

Corporate Sponsorship in Culture – A Case of Partnership in Relationship Building and Collaborative Marketing by a Global Financial Institution and a Major Art Museum

Ragnar Lund
Stephen A. Greyser

Working Paper 16-041



Corporate Sponsorship in Culture – A Case of Partnership in Relationship Building and Collaborative Marketing by a Global Financial Institution and a Major Art Museum

Ragnar Lund

Royal Institute of Technology (CEFIN), Sweden
Stockholm University School of Business

Stephen A. Greyser

Harvard Business School

Working Paper 16-041

Copyright © 2015 by Ragnar Lund and Stephen A. Greyser

Working papers are in draft form. This working paper is distributed for purposes of comment and discussion only. It may not be reproduced without permission of the copyright holder. Copies of working papers are available from the author.

Authors:

**Ragnar Lund, KTH – Royal Institute of Technology (CEFIN), Sweden /
Stockholm University School of Business
Stephen A. Greyser, Harvard Business School**

Title:

Corporate sponsorship in culture – a case of partnership in relationship building and collaborative marketing by a global financial institution and a major art museum

ABSTRACT**Purpose**

This paper examines cultural sponsorship from a partnership and relationship marketing perspective. It studies a case of how a partnership between two international institutions, a bank and a museum, adds value to both in terms of interaction with customers and breadth of audiences. The paper further points to key aspects of resource integration in a co-marketing partnership.

Design / methodology

The data were generated through an in-depth case study of a sponsorship collaboration between a major global financial institution (UBS) and a multi-site major museum (Guggenheim). The primary sources of data were interviews with key representatives over a 12-month period and direct observations.

Findings

The study explores the role of the sponsorship for both partners. For the bank, the partnership with a major art institution gives access to cultural, symbolic, and social resources, which can add value to and differentiate wealth management services. From the perspective of the bank, the partnership serves to strengthen relationships with key clients by establishing cultural bonds and demonstrating shared values. It also serves to stimulate interaction among clients with a shared interest in arts, and creates opportunities for communication in informal settings. From the perspective of the museum, the partnership supports its international expansion in terms of audiences and acquisitions of art from regions of the world previously underrepresented in its collection. The partnership also helps to expand the network of museum partners and potential donors. A critical element is resource integration between the sponsorship partners. We identify and discuss key determinants of successful resource integration in terms of complementary resource mobilization and internal integration. The paper employs a relationship marketing and service management approach for evaluating corporate sponsorship arrangements.

Originality and value

The study makes a contribution to the sponsorship literature by evaluating how a cultural engagement can be linked to a relationship marketing strategy. It also presents insights from service marketing for the wealth management sector. It further contributes to the understanding of co-marketing partnerships between commercial organizations and non-profit arts organizations.

Key words: Sponsorship, Co-marketing, Partnerships, International marketing, Arts marketing, Relationship marketing, Financial institutions, Museums.

Acknowledgements

We would like to thank Svenska Handelsbanken, Jan Wallander's Foundation for Research for financial support. Also we would like to thank the research participants, (especially from the Guggenheim and UBS) who gave their time to assist the research project.

The authors received no financial support from either organization.

Background and introduction

Marketing theory suggests that organizations rely on collaborative exchange relationships with specialized actors in their surrounding network (Gummesson, 2002, Achrol and Kotler, 2012). Creating and maintaining customer engagement and changing brand perceptions can be difficult to do single-handed in some situations, and many companies engage in co-marketing strategies to access resources and to build relationships in specific markets in a more flexible way. Co-marketing via sponsorship is one such way. This study evaluates a case of arts sponsorship as a co-marketing strategy and examines how arts sponsorship can add value to a global financial institution in its relationships with customers. Specifically it presents insights from a long-term collaboration between the Swiss bank UBS and the Guggenheim Foundation (the so called Guggenheim UBS MAP Global Art Initiative, here also referred to as the MAP project). This arts sponsorship project is part of an international strategy of both organizations and was designed to support art, artists, and museum curators from different regions of the world, namely South and Southeast Asia, Latin America, the Middle East and North Africa. From a sponsorship perspective the case provides insights into the mechanisms and practices of value co-creation in cultural partnerships.

This article also examines the relationship between business and art in the context of an international marketing strategy of a company in the wealth management sector. It analyzes how a partnership with an arts institution can add value to a bank in its interaction with customers. The study asks why and how a company in the financial services sector includes an art project in its business strategy. It studies how arts sponsorship is used as a value-adding component in service development and how it is used to differentiate wealth management services. The paper thus has a dual purpose of examining the partnership between an arts institution and a commercial company, and the relationship between the partners and their audiences.

Wealth management services and arts sponsorship

Wealth management services represent a case of high-involvement long-term relationships between the provider and its clients. New clients are mainly acquired through customer referral and

recommendations from existing clients and their personal network. The study evaluates how art-related events and the collaboration with an arts institution can support the bank in establishing new client relationships and in strengthening its existing network. This study examines whether and in what ways value can be created through cultural, symbolic and social resources in addition to core functional resources associated with high quality investment advice in wealth management services. For this purpose our study offers an in-depth case of how a company (in this instance UBS) develops and accumulates such resources in international markets through partnership with a major arts institution (Guggenheim).

