Colbert 14)
Michael Birkin (2003) explains that branding in the nonprofit world is somewhat more complex than in the for-profit sector because people providing funds are not the primary beneficiaries of profits produced by organization. (Birkin, Non-Profit Brands: Friend or Foe?) This is one of the characteristics of the nonprofit sector as a whole. The challenge this fact identifies is that organizations may feel that they do not have time to develop a brand because they must focus on motivating clients more rapidly.

3.5 Earned Income Sources of Museums and Museum Shop

There are many ways to generate earned income for museums. These include fees, sales, and charges. In the book, Profit or Not to Profit, Anheir and Toepler (2000) categorize museum earned income sources into two categories: admission and ancillary operation. First, admission (a.k.a. user fees) is a typical source of income to most museums as well as to most nonprofit arts organizations. The difference between museums and other arts organizations is that most art museums cannot easily raise earned income by charging higher admission fees (Anheir and Toepler 234). According to the American Association of Museum’s 2006 Museum Financial Information, which provides financial snapshot of the museum field, the median cost for museum admission is $6. More than one third of museums (35 percent) have no admission charge. Of those that do charge admission, over 97 percent offer special discounts and nearly 62 percent have free admission days. Therefore, admission fees cover only a fraction of any museum’s operating expenses. The median cost of serving a visitor is $23. Museums
earn an average of only $6 per visitor during each visit through food, retail and other spending. For each $1 earned per visitor, museums must find $4 from other sources to support their operations (American Association of Museums, 2006 Museum Financial Information). The survey proves museums admission does not generate enough profit to support general operations.

Ancillary operations include activities museums have undertaken to increase commercial income. These include “museums shops, licensing arrangements with commercial firms, arrangements with travel agencies, and solicitations of corporate sponsorships.” (Anheier and Toepler 239) Also, expansion of restaurants and cafeterias, renting out of museum facilities for special events, parking operations, sales of reproductions, exhibitions books, catalogs, and postcards are examples of how museums can generate revenue.

The following discussion of commercialization trends of museums is based on To Profit or Not to Profit (Weisbrod, 2000). Weisbrod (2000) points out three indicators identifying museums that increasingly have become interested in generating income from fees, charges, and sales. The first indicator is a sudden increase in marketing related articles in museum trade journals since the mid-1980s. The second indicator is the expansion of museum shops. The third indicator is the hiring of business oriented professionals into positions of management. Among the three indicators, the second one is the most significant in terms of the museum branding issue. Furthermore, there are many other opportunities that museums manage the brand such as operating restaurants or cafes, securing comfortable rest areas in the building, and so on. However, the following discussion will focus on the museum shops that have practiced good branding.
The museum shop is now an important revenue source. Sizonenko-Leventhal (2003, 34) asserts that the evolution of the museum gift shop is good evidence of museums adopting market-oriented ideas. Revenues from gift shops and publications already accounted on average for 25.5 percent of a museum’s earned income according to a 1999 survey of 1,800 museums by the American Association of Museums.

Traditionally, museum gift shops occupied a small space in the museum building. Today, museum gift shops have become significantly visible facilities.

Today, museum gift shops are sited near museum entrances and in other prominent locations, are expanding in size, and for large museums, have a vastly expanded inventory, and significantly boosting the museum’s revenue. (Sizonenko-leventhal 33)

Some museum shops can be seen from outside the building. For example,

[The] San Francisco MoMA (Museum of Modern Art)’s design shop and café are open to the street, in either side of the museum foyer, facing Yerba Buena Garden in the city’s busy South Market district. (Brown, Commercialising Culture)

As well as on-site retail shops, museums may have off-site shops, online shopping through a website, or mail order catalog shopping. “The Art institute of Chicago started its catalog business in 1982 with five thousand copies; ten years later it mailed over two million (Trescott, 1994).” (Anheier and Toepler 239) “Museums and cultural destinations are now beginning to imitate more innovative retail strategies for reaching out to the market.” (Brown, Commercialising Culture)

Operating retail shops is associated with museum branding because museums establish their brands through museum products. Sizonenko-Leventhal (2003, 33) argues that the museum gift shop “enhanced the museum’s educational mission by providing people with opportunities to bring home a souvenir of their visit.” Museum gift shops can be shown simply as a place offering a souvenir; however, a souvenir with the
museum’s logo attached can be a reminder of the museum visited by the purchaser. Wallace (2007, 81) explains that patrons leaving with a souvenir “remember exhibits better, recall more fondly their experience, and spread the words more sincerely to friends.” Even the act of buying at museum retail shop helps establish the museum brand. Thus, merchandise itself, its packaging, signage, staff attitude, and the mystique of the retail space should be managed in a branding-strategy manner.

