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Brand Orientation and Retail Strategy within the Australian Museum Sector

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Abstract
The Australian museum sector reached 1,329 museum locations in June 2004, with income of $919.4m. While most museum income was derived from government funding, 9.7% came from fundraising, 6.1% from admissions and 5.4% from sales of goods (Australian Bureau of Statistics 2005). This sector faces increasing competition from new venues and leisure attractions for a visitor base that has less and less free time (Burton and Scott 2003). Academic and commercial researchers have identified this as a critical issue and sought to identify ways in which the museum sector can enhance its competitiveness. This paper proposes that a museum’s brand orientation and retail strategy may be important contributors to both financial and strategic performance.

Introduction
The majority of research in the museum sector has focused primarily on consumer behaviour issues in terms of customer satisfaction, the visitor experience (Harrison and Robin 2004) and determinants of attendance (Burton and Scott 2003). In contrast, with the exception of Soutar and Close (1997) and Rentschler (2002) research from an organizational perspective and, more specifically, marketing has received lesser attention. Within the marketing domain the brand’s importance as both an asset generating resource and a business orientation that provides a compass for organizational decision-making has been firmly established. Keller (2000) asserts that “the rewards of having a strong brand are clear” (p.3). Adopting a brand orientation ensures that a museum develops a brand that has a distinctive identity and symbolic personality. The museum brand transcends the logo to encompass every brand touch-point the visitor experiences, ranging from the exhibition space to the merchandise and the retail environment. The retail arm of a museum should not be underestimated in terms of its ability to communicate the brand’s image. It is through this medium that the museum can reinforce its distinctiveness, as visitors are able to purchase a tangible representation of the brand. This relationship between the museum’s brand and its retail strategy is exemplified by the Metropolitan Museum of Art’s ability to establish a separate and international retail operation. Thus, the research question to be addressed in this exploratory study is: What constitutes brand orientation within the museum sector and the extent to which brand orientation influences retail strategy and organisational performance?

Conceptual Framework
It is proposed that the development of a strong brand orientation will influence both the development of a retail strategy and the overall performance of the museum. In order to investigate these relationships the study has adopted a Resource-Based View of organisational capabilities, strategy and performance (Day and Wensley 1988).

Brand Orientation. Brand orientation is defined as the degree to which the organization values brands and its practices are oriented towards building brand capabilities (Bridson...
and Evans 2004). Existing literature suggests that organizations need to develop four critical capabilities based on the distinctive roles that brands play: (1) distinctive, (2) functional, (3) value adding, and (4) symbolic (Bridson and Evans 2004). This study will conceptualise brand orientation capabilities based on the four aforementioned roles that brand’s play. One important indicator of how highly a firm or institution values its brand is the development of distinctive capabilities. A brand oriented museum recognizes the brand as a distinct asset, beyond the value of the collection it represents. The brand is an identifiable logo, symbol or word that differentiates the institution from competitors and, therefore, acts as a decision-making heuristic for consumers. A brand oriented institution must also utilize their brand as a means of satisfying consumers’ basic needs. This capability is termed functional and relates to the degree to which the brand communicates to consumers that the museum, product or store will provide superior utilitarian benefits. Value adding capabilities refer to the critical beliefs and practices the institution employs to augment the rudimentary functional benefits communicated by the brand. A brand oriented institution does not simply add service and quality features to their products and stores as a reaction to competitor tactics. These activities are viewed as an investment in the long-term future of the brand and are directed by a desire to communicate a superior brand image. While consumers purchase goods and services to satisfy their utilitarian needs and demonstrate a preference for brands that provide superior intangible benefits, they are also driven by a desire for self expression. Museums must determine how their brand will be used to reflect the consumer’s current view of themselves and the manner in which it can enhance their aspirational self identity. In this way symbolic capabilities establish the brand as a distinctive cultural icon.