With the recent banking crisis and widespread distrust among the general public towards the banking industry, many banks are supporting culture and art as part of demonstrating their corporate citizenship. This is especially true in those regions of the world targeted by the MAP project, where there is an increasing awareness and interest in the cultural identity and heritage of these regions. For UBS, a leading provider of wealth management services, sponsorship of arts and culture is considered an important part of its marketing activities. More specifically, based on its internal research, supported by external sources, it is considered important in building and strengthening its customer relationships and networks in the category of high net worth individuals (HNWI) in international markets. Industry research reports show that wealth management clients list art as one of their top personal interests, and many of them also invest in art and build their own collections (Wealth-X, 2013). Among so-called “ultra high net worth individuals” (UHNWI, with assets over 50 million USD) art is also increasingly seen as an asset class and there are many art collectors within this group of clients. In the USA this group invests on average 16% of their total assets in art (Wealth-X, 2013). In addition to supporting art activities and

inviting clients to art-related events, many banks also provide specialized services to their key clients in art advice, representation in buying and selling, and other advisory services linked to their client's art collections. The bank sector has also been identified as the most active category of sponsors in art and culture (IEG, 2013).

Context of cultural sponsorship and co-marketing partnerships

Sponsorship investments have almost doubled worldwide over the past decade and arts sponsorship in particular has experienced a growth in recent years (IEG, 2014). It has become increasingly important both as a marketing tool for companies and as a source of funding for culture and arts. Even though sponsorship in arts has been increasing, the arts sector represents a minor share of total sponsorship spending -- 5% compared to 69% in sports (IEG, 2014). As noted, the financial services sector is the most active sponsor of arts and culture. A survey showed that banks are 18.1 times more likely to sponsor the arts than the average of all sponsor categories (IEG, 2013). As noted, sponsorship most frequently occurs in sports settings, where sponsors co-brand with an event (rights holder) such as the Olympics or World Cup. In these situations sponsors pursue traditional marketing/communications goals with consumers and/or business-to-business customers (including related merchandising and promotion). These encompass brand awareness, preference, and improved image dimensions (ratings on image dimensions) and in some instances financial return on investment.

There are differences between sports sponsorship and arts sponsorship when it comes to corporate objectives. Arts sponsorship is often directed more towards niche audiences, and is often used for building a corporate image and for building relationships with clients through social

meetings, rather than for creating brand awareness and preference through broad media coverage as for sports sponsorship (Farrelly and Quester, 1997). Ryan and Fahy (2012) suggest that sponsorship is increasingly being linked to broader social objectives related to the betterment of society and is a way of demonstrating corporate citizenship. At the same time sponsorship is increasingly taking the form of active partnerships, moving away from transactional donor-recipient arrangements. Sponsorships at higher levels often take the form of partnerships where resources are combined and knowledge is shared to reach mutual benefits. Such partnerships require congruence and similarity or "fit" between the organizations in terms of shared values, resource complementarities and shared objectives (Olkkonen et al., 2000; Thompson, 2008; Lund, 2010, 2011, 2014; Tyrie and Ferguson, 2013, Greyser and Crockett, 2002, Farrelly, Quester, and Greyser, 2005).

The alliance literature presents two broad types of alliances. The first entails a distinct corporate entity with both partners having an equity stake. The second is an inter-organizational entity where partners share resources and skills but do not share equity. This second category includes what is defined as a co-marketing alliance. These are lateral partnerships between firms at the same level of the value added chain, rather than being buyer–seller or manufacturer-distributor forms of relationships. Marketing benefits from such partnerships can derive from building or amplifying awareness through resource combinations (Bucklin and Sengputa, 1993). Some sponsorship arrangements take the form of co-marketing alliances where brand image and marketing resources are shared and developed together. Also other resources can be transferred between partners such as commercial wisdom and knowledge about brand building or consumer and audience profiles (Farrelly and Quester, 2005).

This article presents insights from an in-depth case study of a joint arts-based initiative. The study illustrates how the partners find a common ground for engaging with their respective target audiences and stakeholders in international markets. The research design is based on qualitative inductive research with data from interviews with key representatives of the bank and the museum and direct observations over a 12-month period. The final section of the article presents a concluding discussion and relates the insights to the wider context of theory and practice in sponsorship and co-marketing strategies in services.

Research design and methodology

The case was identified and selected because it is representative of a highly integrated program. In this instance, the case treats the partnership between an international arts institution and a commercial organization, where both partners were involved in planning and implementing the project. The unique access to data through key representatives in both organizations was critical for the research. The study follows the research design proposed by Bonoma (1985) for qualitative inductive research in the marketing field. The early stage of the research started with learning concepts and jargon of the phenomenon as it occurred in the field parallel to the preliminary integration with definitions in the literature, and also learning from critical components of practice that were observed. This stage consisted of understanding the field and to observing the context to modify the research questions in such a way that they become relevant and current. The expert interviews helped direct both the focus of the data gathering as well as the sampling of respondents. At the second stage, interviews with representatives of both the arts organization

and the sponsor, as well as industry experts were aimed at gaining a deeper understanding of the drivers of value from different perspectives. In this stage the resulting empirical data were more systematically combined with the literature review to compile a definitive list of explicit and implicit objectives and strategic initiatives. At the third stage, interpretations of the analyzed data were combined with the extended literature review to form conclusions regarding mechanisms and processes of the sponsorship and co-marketing activities.

The data were gathered through a combination of different techniques, including semi-structured interviews, direct observations and archival studies. Interviews were conducted with key representatives of the bank and the museum, as well as independent experts from the private banking and arts sponsorship sector. Face-to-face interviews were conducted in Switzerland, Sweden and USA, and observations were conducted in Hong Kong in connection with the inaugural arts exhibition. The language was in most cases English, and the typical duration about one and a half hours.

