

## Reconceptualizing Product Differentiation for Arts Organizations

The following essay unpacks the concepts of implementing a product differentiation marketing strategy for a small unincorporated arts organization. This essay looks specifically at Cloud.Break, a small unincorporated arts organization located in Portland, Oregon, founded in 2010, and how a differentiation marketing strategy could best be implemented to (1) garner a larger client roster, and, (2) secure grants. The specific lexicon terms that will be utilized to analyze a differentiation strategy include: “message,” “differentiation,” “value,” “consumer/audience,” “identity,” “strategy learning,” “environment,” and “experience.” Drawing inspiration from current research, a five part differentiation marketing strategy has been created to (1) identify competition, (2) develop a strong brand identity, (3) make the intangible real, (4) demonstrate a variety of value, and, (5) to *stand-out* while *fitting-in*.

The goal of product differentiation is to produce a product that can be distinguished as different, and more attractive, from a competitor’s product; usually, the method of differentiation attempts to appeal to a specific target market. According to Randal Holcombe in his 2009 article “Product Differentiation and Economic Progress,” “by improving product quality and bringing new products to market, product differentiation is the engine of economic progress” (Holcombe, 2009, p. 17). Holcombe is asserting that when companies compete against each other and vie for innovative methods to improve value and variety, economic wheels are in motion and the result is “progress.” While this neoclassical understanding of product differentiation is useful to create a conceptual framework for understanding differentiation, it does not adequately serve the modern usefulness of differentiation as an applied marketing strategy for an arts organization. Unlike products—which are, generally, static—organizations are living organism that often produce experiences as often as they produce products.

Cloud.Break produces not only products, but also experiences, which are often intertwined. Cloud.Break installs interactive sculptures which are art objects that require audience participation to complete; the objects facilitate an experience, and it is the interactivity that completes the product. Similarly, Cloud.Break organizes and simultaneously houses arts programming: the Cloud.Break domes create studio and workshops space, and the Cloud.Break

administrators and teachers lead the programming. Cloud.Break is a specialized organization in that it is a self-contained, travelling, transformable, interactive art experience and programming platform. The first goal of the Cloud.Break differentiation marketing strategy is to identify competitors.

Identifying competitors is an essential first step for any differentiation focused marketing strategy because to stand out, the crowd must be identified. Cloud.Break's competitors fall into two distinct categories: (1) other independent arts programming organizations hoping to secure contracts with events and event producers, and, (2) other organizations and artists hoping to secure funding from the Black Rock Arts Fund. The first category of competitors is substantially smaller than the second: on the west coast, there are few arts organizations that offer the same experience that Cloud.Break creates, there are individual artists that live paint and exhibit at events, but few work in domes, and few create interactive art installations accompanied by programming.

Cloud.Break has identified Nomadic Events as a competitor: their mission is "We love music, art, design, and performance. As a collective we strive to bring these elements together to create spaces that offer unique and beautiful atmospheres." ([nomadicevents.com/](http://nomadicevents.com/)) As an arts organization they offer sound, music, digital projections, performance, fashion shows, and archival photography and video packages. There is overlap in what Cloud.Break and Nomadic Events offer but the difference is inherently in participation: Nomadic Events is focused on stage design and performance, while Cloud.Break is focused on interactive art installations, curatorial arts, art programming, community gathering, and live painting. Furthermore, Cloud.Break works in geodesic domes while Nomadic Events works on stages provided by events. However, Nomadic Events and Cloud.Break will approach similar events to secure clients and contracts. Identifying competitors is akin to identifying audience, Nomadic Events and Cloud.Break appeal to the same audience.

When unpacking competition for the Black Rock Arts Fund Grant it is harder to concretely identify competitors; however, since the grant is only awarded to interactive sculptural installations and arts programming ventures, there can be an assumed similarity between applicants. It is necessary for Cloud.Break to position itself as a unique and innovative interactive art programming option that will benefit from, and grow if, awarded the BRAF grant.