Another core issue of the relationship between museum shop and branding is licensing. The International Licensing Industry Merchandiser’s Association (LIMA) borrows the definition of licensing from White’s book:

Licensing is the process of leasing a legally protected (that is, trademarked or copyrighted) entity known as property which could be a name, likeness, logo, graphic, saying, signature, character or a combination of several of these elements, in conjunction with a product or a product line. (LIMA, Introduction to Licensing)

Almost every museum has unique artifacts that are suitable for licensing as replicas. By producing revenue, licensing can be a critical source of financing (Blake, Opportunities in Cause Licensing). According to the report from LIMA, the estimated revenue in 1999 of art licensing was $130 million. In the nonprofit sector, including museums, the amount was $30 million. (LIMA, Introduction to Licensing) Also, the royalty revenue generated in the United States by product licensing for nonprofits was $39 million in 2002. This number represents a very small fraction of the total $5.8 billion that changed hands for all licensing that year. (Blake, Opportunities in Cause Licensing). The market for art licensing continues to grow.

Art licensing continued its upward trend, as a growing number of retailers are finding considerable consumer demand for designs that can be carried through
several different categories, particularly in home furnishings and stationery. (Riotto, 2002: LIMA Looks Back)

Nonprofit organizations can work with the profit sectors in doing licensing business. This relationship is referred to as ”cause licensing.”. Connette Blake (2004) explains “cause licensing” as;

A sub-set of the cause-related marketing field, can be described as an agreement whereby a for-profit entity (the license) uses the equity of a nonprofit organization (the licensor) to create a link between the sales of the licensed product and the cause. (Blake, Opportunities in Cause Licensing)

In other words, “cause licensing represents consumer generated revenue, meaning that the donations to nonprofits result from a percentage of product or service sales.” (Blake, Opportunities in Cause Licensing)

Licensing is related to branding strategy. As in a traditional licensing agreement, the licensing parties seek to leverage intangible brand equity into tangible rewards such as revenue and increased awareness (Blake, Opportunities in Cause Licensing). Phoebe Campbell, Principal of Campbell Associates LLC, who has consulted with many for-profit and nonprofit organizations on conducting successful licensing initiatives, states that there are several benefits to pursuing a cause licensing program and emphasizes its relevance to branding.

Cause licensing represents consumer generated revenue, meaning that the donations to nonprofits result from a percentage of product or service sales. It also enables the nonprofit to make a strong connection with the consumer. Consumers take home a product the organization’s logo (hopefully prominently) placed on the product, adding one more layer of contact with the consumer. Some nonprofits may also enclose literature or other information inside packaging to foster a deeper relationship. (Blake, Opportunities in Cause Licensing)
Cause licensing is another opportunity for museums to have a commercial activity that is at the same time a chance to promote their brands. In many ways, managing museum gift shops plays an important role in museum branding.
CHAPTER IV
FINANCIAL ASPECT OF MUSEUM BRANDING