Traditionally, external validity has been seen as a major obstacle for the scientific acknowledgment of case study research. Critics state that single cases offer limited basis for generalization. Such criticism however, implicitly draws a parallel between case studies and quantitative research, rather than recognizing case studies as a basis for contextual and analytical generalization. Analytical generalization strives to generalize a set of results to a broader theory (Yin, 2003).

This single case study presents findings that can be prospectively explored and extended via a wider range of studies, including quantitative ones. In our view, case-based research, when well-conceived and well designed, and also carefully conducted and analyzed, can inform both theory development and practice, guided by further research.

The Guggenheim UBS MAP Global Art Initiative – finding a common ground

The Solomon R. Guggenheim Foundation is a leading institution for collecting, preserving, and conducting research on modern and contemporary art. It operates museums in different parts of the world including New York City (its original museum), Venice, Bilbao and Abu Dhabi (opening in 2017). In 2012, the Swiss bank UBS announced a long-term commitment to support the Guggenheim in the latter's international strategy.

“From its inception in 1937, the Guggenheim has been committed to a broad internationalism that has sought out the most advanced modern and contemporary art without regard to borders. The Guggenheim UBS Global Art Initiative, launched by the Solomon R. Guggenheim Foundation and UBS in 2012, enables us to carry this mission forward through an unprecedented program of curatorial residencies, traveling exhibitions, educational programs and online discussions that seek to encourage cross-cultural dialogue about contemporary art and cultural practice. (...) we were able to envision a project centered on active engagement with artists, curators, educators and audiences in regions that were not yet adequately represented in our collection – namely South and South East Asia, Latin America and the Middle East and North Africa.”(Richard Armstrong, Executive director of the Solomon R. Guggenheim Foundation, 2012)

From a sponsor's perspective the project was developed as part of the bank's cultural branding and business development in regions where UBS was expanding its presence.

"The Guggenheim UBS MAP Global Art Initiative allows us to spotlight regions often underrepresented in the international art scene. These regions have immense economic potential and are challenging assumptions in many disciplines. Many of our clients are passionate about art, and our collaboration with the Guggenheim is an ideal fit with our

long-term objectives: the promotion, education and collection of art among a wide audience both international and local.” (Jürg Zeltner, CEO UBS Wealth Management, UBS Website 2014)

Linking culture and art to the business strategy of UBS - The cultural engagement of the bank

UBS is a global financial services firm and a leading provider of wealth management services around the world (with operations in over 50 countries and about 60,000 employees). The bank has had a long history of supporting culture and specifically the contemporary arts scene through its extensive corporate art collection, with 35,000 works of art. The collection includes works by emerging talents, as well as works from some of the most important artists of the past 50 years.

In 2010, after redesigning its sponsorship strategy (which had previously included major engagements in classical music), the bank chose to focus its sponsorship on contemporary art as a global theme. This was an area where it believed it could leverage its own heritage of collecting art as well as its long-term involvement in arts institutions and the art market through partnerships with art fairs (including Art Basel, Art Basel Miami Beach and Art Basel Hong Kong from 2013), as well as the Beyeler Foundation in Switzerland and the Nouveau Musée National de Monaco.

In addition to supporting the arts world through sponsorship and inviting their own art-interested clients to events and exhibitions, UBS also provides arts-related services to the client segment of ultra high net worth individuals. These services are provided through the UBS Art Competence Center. UBS also organizes conferences and meetings for clients and representatives of the con-

temporary art scene, e.g. artists, art institutions and the art market. These meetings take place within the UBS Arts Forum on a regular basis in different parts of the world.

Developing an international partnership between Guggenheim and UBS

The MAP project was developed as a partnership where the sponsor provides financial support for new art acquisitions by the museum from regions of the world that had been underrepresented in the Guggenheim art collection, as well as for a research and educational program and international touring exhibitions. In addition to this the bank also contributes non-financial resources such as marketing expertise and operational support through local offices in different markets. There is an overlap of target audiences between the bank and the museum in terms of art collectors and wealthy individuals who are potential clients of the bank as well as potential donors to the museum. The shared objective of the MAP project was to have a platform through which people in specific international markets were brought together through art events and exhibitions. The target audience of the museum was broader than that of the bank and included the larger arts community in the different regions as well as the general public. The MAP initiative was developed as a joint venture in the sense that both partners were involved in setting the international strategy of the program in terms of places where the exhibitions and events would take place. Both were also active in marketing and promoting the program in the different regions.

“From the beginning of the project we knew that we wanted to build an international project and address these regions of the world. These were also regions where they (UBS) had limited market penetration. The project suits both of us very well.” (...) It is an important part of our international strategy. One of the reasons we are doing this project is that we wanted to develop networks of collaboration with other museums, curators and artists in regions where we did not have that expertise and history.” (Guggenheim Sponsorship director)

For both organizations the project was an important part of their international strategies. *“It is one of the most far-reaching curatorial and educational and research projects that the Guggenheim museum has ever undertaken. And it is also among the most ambitious philanthropic partnerships that the UBS has ever undertaken.”* (Alexandra Munroe, Guggenheim Curator, speech, Bangkok 2012)

For Guggenheim, the partnership with UBS represented a new model and an international strategy that relied more on collaborations with international institutions and corporate partners rather than on building new museums. For Guggenheim this is a more flexible and less resource-intensive model. *“Projects like the Guggenheim UBS MAP Initiative and the BMW Guggenheim LAB [a comparable international initiative with BMW] allow us to have a significant impact in the world without having to build a building. We are still pursuing a scaled down version of international expansion plans. We are still working to open a museum in Abu Dhabi and we are working to perhaps open a museum in Helsinki. But those projects are very large and often very complicated and we want to establish our presence around the world without having to build buildings.”* (Guggenheim Sponsorship director).