Presenting a logical application —demonstrating thoughtful consideration of budget, mission, goals, evaluation, audience, and scope— are all aspects of demonstrating organizational uniqueness. One method to succinctly impart a strong and unique identity is to develop an effective brand, which Cloud.Break and Nomadic Events have accomplished.

There is a distinct difference between a brand and a product; a successful arts organization will offer a variety of products aligned under a strong, and simple, brand. A brand demonstrates identity, culture, community, and history; a brand makes the intangible experience a marketable product; therefore, while a product and a brand are different beasts, they must work together in support of each other for a successful marketing campaign. The Cloud.Break brand can be encapsulated in a single phrase, comprised of two words: “Curating Sanctuary.” In combination with the Cloud.Break logo, “Curating Sanctuary” is the tagline of the Cloud.Break brand. Unpacking these two words reveals that the mission of Cloud.Break is to create art spaces where people feel safe: this is the identity, culture, community, and history of Cloud.Break. As Eric Anctil describes in his article “Marketing and Advertising the Intangible,” “brands have power,” (35) “a brand is a ‘name, symbol, design, or mark that enhances the value of a product beyond its functional value’” (Anctil, 2008, p. 36). He further asserts that brands can convey the “whole institutional message over time and across themes” (Anctil, 2008, p. 38). The power of a brand lies not only in the loyalty generated by the brand community, but also in the perceived future success of the organization.

A strong brand is a method of creating differentiation because of the message contained in the symbolism. Anctil illustrates that a brand can create a “halo effect” by generating a positive view of a product, or an organization, by diminishing negative attributes because of the loyalty established by the brand community (Anctil, 2008, p. 33). The “halo effect” is one manner a strong brand can demarcate inherent value: recognizable brands are associated with value, hence the term *name brand*. Cloud.Break has created and launched a succinct and recognizable brand and logo; Anctil addresses two methods commonly used to deploy brands: “repetition,” and “affective conditioning” (Anctil, 2008, p. 43). Repetition is simply using the same brand and logo as often as possible; and, affective conditioning is affiliating the brand and logo with positive imagery: Anctil asserts that both methods are effective. Cloud.Break works within a specific target community and audience, hence it is affiliated with these constituents,

repetition comes from using the brand and logo on promotional material; and, affective conditioning is achieved by working with a community for many years.

A strong brand creates a unifying symbol that creates a unified community, tied to a history, and a message: a strong brand helps in making the tangible real. Arts organizations are not necessarily offering a specific product, but are offering an experience: visiting a museum, enjoying a play, or dancing to music. It is a difficult task to differentiate the value of intangible memories because the value is in the experience. Anctil encourages a thorough examination and implementation of a strong brand to help facilitate grounding the intangible, “the key is articulating producer differences and characteristics and making them tangible and real in consumers’ minds” (Anctil, 2008, p. 32). Cloud.Break offers an interactive art experience that also manifests as a platform for art workshops and programming; this “product” is not specifically an object that can be purchased. However, the memories, stories, and conversations, are the shared experiences that encapsulate the Cloud.Break brand. An avenue of differentiation that Cloud.Break embraces is in demonstrating this intangible product using promotional material, testimonials, and a web presence. Cloud.Break demonstrates that it is precisely the unique intangible experience that is offered through interactive art worlds and art programming that differentiates it from other arts organizations: curating sanctuary is not the *modus operandi* of competitors, but that is the intrinsic value of the Cloud.Break experience.

In a traditional mass market perspective value, in relation to product differentiation, is often accentuated in one of two modalities: (1) the differentiation lies in the number of variations of products available, or, (2) the differentiation lies in the higher value of what options already exist. This model is a quantity versus quality perspective, for Cloud.Break, a combined approach is best suited to distinguish differentiation from other arts organizations. Cloud.Break offers not only a gallery experience, but also a studio experience; the installations are art objects that can be appreciated from afar, and they can also be interacted with, or, appreciated through interaction.