A museum must perform well on all four capabilities to be deemed highly brand oriented. The pursuit of distinctive and functional capabilities may achieve brand awareness for the museum. The brand will have a strong presence in consumers’ memories, which is used to simplify purchase decisions. It is only through the inclusion of value adding and symbolic capabilities, however, that the museum brand is elevated to a leadership position in consumers’ hearts. These are expected to significantly and positively impact the development of a competitive retail strategy and superior performance outcomes.

Retail Strategy. Museums ranging from the National Gallery of Victoria to the Australian War Memorial and the Powerhouse Museum have developed unique retail environments as an extension of the exhibition space. In the context of this study we conceptualise retail strategy in line with existing literature (Walters and Knee 1989). The retail offer has been fine tuned since the 1970’s to encompass four theoretical areas: merchandise, trading format, customer communication and customer service. We propose that investment in the branding of merchandise and the creation of an inviting and engaging retail environment is guided by the institution’s brand orientation and is motivated by a desire to communicate the brand. We further propose that the synergy between the Museum’s brand orientation and retail strategy is a critical driver of superior organisational performance.

Organisational Performance. This study considers performance in terms of three dependent constructs: marketing effectiveness, financial performance and strategic
performance. Marketing effectiveness relates the institution's achievement of customer satisfaction and image objectives. Financial performance focuses on objectives indicators and includes sales, return on assets, return on investment and return on sales. Finally, strategic performance refers to the achievement of the organization's overall objectives and satisfaction with overall performance.

It is proposed that a strong brand orientation and a competitive retail strategy will enhance the performance of a Museum in multiple ways. For instance, Hankinson's (2002) study of charity brand managers' degree of brand orientation found that brand orientation was associated with different levels of voluntary income. This confirms the claim that branding can have a positive impact on revenue generation. By its very nature brand orientation focuses the organisation's attention on being unique and distinctive in order to insulate the institution from competitors. Urde (1999) makes a case that when customers perceive the brand to be valuable and unique it becomes resistant to competitor imitation. This insulation may enable the institution to realise superior performance through the ability to command a price premium. Moreover, a brand oriented retail strategy may enhance financial performance through increased revenue, but may also contribute to strategic and marketing objectives in terms of brand awareness and customer satisfaction.

Methodology
The research design for this study adopts an exploratory approach. Due to the lack of previous research into museum branding there is limited extant literature regarding clarification of the key construct. In-depth interviews provide the perfect forum within which to investigate the complexities of brand orientation and its dimensions. Currently, interviews are being conducted within 6 museums (National Gallery of Australia, Canberra; Australian War Memorial, Canberra; Powerhouse Museum, Sydney; Art Gallery of NSW, Sydney; Museum Victoria, Melbourne; and National Gallery of Victoria, Melbourne). The primary motivation for this is to ensure that interviews are conducted with a cross-section of organisations in terms of both size, nature of their exhibition (i.e. science, art, history) and their retail presence. The scope of the study is limited to the brand of the institution and the retail experience will be limited to the totality of the onsite retail offer.

Conclusion
This study seeks to make a number of contributions to both the museum sector and the broader area of branding research. First, this proposed research extends previous studies by considering branding as an orientation. While the measures for brand orientation have been recently established in retail (Bridson and Evans 2004) and the charity sector (Ewing and Napoli 2005; Hankinson 2002), they require adaptation to the museum sector for any future empirical work to be undertaken. Thus, an important contribution of this study is the development of a comprehensive measure of brand orientation and the four brand capabilities, within the context of museums. From a practical perspective such measures can be used by museum management to evaluate their brand capabilities in order to identify areas of weakness requiring future attention and investment and to benchmark their own performance relative to competitors. Second, this research will
examine the relationship between the museum's brand orientation and subsequent retail strategies. Given the potential source of income that could be generated through retail operations to major museums this study would provide initial evidence whether such strategies enhance the brand and improve performance. From a theoretical perspective, such an investigation would provide preliminary validation of the conceptual relationship proposed and highlight an area for future empirical work. Finally, despite the investment that museums are making via branding and retail strategy there remains a lack of evidence whether their performance improves as a result of such investment. The third contribution of this study is that it would provide preliminary examination of whether museums' brand orientation and retail strategies assist in explaining variations in their performance.

References
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