Besides the financial contribution from UBS that enables Guggenheim to build its collection, the partnership was also developed as a collaborative marketing strategy to reach new audiences, and to build business and networks in international markets.

“Because of the magnitude of the sponsorship and the magnitude of the collaboration and of the project, building new audiences is certainly a benefit from it. This is an initiative that is bringing us to many parts of the world where we have had less association and fewer connections. So that is certainly a major part of the project for us. Other benefits that go beyond the financial benefit for us and beyond the marketing benefits, are about showing other corporate sponsors how innovative and how collaborative we can be. That makes us more attractive in relation to our competitors and peers to other corporate sponsors.”

In terms of corporate support this project is associated with UBS but in the grander frame of reference it shows other corporations around the world that we are a corporate friendly environment and we are able to develop these successful programs that are very large scale and have a high impact.” (Guggenheim Sponsorship director)

One other objective of the program that was described by Guggenheim as a further benefit of the partnership is the opportunity to build relationships with private collectors and possible future donors to the museum. UBS, as a bank and leading provider of wealth management services around the world, is linked to many clients who are interested in art and are collectors of art.

“We can certainly benefit from the project on the individual side, because we are meeting clients and prospective clients of UBS all around the world and we are meeting local collectors and other people interested in arts and hoping to making them interested in the Guggenheim as well.” (Guggenheim Sponsorship director).

Since the Guggenheim has relatively small resources for marketing, they often rely on their major international partners to help them with marketing and public relations. *“Part of the arrangement and a substantial part of the budget is for the Guggenheim to do advertising and promotions around the world. UBS are also doing their own advertising. They also have offices around the world that have media relations. They open doors for us in terms of marketing relations and we open doors for them in terms of collectors and the art world.”* (Guggenheim Sponsorship director)

Part of the branding strategy of UBS included advertising that carried an art theme, with the Guggenheim collaboration as a point of reference during the initial part of the project.

“The advertising connected to the project is a combination of project-specific advertising, that is advertising designed specifically to communicate the Guggenheim project. Also we have done

some advertising in the last 12-16 months that is higher level messaging about UBS and art in general. It references the Guggenheim project but the primary message is about UBS in the art world and how we view that. The strategy is to communicate UBS [as a firm] through an art message. UBS understands and is serious about contemporary art. And we will reference a partnership with the Guggenheim for example as a proof point. This is a little bit untraditional in sponsorship advertising. Traditionally sponsorship advertising focuses on the partnership and says we are proud to partner with the property and associate ourselves with the property. We have an art message first and use the project as a proof point.” (UBS Sponsorship director)

The Guggenheim Foundation has a long tradition of linking corporate brands with art. Some of these partnerships have also been questioned and criticized. Critics have pointed to risks from collaborating too heavily with commercial partners, such as damaging the reputation of the Guggenheim as a high calibre independent arts institution and the risk of compromising its curatorial integrity by becoming too dependent on popular exhibitions that corporate sponsors want to be associated with. One other risk would be that commercial branding in connection with exhibitions would interfere with aesthetic values associated with the museum experience for visitors.

The partners in the MAP project also pointed out the importance of having a clear distinction between art content and commercial business activities. The bank sets out to be an active partner but does not get involved in art content in any way. A key element in the MAP project is to separate art clearly from business in this sense. *“We don’t forget that we are a bank, we are not trying to be curators, we are not trying to be art producers or content producers, we are not trying to be a museum. But we have a role to play, we are an appropriate and credible member of that art eco-system. And I think you can do that only by doing art for art’s sake. And that is for exam-*

ple why our name is not in the beginning of this project. It is a Guggenheim project first.”(UBS Sponsorship director)

According to Guggenheim, one of the main challenges when it comes to building long term partnerships with commercial brands... *“is melding a corporate culture with a non-profit culture. We both have similar ideals but we have different ways of approaching things and there are also some legal issues that we have to negotiate. As a non-profit institution the Guggenheim cannot be seen as endorsing or promoting a commercial product. (...) The other issue is that Guggenheim is a corporate-friendly environment for sponsorship but at times it has been seen as too corporate-oriented and perceived as if corporations are coming in and determining the programming. But it is really not that at all. It is much more of a collaboration and the programming is always handled 100% by Guggenheim. So there are two cultures that are coming together in one project and sometimes it leads to misunderstandings and sometimes there are certain things that we just cannot do. It is an education process that has to take place with the corporate sponsor. From the sponsor point of view, those [managers] who have not been working in this field, which is the case with some of the UBS local offices, say “hey we are giving you all this money, why can’t we use your logo on our product...”. That is my job, to bridge the gap between the two different cultures and make sure the corporations are getting what they are expecting and the Guggenheim is maintaining its artistic independence and legal requirement.” (Guggenheim Sponsorship director)*

Internal integration - Linking the art project to internal audiences at UBS

The success of the program to a large extent depends on how it is internalized within the bank, how it is used by bankers in their relationship with customers, and how it is integrated and com-

bined with different internal functions such as marketing and branding. The educational program helps in building understanding and knowledge among these internal audiences.