Cloud.Break embraces audience, and volunteer, feedback, this dialogue assists in the creation of organizational value. In the article “Competitive Strategy in Socially Entrepreneurial Nonprofit Organizations: Innovation and Differentiation,” Jay Weerawardena and Gillian Sullivan Mort unpack three methods of learning that describe the evaluative feedback Cloud.Break embraces in responding to audience suggestions, and increasing organizational

value. Weerawardena et al. identifies *market focused learning*, *internal focused learning*, and *relational leaning* as three learning strategies. *Market focused learning* applies a “great emphasis on monitoring client satisfaction for continuous service improvement,” which encourages differentiation through innovation in response to audience and competitors (Weerawardena et al., 2012, p. 96). Last year, Cloud.Break audiences identified two specific improvements: implementing a tea service, and, providing calming music; therefor, this year, Cloud.Break will be providing a late night tea service to facilitate community bonding, and has sourced a small sound system to incorporate calming music.

Weerawardena et al. describes *internal focused learning* as a “focus on experimental and experiential learning. [Where] new methods, new routines, adaptations, and incremental learning all provide opportunities to test ideas and learn from their implementation” (Weerawardena et al., 2012, p. 96). Cloud.Break is consistently looking for new methods of innovation by encouraging artist collaboration, challenging artist vision, and creating opportunities for interactivity. During the first years of exhibition, the Cloud.Break gallery space embraced a more traditional model where artists exhibited their original works; however, starting in 2012, Cloud.Break decided to depart from this model of installation and, instead, established a narrative and then invited artists to work in teams to create an original piece that would embody the theme. The 2013 Cloud.Break exhibition brought together sixteen artists, broken into seven teams, and each team took on the task of illustrating their original narrative of one of the seven Chakras. The seven pieces, en masse, told the entire story of the yogic philosophy of the energy systems of the body, and, singularly, each piece portrayed a unique perspective that was birthed from the work of at least two contributing artists. This represented an embrace of collaborative creative process, and many pieces contributing to a whole; the resulting gallery aesthetic was a cohesive and unique narrative that embodied collaboration, spirituality, community, and the concept of sanctuary.

*Relational learning*, according to Weerawardena et al. is “learning...[that] arises outside the organization from the linkages and networks with other organizations” (Weerawardena et al., 2012, p. 97). Cloud.Break’s interactive sculpture installations are inspired by the work of other artists and organizations. This year, Cloud.Break will be offering a *Pop-Up Museum*, which was inspired by the work of Nina Simon of the Santa Cruz Museum of Art and History

(popupmuseum.org/). Nina Simon provides an open-source pdf guideline on how to create a pop-up museum, and this document has helped lead the creation of the *Cloud.Break Pop-Up Museum*. The pop-up museum is also an example of market focused learning because, in the past, audience members have wished to contribute to installations but did not have an avenue to do so, this installation not only encourages audience participation, but also necessitates thoughtful audience engagement. The *Vitamin Spill* replenishable sculpture was inspired by the work of sculptor Felix Gonzales-Torres, and the interactive didactic sculpture “*My Best Self is \_\_\_\_*” was inspired by the work of Candy Chang ([www.variablemedia.net/e/case\\_gonza\\_publi.html](http://www.variablemedia.net/e/case_gonza_publi.html)) and ([candychang.com/before-i-die-in-nola/](http://candychang.com/before-i-die-in-nola/)).

Another key aspect to be explored is the concept of fitting-in while standing-out. Essentially, this concept asks: how can an arts organization be unique, innovate, and different, while not being shocking, controversial, nor abrasive? Marie-Agnès Parmentier, Eileen Fischer, A. Rebecca Reuber, in “Positioning Person Brands in Established Organizational Fields,” explore this concept in relation to fashion models, who have to fit an established, and marketable, aesthetic paradigm, while demonstrating uniqueness and singular attractiveness. This concept, *standing-out while fitting-in*, is a particularly useful concept for arts organizations to explore. As Parmentier et al., explains this marketing paradigm positions an individual, or organization to “simultaneously... *stand out* (by accumulating greater field-specific capital than competitors) and to *fit in* (by becoming demonstrably habituated to the expectations held by other members of the field in terms of occupation-specific behaviors and field-spanning values)” (Parmentier et al., 2012, p. 383). It is important to offer something individual and special, without alienating the consumer/audience. Cloud.Break embraces this concept by positioning its history, community, and identity behind a strong brand and tagline, and by offering a unique holistic art experience that encourage ideas familiar to its audience.