4.1 BRAND VALUE AND VALUATION

No one can deny the fact that brands are an important asset of a company. In a 1997 article, *Fortune* magazine asserted that “In the twenty-first century, branding ultimately will be the only unique differentiator between companies. Brand equity is now a key asset.” (Blackett 18) Furthermore, it acknowledged the importance of brands’ value in an economic sense. The intangibleness of a brand does not diminish its importance at all. Clifton (2004, 2) argues that “while the brand clearly belongs in the intangible assets of an organization, this hardly makes its economic contribution and importance any less real.” BusinessWeek, a global business media organization, and Interbrand, a large brand consultant, annually rank the best global brands. According to Interbrand and BusinessWeek, the number one global brand by value for 2007 was Coca-Cola with a brand value of $65.3 billion (Interbrand, Best Global Brands 2007). Coca-Cola Company reports its total assets as $33 billion according to their 2007 financial statement’s unaudited balance sheet (Coca-Cola Company, 2007 Financial Statement: Balance Sheet). Therefore, Coca-Cola Company’s brand value far exceeds its book
value. The example of the Coca-Cola Company is evidence of the financial importance of brands. Clifton (2004) says that the brand is the most important single asset, and goes on to say, “The brand element of that combined market value amounts of around one-third of the total which confirms the brand as the most important single corporate asset.” (Clifton 2) At this point, intangible assets are considered even more important than tangible ones. As a result, leading companies make a particular effort to create and preserve intangible assets.

Today it is possible to argue that in general the majority of businesses value is derived from intangible…. The brand is a special intangible that in many businesses is the most important asset. (Lindermann 28)

Intangible assets have become indispensable in discussions of business finance and a brand is one of the most important. This is as true in the nonprofit sector as it is in the for-profit sector. “Even non-profit organizations have started embracing the brand as a key asset for obtaining donations, sponsorships and volunteers.” (Lindermann 28)

From the late 1980s through the 1990s, people came to recognize the value of brand and its potential as an asset and its potential as an element of an effective management system. Lindermann (2004) argues that the growing recognition of the value of intangibles was derived from the increasing gap between the book values of companies (the net asset value) and their stock market valuations. He also points out that brand value drives the sharp increase in premiums over the stock market value that were paid in mergers and acquisitions. Farquhar et al. (1991) explain that in the United Kingdom, firms use the value of their brands to improve their balance sheets which ultimately makes their financial picture look better.
Other reasons for valuing brands are to deter corporate predators on the assumption that investors would otherwise undervalue the firm, to reduce debt ratio and thereby assist the firm in raising capital, and to identify the changing value of brands in the marketplace. (Farquhar, Han and Ijiri 3)

Farquhar, Han and Ijiri (1991, 3) also cite a growing tendency of U.S.A in using brand value in their decision-making processes. In this context, decision-making processes involve “allocating resources internally to existing and start-up brands, tracking the performance of brand over time, and making comparisons with competitive brands.” (Farquhar et al. 3)

Because brands are inherently intangible, there are many ways to determine brand valuation.

… Any measurement of brands is ultimately built on sand, rather than rock. However, we believe a more commercial, numerate approach to understanding brands is still possible… (Miller and Muir 207)

According to Lindermann, approaches to brand valuation are divided into two groups, “research-based approaches and financially driven approaches.” (Lindermann 34-37)

The Research-based approaches are marketing driven, using consumer research to assess and compare the performance of brands. These approaches “do not put a financial value on brands; instead, they measure consumer behavior and attitudes that have an impact on the economic performance of brands.” (Lindermann 34) These approaches involve “explaining, interpreting, and measuring consumers’ perceptions that influence purchase behaviour.” (Lindermann 35) The downside of this approach is that this kind of research does not provide a clear link between specific marketing indicators and the financial performance of the brand. Thus, this research-based approach can hardly provide a practical help for decision-makers.
Financially driven approaches focus on the financial data in a valuation process, looking at such things as “all history costs incurred or replacement costs required in bringing the brand to its current state,” (Lindermann 35) and “the difference between a branded product and unbranded equivalent product.” (Miller and Muir 220)

Both of these approaches have problems. The marketing-driven approach does not provide financial information and the financially-driven approach does not consider the marketing affect of a brand. An alternative valuation strategy has been developed by Interbrand that seems to take both; research based and financially based approaches into account. It “combines brand equity and financial measures.” (Lindermann 36)

Interbrand’s valuation is the most popular financial measure of brand’s strength. (Miller and Muir 222)

According to Interbrand’s report “Best Global brands 2007,” three core components are evaluated in order to identify the “best” brands. They are,