“They are very critical to the program because every successful program has to have the buy-in or approval of the entire organization. When a company spends this much money on a project, and not just money but time and marketing and they present this project as key to their art sponsorship strategy, you have to make sure that the employees and all levels of management are in agreement and approve of it. Thus education and programs where the sponsor’s employees are also part of our target audiences are very important for the project to be successful. Also client relationship management is an important aspect from the UBS point of view; their clients are managed and have relationships with the various UBS client managers so the client managers have to feel comfortable with the project and understand the project, and understand that there are opportunities to bring their clients to programming around the project. So the education process within the company is very important.” (Guggenheim Sponsorship director)

UBS bankers are directly involved in the project in different ways. Each of the three phases of the MAP project is preceded by a two-year curatorial residency in New York, where the MAP project curator (hired by Guggenheim for this purpose) from the specific region works together with the museum’s curatorial and education staff to develop a program. During that period the bank is constantly in contact with the curator and encounters are organized both with employees and with key clients through meetings, workshops and discussions in different forms. Pablo León de la Barra, the curator for the Latin America exhibition, for example was part of several work-

shops and art forum meetings in Zurich, Latin America and other places where UBS could link him with local employees and local audiences.

The front office employees of the bank are carriers of symbolic resources in their interaction with clients. Through internal marketing the bank also makes sure that the larger work force of about 60,000 employees in offices around the world are aware of and carry the message as ambassadors of the project. Within the project there are different programs that open the door for employees. Even though employees are not the primary target group of the project, the larger arts program also serves as an internal branding project that has a function of building internal pride and a common theme for the organizational culture.

The corporate collection of UBS and the Guggenheim MAP collection are clearly separated from each other, but the association with a prestigious arts institution provides symbolic values to UBS as an arts collector. Being associated with high level arts, and having works from the UBS collection in its offices produces pride in the workplace and is believed to help motivate employees. It is part of the bank's effort to attract and keep talent.

Building cultural bonds with clients in international markets

The Guggenheim UBS MAP Global Art Initiative carries symbolic values that are associated with the UBS brand through internal and external communication vehicles. The MAP project explores themes and topics that relate to the history, heritage and development of the regions in which the exhibitions take place. The first part of the MAP project presented exhibitions on the theme of South and Southeast Asia in terms of transformation and identity, through historical and contemporary developments in the region. This first exhibition was named "No Country" and was presented in Hong Kong and Singapore during 2014. The program included exhibitions

as well as a number of educational events and meetings with leaders in the art world and artists with the aim of establishing a dialogue and exchange. *“In this exhibition, the intention is to present the range of aesthetic developments and subjects of interest to contemporary artists (...). Accompanied by programs for engagement with different local audiences, “No Country” is more than an exhibition; it is a platform for discussion and exchange.”* (Yune Jap, Curator MAP program, South and South East Asia)

Supporting local artists in the regions of the world where the bank is building its presence is intended to help bring credit to its brand. UBS has a long history of supporting culture and arts where the bank operates. Being *“genuine and believable is a demonstration of how we approach the region. You can’t just do it from a banking perspective. You can’t really say that you are local and you understand the culture. In places like Singapore or Hong Kong that are incredibly diverse both culturally and in terms of ethnicity, one cannot relate to the local community without taking a fuller view of history and culture and art and people making art.”* (UBS Sponsorship director)

Through the MAP project the bank engages in an intellectual exchange with its stakeholders on topics that relate to societal and cultural development of their country.

“You can’t operate in a place like Latin America or South East Asia based on market data and financial performance alone. We are in the advice business for individual clients and for corporations. You can’t do that simply by looking at spread sheets and daily market data. You have to take a holistic view for an individual, their life, their legacy, their family, their needs and concerns and future planning. In the same way, to be a credible member of a community in South

East Asia, you can't do that simply by looking at the business side alone. So that's where the cultural piece comes in."(UBS Sponsorship director)

The company supports an activity that is valued by its customers, and establishes a cultural bond between bankers and clients. *"This is what our clients are interested in. Supporting the art world and searching for new ideas and new progressive things that look to the future."* (UBS Sponsorship director)

Guggenheim as an arts institution and its curators provide legitimacy to the project and to UBS as a partner in the MAP project. The engagement of UBS in the various local arts scenes together with Guggenheim signals that the bank is being serious about art and is committed to the regions and their culture and arts scenes. By partnering with a globally recognized arts institution, the bank leverages its existing art program and aims to gain status within the arts community through its association with the arts institution.

Building relationships through cultural and symbolic interaction

The MAP project provides an infrastructure for bringing stakeholders in the art world together. UBS builds different programs around the Guggenheim exhibitions; some of these are purely hospitality-oriented such as previews and opening events and receptions, while others are more educational, with high level art content, discussions and interviews through events with curators, artists and experts. The activities are primarily directed to UBS clients, potential clients, the arts community and targeted stakeholders in society. The cultural content and symbolic resources associated with the MAP project created an arena for social interaction within the community of

art collectors in the geographic target markets. People participating in different events and activities were high profile influentials of the art world, such as artists, institutions, museum directors and curators, and cultural ministers, as well as celebrities in fashion and music for example. For key clients of UBS and for art collectors this was therefore a valued social network.

The art-related events developed a community of engaged clients around the company. The bank was able to connect with clients that were passionate about art from different parts of the world and thereby contributed to the growth and expansion of its client community in an organic way.

“That is sometimes the best marketing -- when we let clients speak with each other, and they are hearing not from us but from their peers. But that happens organically, we don’t design that.”

(UBS Sponsorship director)

From a relationship point of view, the informal meetings in connection with the arts program were also important in strengthening relationship ties between UBS wealth management advisors and individual key clients. This interaction also helped to open up dialogue and ultimately contribute to a better understanding between them and an opportunity for exchanging information.

The art initiative offers an informal and personal arena for interaction with clients.