Creating a successful marketing campaign that effectively utilizes product differentiation is dependent upon being able to identify the preferences and expectations of your target audience while being unique. Product differentiation is about walking the fine line of producing a product, or brand, or experience, which is novel, innovative, and exciting, without being controversial, disturbing, or strange. For example, Cloud.Break offers art workshops to accompany our interactive sculptural experiences: we offer a Do-It-Yourself costuming workshop, but, not a

fetal pig dissection; we offer Introduction to Reiki and Vinyasa Yoga classes, but, not a Catholic Mass. Potentially, for the right audience a fetal pig dissection and/or a Catholic Mass might be the arts programming that could be incorporated into a successful differentiation marketing strategy; however, our current audience would consider these offerings to be controversial, disturbing, and alienating.

Cloud.Break embraces a variety of avenues to *stand-out* while *fitting-in*, particularly, Cloud.Break utilizes geodesic domes which are unique transformable spaces that are aesthetically innovative. Furthermore, Cloud.Break focuses on interactivity and collaboration as key curatorial factors in designing and creating art objects. Lastly, Cloud.Break offers a variety of arts programming and energy workshops to compliment the interactive art world. The Cloud.Break experience pulls together many objects, incorporates many people, and encourages innovative experience, which demonstrates that Cloud.Break is a valuable investment for event producers, there are few other organizations that weave together so many unique concepts.

A method of empowering future clients, that Cloud.Break is exploring, is the creation of an interactive on-line menu, which also demonstrates differentiation. Each piece of the Cloud.Break puzzle is a stand-alone item, and customers will be able to choose precisely how they want to invest their budget. The creation of the on-line interactive menu demonstrates two key aspects of the Cloud.Break brand: first, it demonstrates dialogue and interactivity, which is at the heart of the Cloud.Break mission, and, second, it demarcates differentiation because no other arts organization like Cloud.Break offers this platform. For example, if a community center wants to incorporate interactive sculptures into an event, but they do not have space, or need, for a dome, then that detail can be identified via the on-line menu. If an event wants just art workshops, in a dome, for a day, then those details can be identified via the on-line menu as well. Each item will be assigned a cost, so producers can quickly identify the overall cost of incorporating Cloud.Break into their event budget, which will further empower them as a client. Other in-put fields include travel costs, power requirements, and material fees. This on-line interactive menu demonstrates the innovative and collaborative ethos of Cloud.Break. Weerwadena et al. encourages non-profit organizations to find success “not necessarily [by] pursuing the path... use[d] [by] for-profit market-based models... [but to] actively pursu[e]... innovation,... [to] fulfill... the true purpose of social entrepreneurship” (Weerwadena et al., 2012,

p. 99). Projecting a strong brand, supported by unique audience experiences, engendered by organizational value, assist Cloud.Break in *standing-out* while *fitting-in*.

In Holcombe's neo-classical perspective on market progress as fueled by product differentiation, there initially appears to not be a space for arts organizations, since, traditionally, they do not produce a tangible marketable product; however, reinterpreting the theoretical framework, where innovation and growth are encouraged, a differentiation marketing strategy is shown to be a valuable tool. In particular, a strong brand is incredibly valuable because it symbolizes an intangible experience tied to a community; it is not simply a shape, but a symbol that aligns with a history and a message. A strong brand leads an organization to be able to make the intangible real and an inherent value identifiable. Producing a product that at once *fits-in* and *stands-out* is a unique undertaking that may be more easily achieved when designing and styling a consumable object, but is of no less a valuable undertaking for an arts organization. Arguably, because of the difficulty, it is of upmost importance that arts organizations attempt to *stand-out* while *fitting-in* because their value is intrinsically tied to intangible experiences. Cloud.Break embraces this marketing strategy to differentiate itself from its competitors, to stand-out as an innovative arts organization that embraces interactivity and collaboration, while curating sanctuary and enabling participants to manifest valuable and unique memories.



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