Financial Analysis, “forecasting current and future revenue specifically attributable to the brand”, Role of Brand Analysis, “a measure of how the brand influences customer demand at the point of purchase,” and Brand Strength Analysis, “a benchmark of the brand’s ability to secure ongoing customer demand.” (Interbrand, Best Global Brand 2007)

In the Interbrand report, some brands were not assessed. For instance, in the case of the Red Cross, Interbrand says that the prominent non-profit institution is not covered in their report because,

… it’s not possible to value the [Red Cross] brand based on an earnings model. This would be true of other global not-for-profit brands such as Greenpeace, National Geographic or Unicef. It is however possible to assess the financial value of such brand by using a different kind of model. (Interbrand, Best Global Brands 2007)
Although there are some differences between the for-profit and not-for-profit sectors regarding the method of brand valuation, the brand valuation of nonprofit organizations is still possible. For instance, there is an actual case of brand valuation for Red Cross in 2001 conducted by Young and Rubicam Advertising Agency (Y&R). “Y&R’s brand asset valuator (BAV) viewed brand strength as a function of brand vitality and brand stature.” (Quelch and Laidler-Kylander, Strengthening the Red Cross Brand) According to Young and Rubicam Brands, “BrandAsset Valuator® demonstrates how brands are built on a specific progression of four consumer perception: Differentiation, Relevance, Esteem and Knowledge.” (The Brand Asset Valuator.com, What is BAV) It is a kind of research-based approach, thus it does not put an actual financial measure on the value of brand. However, with the research-based valuation it is still possible to evaluate the brands.

4.2 OBSTACLES TO NONPROFIT ORGANIZATIONS’ UNDERTAKING BRANDING STRATEGY

Many still argue that, in reality, nonprofit organizations tend to be passive in adopting branding strategies. Ewing and Napoli (2005) reports, “In spite of potential benefits,…, brands still remain a largely underutilized strategic asset within the nonprofit sector.” (Ewing and Napoli 842) Hankinson argues that charities have so far failed to demonstrate similar levels of awareness and application of brands and branding techniques compared with the commercial sector. She cites several examples of others who have the same opinion.
Roberts-Wray (1994) claims that charities are “under-using one of their most powerful assets: their brands”; Hankinson (2000) identifies a reluctance to accept brand management responsibilities.” (Hankinson, 2001, 346)

Tan (2003) also says that

Despite the multiple benefits of a strong institutional identity, of which effective development is but one, many not-for-profit organizations shy from brand building. (Tan, Down the Core: Branding Not-for-Profits)

Although the understanding on brands and branding has improved in nonprofit organizations, it is still difficult to say that nonprofit organizations manage their brands well. Tan (2003) says that many not-for-profit organizations do not take brands into consideration in their business operation because of their “narrow understanding of brand as a marketing tool rather than as a core organizational principle.” (Tan, 2003) Since the concept of branding was generated in the profit sector, the term branding itself has a tone of commercialism. Another reason nonprofits do not make full use of branding is because they lack resources. Nissim (2004) states that “nonprofits devote little time, energy, and care to branding, and that they generally relegate this process to a lower-level functionary.” (Nissim, Unveiling the Essentials) This is because “daily responsibilities and thin resources give nonprofit executives little time for the reflection that effective brand management requires.” (Nissim, Unveiling the Essentials) Ritchie et al. (1999) point out the fact that branding is a daunting and time-consuming process.

The very real and substantial costs associated with this process raise questions about whether it is desirable – or even appropriate – for nonprofits to dedicate their limited financial and human resources to brand development. Such a question is no merely of philosophical interest: dedicating charitable funds to brand building can mean decreasing monies available for the delivery of programs and services. (Ritchie, Swanmi, and Weinberg, 3)
On the subject of branding in the museum world, Weil (2005) points out that the lack of resources is what most museums have in common.

Once a purpose has been established, however, the museums is still unable to move forward until either (a) all of the necessary resources can be identified and secured, or (b) the purpose has been scaled back to match the available resources. (Weil 36)

Evans and Bridson (2006) agree that the lack of the necessary resources, both financial and managerial, is an obstacle for museums in adopting branding. Evans and Bridson (2006) also mentioned that the organizational culture of many museums does not involve embracing change. “For many museums the focus on scholarly excellence has resulted in a strong institutional orientation that is inward looking and resistant to change.” (Evans and Bridson, Don’t Tate us!)