“When economic times are tough, that is when we believe client advisors need to spend more time with their clients. And be more of a resource and more visible and transparent. So things like a discussion with an artist or an event at a museum opening are incredibly important for client advisors when things are bad because you don’t just want to call your client and tell them how their stocks and portfolio are (underperforming).” (UBS Sponsorship director)

Evaluating the partnership

From the UBS perspective the partnership is not evaluated on short-term economic returns. Rather it is linked to long-term effects related to client engagement and customer referral, as well as to traditional brand image and preference measures.

“In a lot of other firms there is pressure from management to demonstrate the financial return on sponsorship investment. In UBS we take a longer view. Our board understands that these [arts sponsorship programs] are not short-term investments that are supposed to generate 15% return (for example). You do these things because they have a holistic value and will influence us in terms of who we are as a firm and our personality and values. (UBS Sponsorship director)

In comparison to sport sponsorship where you often buy something off the shelf, this was designed to be very flexible. For example, in Formula 1, at the beginning of the year you sit down with the business stakeholders, and you say here is the race calendar, it is going to these 20 countries, here is the ticket, here is what it costs you, here is the gift to your clients, here is what you get, let us know what you need. With art and with this project in particular we say where would you like to go, what are your key markets, what do you need there? Big event, small event, education, hospitality, brand building? We can deploy our art assets to do that in different parts of the world. From a success and measurement point of view we look more at client attendance, making sure that the right clients are attending, so that if we have 100 people going to an event, we have 100 of the right people going there, not just people we know or prospects. We are looking at media impact, where is our message getting in the press, we look at frequency and reach when it comes to advertising, so if we have a partnership with the Financial Times in Asia there are deliverables in terms of paid media.” (UBS Sponsorship director).

“We do a number of things to capture the impact. Most of it is qualitative, direct feedback from people that we invite. That tells us the qualitative things about the events, the communication around them, the experience itself: How it makes them feel about their client advisor and UBS in general. We almost always do on-site surveys to capture more of a random sampling of who is coming how did they hear about what they are attending -- through the newspaper, a friend, so-

cial media. Did they know who was the sponsor, what did they think about it. Semi-annually we do a brand equity study which tracks on a more macro level what people think about UBS. [We gather] perceptions across different segments, private investors, business to business for the investment banking world in different parts of the region. About every two or four years, we also do what I describe more as global focus groups with wealthy individuals to understand what they are doing with their free time, with their spare money, to have a discussion particularly around things like Formula One, art, to understand what they are looking for, what is the take-away. And it is very interesting across different parts of the world how people perceive that. Without a doubt, again it gets down to credibility. If these things are perceived as meaningful and credible and contributing to the core mission of an institution or an organization, they are supported and accepted and expected. As opposed to just a marketing transaction.” (UBS Sponsorship director)

Discussion

Sponsorship is studied here as a three-party exchange relationship among the bank, the museum and their audiences. The analysis therefore considers both interaction between business partners and between the partners and their respective audiences. This study shows how the bank acquires cultural and symbolic resources through its collaboration with the arts museum, and how this is used to strengthen relationships with bank clients. The case study illustrates how the accumulation of cultural resources can be transformed into reputational and symbolic resources because of the prestige that the cultural engagement signals and the associations that are linked to the sponsored project. Cultural resources associated with the MAP project enable interaction between the bank and key clients who are interested in art. The sponsorship of local culture and art is also reflecting the brand values of the bank in the geographic markets where it is building its presence. Through the partnership, the company supports an activity that is highly valued by its customers, and also establishes a cultural bond between bankers and their clients, as well as enhances the credibility of the bank within the arts field, and thereby its image as a positive actor in

society. The engagement of the bank in art and its collaboration with the Guggenheim thus add to the symbolic values in its interaction with clients. These symbolic assets can be transformed into social resources since the brand associations communicate about identity, status and group membership.

The MAP project enables the bank to engage in an intellectual exchange with its clients about the history and heritage of their countries through art exhibitions. Guggenheim as an arts institution with its network of internationally recognized curators gives legitimacy to the project and to UBS as a partner. A critical element in the successful outcome of the project was the internalization within the bank, leading to acceptance by key internal stakeholders. The successful alignment of the project with internal business objectives would influence whether the project would be prioritized and used by bank representatives in their relationships with clients. Internal client representatives were also targets themselves since they were carriers of symbolic resources in their interaction with clients. The internal audiences therefore also took part in education activities related to the different art exhibitions and took part in meetings with museum representatives for example. The larger work force of the bank in offices around the world could also be seen as ambassadors and promoters of the art project. The larger arts program also served as an internal branding project with the function of building internal pride and a common theme for the organizational culture. This can be related to the concept of sponsorship-linked internal marketing (Farrelly and Greyser, 2007; Farrelly, Greyser, and Rogan, 2012).

A key element in internalization and integration of the project internally within the bank was building knowledge internally about the project through meetings between the museum and bank employees. The successful internalization of knowledge was critical in the organizations' ability to develop a collaborative partnership with its exchange partner, as has also been shown in the

broader literature on organizational learning and strategic alliances (e.g. Nonaka and Takeuchi, 1995; Hamel, 1996).

Social meetings connected to arts events were important in building stronger relational ties at the individual level between clients and their UBS advisors. The ability to identify with one's advisor on a personal level and the favorable perceptions of an advisor are considered important in building trust. Meeting clients in a personal and informal context would sometimes contribute to more open communication, and thereby increased client-specific knowledge.

Acquiring new customers in the wealth management sector primarily depends on customer referral, i.e. existing clients recommending other contacts in their personal networks. The values that are reflected by the corporate brand thus need to support the social identity that customers want to build. Organizing high profile arts-related events and being associated with artists and members of the art community contribute to the social capital of the bank and in the long term also create value in economic terms.