4.3 MISCONCEPTIONS ABOUT COSTS OF MUSEUM BRANDING

One of the common misconceptions about branding particularly in the nonprofit museum sector is that it is always costly. Sizonenko-Leventhal (2003) surveyed museum personnel asking what kind of factors prevent them from undertaking branding campaigns. Lack of funding was cited by 80 percent of respondents. She also found that there were differences between the respondents who had had previous experience with branding and those who had no branding experience. Part of those who answered that lack of funding was an obstacle to museums’ acceptance of branding reported that funding was a ‘very’ important factor to be considered before undertaking a branding
campaign (Sizonenko-Leventhal, 2003). The remaining respondents, who have experience with branding, consider funding to be “somewhat” important or an important factor. In short, museum professionals who have no experiences in branding tend to overestimate the importance of financial resources. This perception would be natural to those who see branding as a commercial activity, and those who are aware of the expensive branding cases of leading museums.

4.4 Branding Practice of Leading Museums

In the article, *The Emergence of Museum Brands*, the author, Niall G. Caldwell, analyzes two prominent museums: the Solomon R. Guggenheim Museum, New York, and the British Museum, London. He argued that these two museums shaped “two of the basic brand paradigms within the museum world (Caldwell 28).” More specifically he describes the characteristic of two museums’ brands:

The director of the Guggenheim led a museological revolution through his leveraging of the Brand (by means of franchising and extensions), and the director of the British Museum fought hard to maintain the core values (of scholarly excellence) […] (Caldwell 28)

Sizonenko-Leventhal (2003) adds that the brand of the Guggenheim Museum has been “implemented on the same scale and with the same level of success as any for-profit corporation.” (Sizonenko-Leventhal 61)

The result is that the Guggenheim museum is acknowledged as the first global museum in the world. The Guggenheim has developed its fame through its branding
strategy, which is considered, “as a means of gaining a wider audience/customer base through a program franchising.” (Caldwell 28) The New York based Guggenheim museum has branches in Italy, Germany, Spain, and Las Vegas, with plans for opening another museum in Abu Dhabi in 2012. Lisa Dennison, the director of the Guggenheim museum in New York, explains that “the Solomon R. Guggenheim Foundation has explored many ways of realizing its mission of international cultural co-operation around the world.” (Dennison 48) The establishment of museums in other countries is one of the methods that the Guggenheim Foundation used to fulfill its mission. She believes that with those museum branches, “the Guggenheim has made its commitment to internationalism its highest priority.” (Dennison 48)

Among the Guggenheim’s branches, the most successful is probably the Guggenheim Bilbao. The Guggenheim Bilbao was the single most important factor in making the Guggenheim brand known worldwide.

A spectacular multibillion-dollar building designed by Frank Gehry in Bilbao made the Guggenheim Museums there a tourist destination for millions and created name recognition of the Guggenheim globally. (Sizonenko-Leventhal 7)

Above all, the Guggenheim museum at Bilbao has been known for excellence in its architecture. Great architecture is one of “five rides” that Thomas Krens, Director of the Guggenheim Foundation, suggests are needed in order to succeed in the museum world. (Sizonenko-Leventhal 32) The other “rides” are great permanent collections, great special exhibit, eating opportunities, and shopping opportunities. (Sizonenko-Leventhal 32)

The famous inverted ziggurat on the Fifth Avenue designed by Frank Lloyd Wright became a symbol and also the identity of the Guggenheim’s New York museum.
The distinctive architecture of the Guggenheim in Bilbao is also a case in which the building itself evolves as a brand asset. In each case, the building is even more important to the brand than the collections. “Iconic architecture remains central to the Guggenheim’s strategy.” (Riding, In a Trend, Museums in Paris Branch Out)

In recent years, the Guggenheim’s branding strategy has influenced many of the museums. The Guggenheim Bilbao created such a phenomenon that it has been called “the Bilbao Effect.” Dorell (2006) defines the ‘Bilbao Effect’ as being:

… The exceptional economic benefits enjoyed by the Basque capital after the opening of an extraordinary new Guggenheim gallery by superstar architect Frank Gehry. (Dorrell, Towering Glories as Cities Join the Designer Set)

According to a report in Forbes.com in 2002, the Guggenheim Bilbao’s economic impact on the local economy was worth 168 million euros (147 million US dollars) in 2001, an increase even its 2000 impact of 149 million euros (130 million US dollars).

The report goes on to say,

A visitor survey revealed that 82% came to the city of Bilbao exclusively to see the museum or had extended their stay in the city to visit it. In addition to 8.9 million euros ($7.8 million) spent inside the museum, visitors spent much larger sums in the city on accommodations ($43 million), catering ($34 million), shopping ($13 million), transport ($9.5 million) and leisure ($6.6 million). (Forbes.com, The Bilbao Effect)

Moreover, for the benefits to the museum itself, “73% of the museum’s expenditure was self-funded. (Forbes.com, The Bilbao Effect) Guasch and Zulaika (2005, 7) say that, “Bilbao was doing for the Basques what the Sidney Opera House had done for Australia.”

The success of the Guggenheim Bilbao has encouraged other museums to consider potential renovation or expansion. Gibson explains that the primary reason for
museum expansion has traditionally been the lack of exhibition space or space for increasing visitorship. But times have changed. Givson goes on to say, “Now there’s an additional impulse driving expansion: the so-called Bilbao effect.” (Gibson, Museums Can’t Stop Expanding) He is essentially referring to the branding opportunities for museums able to invest in high profile architects and spectacular architecture. The Guggenheim Foundation itself expects another Bilbao effect with the opening of a museum planned in Abu Dhabi.

New museums and museum additions are huge investments. For instance, the Guggenheim’s new branch in Abu Dhabi is a $400 million project. (Fujii, Picture the Future: Museums Expand as Art Prices Soar) Another project under way in Abu Dhabi is a new Louvre museum—an outpost of the Louvre in Paris. The Louvre Abu Dhabi, designed by the French architect Jean Nouvel, “is expected to cost around $108 million to build.” (Riding, The Louvre’s Art: Priceless. The Louvre’s Name: Expensive) According to Fujii (2007), MoMA’s latest renovation in mid-town Manhattan cost $858 million. The Cleveland Museum of Art embarked on a $224-million expansion and renovation project in 2005 (Gibson, Museums Can’t Expanding). The Art Institute of Chicago also invested in a $198-million building extension project in 2005 (Vogel, Rebuilding? It’s Time for Rebranding).

A significant building project can be a great opportunity for a museum to develop or renew its image and brand. That is because opening a new building or a renovation space can refresh public image of the museum. For example, the Fine Arts Museum of San Francisco conducted a branding campaign in concert with its new building opening. Carolyn Macmillan, Deputy Director of Marketing and Communications at the Fine Arts
Museum of San Francisco, explained about their a branding campaign that “a new building was coming and with that a different identity, so everybody thought that it was an appropriate time to do it.” (Sizonenko-Leventhal 118)

Another example of facility driven branding is the Virginia Museum of Fine Arts, which has started a $117 million expansion program expected to be completed in the fall, 2009. (Virginia Museum of Fine Arts, Press Release: VMFA Expects Expansion to Top out in Second Quarter of 2008) At the same time, the museum has conducted its branding project with a branding expert, Arthur Cohen of LaPlaca Cohen, one of the country’s leading cultural arts marketing firm. The objective of its branding project is to “position VMFA [the Virginia Museum of Fine Arts] as an important destination before the reopening.” (Draft Minutes of the Marketing and Branding Committee of the Virginia Museum of Fine Arts, 6 March 2006) Searching internal and external perception and awareness of the museum’s expansion was an important part of their marketing study for the museum’s branding project.

The Asian Art Museum of San Francisco also undertook a branding campaign prior to the museum’s new facility opened in March 2003.