In some cases the bank acts to connect different actors within its network with each other - as a network broker. The events and meetings in connection to exhibitions offer a platform for social interaction between and among clients. These meetings can add value to the network from a structural point of view and can strengthen the role of the bank as a network broker by connecting different clients with each other. The bank also uses the informal meetings as an arena for new client introductions.

Knowledge and information residing within the network of clients and other actors is a valuable resource to investment advisors. Research in other areas has shown that actors can draw benefits

from their position in a social network and from the strength in their relationship to exchange partners in the network through learning and information access and increased legitimacy.

From the perspective of the museum the MAP project was seen as an important part of its international strategy. The museum was able to fund new arts acquisitions from geographical regions of the world that were underrepresented in its permanent collection, and also to expand its network in these regions in terms of audiences, arts institutions and potential donors and collectors. The collaboration with the bank also provided a range of indirect benefits in terms of marketing and branding as well as connections with potential new donors. This large scale and high impact international partnership with the bank was also seen as a learning experience by the museum. The partners in this program were highly integrated and their closeness to each other in the project created a better understanding of the motivation of corporate sponsorship. The combination of high-level expertise of both organizations in branding and arts sponsorship also resulted in innovative concepts and programs that created value for the museum. Both organizations had teams of experts dedicated to the project and their collaboration and knowledge sharing through regular meetings (often weekly among various members of the team) were a source of innovation for the project. The magnitude of the project and the collaboration with a global bank also signaled to other potential funders in the corporate sphere that the museum offers a corporate friendly environment for these types of partnerships.

The partnership can be considered from a co-marketing perspective. Both organizations had marketing objectives linked to the partnership. While the bank was targeting mainly key clients and actors in the art world, the museum regarded the project as part of its international strategy. The objective of the museum was both to fund new arts acquisitions from specific geographical regions, but also to develop relationships with museum audiences there as well as with museum partners and with potential donors. A critical element in the success of the partnership is the resource integration between the partners in the project, i.e. between a non-profit arts institution and the commercial sponsor. This depended on their ability to mobilize and combine complementary resources, on knowledge sharing and internal integration, and on the acceptance by key stakeholders as well as the credibility of the bank as a committed actor in the arts field. The mo-

bilization of complementary resources would depend on an open and active communication and knowledge sharing between the partners. This would stimulate joint planning and would support the identification of complementary resources between the partners and would also clarify both partners' expectations in terms of goals, and resource commitment. Active communication, especially in the formative stages of the partnership, ensured the pursuit of commonly held marketing objectives within their co-marketing alliance. The role of knowledge sharing in the combination of complementary resources has been previously treated in the broader literature on strategic alliances (e.g. Dyer and Singh, 1998).

Conclusions

The partnership with an international arts museum can be seen to support the bank in differentiating its services from competitors on the basis of cultural and symbolic dimensions of value creation. The collaboration with a major arts museum and the support of local arts scenes enable the bank to develop and accumulate cultural and symbolic resources and thereby strengthen its social resources in specific international markets. From a relationship marketing perspective the partnership serves to strengthen relationships with clients by establishing cultural bonds and demonstrating shared values. It also serves to stimulate interaction among clients with a shared interest in arts, and creates opportunities for communication and interaction between the bank and its clients in informal settings. Critical factors are: the successful internalization of the art project within the bank; credibility of the bank as a committed partner of the arts institution; the long-term perspective when evaluating the return; the mobilization of complementary resources; open communication; and interaction between partners.

Implications and value

Implications for theory

The study contributes to the literature on two levels: first it contributes to the literature on service management and service innovation analyzing the development of relationships and networks by aligning with socio-cultural values of clients. Secondly, the study contributes specifically to the literature on marketing private banking services. This approach is also novel to the sponsorship literature in general and adds to the understanding of how art sponsorship can add value to a service. In the non-profit area the contribution is the in-depth treatment of the partnership in terms of the museum's international strategy and the detailed operationalization of the partnership.

Implications for practice

In recent years the private banking industry has faced a series of challenges related to increased volatility in capital markets, low- rate environment and increased scope of regulations in Europe and the USA and other markets (McKenzie, 2013). This has resulted in structural challenges within the industry and lower profitability for a once highly attractive segment within financial services. Changes in the global economy have also led to a shift in focus towards emerging markets when expanding their operations. The case shows how value can be added to private banking services through a deeper understanding of socio-cultural dimensions of value creation. It further focuses on emerging markets. It also points to distinctive approaches to program evaluation and to key aspects of successful co-marketing partnerships. The study also offers insights for museums, often pressed for funding, in broadening their market presence in collaboration with resources of corporate partners.

Limitations and future research

This study is primarily based on data derived from interviews with the central figures in the bank and the museum, i.e. those delivering the service. Future study could also include the perspectives of bank clients and of less central arts network members, e.g. key local museums and galleries in relevant geographic locations.

We also recognize the limitation of generalizability from a single case study, even one with in-depth exploration. Additional studies of co-marketing partnerships would help address this matter.

References

Achrol, R. S. and Kotler, P. (2012), "Frontiers of the marketing paradigm in the third millennium", *Journal of the Academy of Marketing Science*, Vol. 40, No. 1, pp. 35-52.

Bonoma, T. V. (1985), "Case research in marketing: opportunities, problems, and a process", *Journal of marketing research*, Vol. 22, pp. 199-208.