The museum administration knew that with the opening of a new building, the museum certainly would be offering a new experience, new exhibits, and world-class collections. The opening was a golden opportunity to bring a lot of attention the museum, be the talk of the town, as well as to create new impressions and enthusiasm. (Sizonenko-Leventhal 139)

Sizonenko-Leventhal analyzes this tendency:

The cross-analysis of the data regarding why museums decide to brand shows that branding usually takes place when there is a significant change in the institution, like building a new facility or the administration realizes that the institution does not really have a brand. (Sizonenko-Leventhal 149)
In her opinion, those big changes are an opportunity to assess their position in the museum market. Often their assessment identifies a need to change or correct the public perception of the institutions.

Other examples of huge profile museum branding support the general belief that the costs of branding are high. The Tate museum is an example.

The Tate, which now consists of four galleries located in London, Liverpool and St. Ives, rebranded former power station on the banks of the Thames, the new gallery was acclaimed as one of the best exhibition spaces in Europe. (Sizonenko-Leventhal 8)

According to the report of the Wall Street Journal, the Tate spent half a million pounds (about $753,000) in 1999-2000 for its branding campaign, aimed to create name awareness along with positive and reinvigorated brand name associations in people’s mind.” (Sizonenko-Leventhal 62) According to La Placa Cohen, conducting extensive market research before beginning an actual branding campaign can cost more than $100,000 (Vogel, Rebuilding? It’s Time for Rebranding). Considering that 28 percent of American Art Museum’ members are under operating budget of $100,000, this is not a negligible amount of money in the least (American Association of Museums, AAM’s annual report 2006).

These examples of the branding activated by relatively large museums contribute to the misconception that branding is necessarily a very expensive activity. Sizonenko-Leventhal (2003) argues that

Well-publicized and successful examples of branding campaigns undertaken by such high-profile museums as the Guggenheim and the Tate do not really help to correct misunderstandings of branding among museum professionals. (Sizonenko-Leventhal 7)
4.5 POSSIBILITIES OF REDUCING THE COST OF MUSEUM BRANDING

Because relatively large-scale museum branding cases have drawn the attention of the media and scholars doing marketing researches, there is a misperception that branding requires large financial commitment. Case studies introduced in the following discussion will help to correct the misperception.

Sinzonenko-Leventhal (2003) insists that

In contrast to high-cost advertising and marketing campaigns, which certainly exist, branding can be a low-cost mean for promoting and communicating a museum’s identity and mission. (Sizonenko-Leventhal 13)

Sinzonenko-Leventhal conducted three case studies to provide answers to questions including: “What is branding, why do museums undertake branding, what strategies and approaches do museums use, and what can be learned from their experiences with branding?” (Sizonenko-Leventhal 114) The three museums studied are the Fine Arts Museums of San Francisco, the University of California Berkeley Art Museum and Pacific Film Archive, and the Asian Art Museum in San Francisco. Sizoneko-Leventhal (2003) presents each case with a brief organizational history, reasons for undertaking branding campaigns, the process of branding projects, and the results and evaluation of each case. The conclusion of her research is that the brand development and implementation can be accomplished with relatively small budgets. (Sizoneko-Leventhal 155) For instance, the Asian Art Museum in San Francisco spent about
$500,000 for its branding campaign, not including staff salaries. (Sizonenko-Leventhal 142) The University of California Berkeley Art Museum and Pacific Film Archive indicated no additional money was allocated for brand development and implementation. (Sizonenko-Leventhal 155) In the case of the Fine Arts Museums of San Francisco, the expense of its branding campaign is not presented. In every case, “the data indicates a positive impact of branding on institutions.” (Sizonenko-Leventhal 147) In spite of the different amounts of money that the museums spent on this initiative, all reported that their branding project was successful in clarifying their identities, and in causing their institutions to reevaluate visions and values. The critical factor that makes a successful brand is not how much money an institution spends on a branding project, but how well the institution finds and communicates a single message to its customers. Harry Parker, the Director of the Fine Arts Museums of San Francisco notes that “it is important to discover and describe the shared values of one’s organizations.” (Sizonenko-Leventhal 126) For a better understanding of the value of the branding process, the case of the University of California Berkeley Art Museum and Pacific Film Archives provides a useful model.

Although it is a common practice for large museums to procure famous branding consultants, the University of California Berkeley Art Museum and Pacific Film Archive accomplished its branding campaign with in-house staff led by the Audience Development Committee and a pro-bono branding expert, who was a friend of a board member. The first task of the branding project team was to update the mission statement. Marine Burke de Guzman, the museum’s new Audience Development Director, developed a strategic marketing and audience development plan and Audience...
Development Committee held “a series of staff meetings throughout the year to provide input into the mission and brand development.” (Sizonenko-Leventhal 128) They also used a contest to come up with a new logo design and a tag line. Every decision was made to simplify and focus the image of the museum so that the public perception of the institution matched its mission. In order to implement the branding plan, a new visitor service department was created. This department interfaces with the community making use of “the work on the brand essence, mission, design of major publications, and essential changes in visitor experience.” (Sizonenko-Leventhal 129) These effects have resulted in increased general attendance and a membership increase of more than 30 percent. The rate of renewed memberships also increased by 78 percent. (Sizonenko-Leventhal 131) The University of California Berkeley Art Museum and Pacific Film Archive has with relatively little financial outlay, created a far more effective marketing plan and implementation strategy.
Brands play multiple and critical roles for nonprofit museums. A strong brand is essential for fundraising and further implementing museum missions. Building trust with customers and donors helps museums succeed in an insecure and rapidly changing environment. Many museums have accepted the concept of brands into their management and actually carry out branding campaigns. However, misconceptions of brands and branding still exist, even among nonprofit leaders and managers. Also, there is no consistent understanding of brands and branding. These misconceptions can be barriers to museums efficiently undertaking branding strategies. Especially daunting is the perception of branding as an expensive practice—a very sensitive matter for nonprofit organizations. It is essential that museum managers correctly understand the financial concepts of brands and branding. Knowing the value of the brand asset can ensure that it is measured, protected, and leveraged to meet the missions of the organization successfully. Museum managers and leaders are uniquely responsible for strengthening their brand assets and for successfully positioning their organizations for the future. Case studies demonstrate the possibilities of museum branding at low cost; a fact that should
motivate many small museums that can not expend millions upon branding campaigns to consider a branding project more positively.

It is desirable for museums to exchange information regarding branding campaigns and to study vigorously various cases of museum branding. Since brands are related to each institution’s core value each case is unique, but the process is similar in every case. It is not money, but the serious and sensible consideration for each institution’s values that leads to a successful brand. It would be in the best interest of each institution to engage in a branding campaign.
BIBLIOGRAPHY


<http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=6266>

< http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=5277>


< http://www.onphilanthropy.com/site/News2?page=NewsArticle&id=6154>

Bloch, Milton J. “Mission as Measure: Second Thoughts.”
American Association of Museums, Museum News. 84.3 (May/June 2005): 37-41, 78-79.

Center For Nonprofit Excellence. TP-500

29 September 2007
<www.locum-destination.com/pdf/LDR1Commercialising_culture.pdf>

Caldwell, Niall G. "The Emergence of Museum Brands."

Chevron, Jacques. “Distinction Between Traditional Marketing and the Branding.”
<http://jrcanda.com/art_mtgbrd.html>


<http://www.marketingpower.com/mg-dictionary.php?SearchFor=marketing+mix&Searched=1>

Dorrell, Ed. “Towering Glories as Cities Join the Designer Set.” *Telegraph*
11 September 2006, 19 August 2007

*Draft Minutes of the Marketing and Branding Committee.*
The Virginia Museum of Fine Arts. 6 March 2006, 14 August 2007,
<www.vmfa.museum/MrktgBrndg8-27-07m.pdf>

<https://www.alumni.mbs.edu/index.cfm?objectid=8F422CB2-D60E-CDDDB-8F715A08614DDC8E>


Introduction to Licensing. LIMA-International Licensing Industry Merchandisers’ Association. 22 July 2007 <http://www.licensing.org/intro/types.cfm>


“Shetland Museum and Archives: Case Study.” SUMO Museum Branding. 29 September 2007 <http://www.museumbranding.co.uk/shetland.html>


Wallace, Margot A. Email: Re: My Thesis. 4 February 2006


55
What is BAV. The Brand Asset Valuator.com, 27 September 2007