Bucklin, L., and Sengupta, S. (1993). "Organizing successful co-marketing alliances", *Journal of Marketing*, 32—46

Dyer, J. H. and Singh, H. (1998), "The relational view: Cooperative strategy and sources of inter-organizational competitive advantage", *Academy of management review*, Vol. 23, No. 4, pp. 660-679.

Farrelly, F. and Quester, P. (1997). Sports and arts sponsors: Investigating the similarities and differences in management practices. *In proceedings of the AMA Conference, Dublin June.*

Farrelly, F. and Greyser, S. A. (2007), "Sports sponsorship to rally the home team", *Harvard Business Review*, Vol. 85, No. 9, pp. 22-25.

Farrelly, F., Greyser, S. A. and Rogan, M. (2012), "Sponsorship linked internal marketing (SLIM): A strategic platform for employee engagement and business performance", *Journal of Sport Management*, Vol. 26, No. 6, pp. 506-520.

Farrelly, F. and P. Quester (2005), "Investigating large-scale sponsorship relationships as co-marketing alliances", *Business Horizons* 48(1): 55-62.

Farrelly, F., Quester, P. and Greyser, S. A. (2005), "Defending the co-branding benefits of sponsorship B2B partnerships: The case of ambush marketing", *Journal of Advertising Research*, Vol. 45, No. 03, pp. 339-348.

Greyser, S. A. and Crockett, D. (2002) "The Museum of Fine Arts, Boston/Fleet Financial Group Sponsorship of Monet in the 20th Century." *Harvard Business School Case 502-059*, March 2002. (Revised October 2002.)

Gummesson, E. (2002), "Relationship marketing in the new economy", *Journal of Relationship Marketing*, Vol. 1, No.1, pp. 37-57.

Hamel, G. (1991), "Competition for competence and inter-partner learning within international strategic alliances" *Strategic management journal*, Vol. 12, No. 4, pp. 83-103.

IEG Sponsorship Report (2013). Chicago.

IEG Sponsorship Report (2014). Chicago.

Lund, R. (2006), "Assessing Sponsorship through the Intellectual Capital Framework", *Marketing Management Journal*, Vol. 16, No. 1, pp. 181 - 187.

Lund, R. (2010), "Co-creating value in sponsorship relations: the case of the Royal Swedish Opera", *International Journal of Quality and Service Sciences*, Vol. 2, No. 1.

Lund, R. (2011), *Leveraging Cooperative Strategy: Cases of Sports and Arts Sponsorship*, Stockholm University press, School of Business, Stockholm.

Lund, R. (2014) "Private Banking and Art – Relationship Building and Cross Cultural Marketing: A Case study", paper presented at the World Business and Social Science Research Conference, April 2014 Paris

McKinsey Global Private Banking Survey (2013) "Capturing the new generation of clients"

Munroe, A. (2012) public panel discussion recorded at the Jim Thompson Art Center in Bangkok on November 28, 2012 available at <http://www.guggenheim.org/video/map-regarding-south-and-southeast-asia-video>

Nonaka I. and Takeuchi H. (1995), *The Knowledge Creating Company*, Oxford University Press: New York.

Olkkonen, R., Tikkanen, H., and Alajoutsijärvi, K. (2000), "Sponsorship as relationships and networks: implications for research", *Corporate communications: an international journal*, Vol. 5, No. 1, pp. 12-19.

Ryan, A. and Fahy, J. (2012), "Evolving priorities in sponsorship: From media management to network management", *Journal of Marketing Management*, Vol. 28 No. 9-10, pp. 1132-1158.

Thompson, B. J. (2008), "Sponsorship as a Bilateral Relationship: the benefits of applying relationship marketing principles in the sponsorship exchange", *Asia Pacific Journal of Arts and Cultural Management*, Vol. 3, No. 1.

Tyrie, A. and Ferguson, S. (2013), "Understanding value from arts sponsorship: a social exchange theory perspective", *Arts Marketing: An International Journal*, Vol. 3, No. 2, pp. 131-153.

UBS website 2014 www.ubs.com.

Wealth-X and UBS World Ultra Wealth Report (2013) Singapore.

Yin, R. (2003), *Case study research: Design and method*, Vol. 3. Thousand Oaks, CA: Sage.

Ragnar Lund

Researcher at the Royal Institute of Technology – KTH (Centre for Banking and Finance), Assistant Professor and Head of the Program of Cultural Management Studies, Stockholm University

Ragnar Lund is currently a post-doctoral researcher at KTH. His main research areas include international marketing strategy, service management, as well as knowledge management in inter-organizational networks.

A long-term research interest has also included arts and sports sponsorship and management in cultural and creative industries, where he is studying the link between cultural initiatives and economic and societal development. He has recently published in the *International Journal of Quality and Service Sciences*, and the *Marketing Management Journal*. His teaching areas include corporate communications and project management; in recent years he has been responsible for the Program of Cultural Management Studies at the Department of History at Stockholm University. He holds a PhD from Stockholm University School of Business and currently has a research scholarship from Svenska Handelsbanken (Wallander Scholarship). In his non-academic work experience he has also had long-term sponsorship consulting projects for major cultural organizations such as the Royal Swedish Opera in Stockholm and the National Museum of Fine Art Print Making in Sweden. He has also worked with several large-scale cultural festivals and productions as well as sports-related sponsorship projects.

Stephen A. Greyser

Richard P. Chapman Professor (Marketing/Communications) Emeritus, Harvard Business School

Stephen A. Greyser of the Harvard Business School specializes in brand marketing, advertising, corporate communications, the business of sports, and nonprofit management. A graduate of Harvard College and Harvard Business School, he has been active in research and teaching at HBS since 1958. He was also an editor at the *Harvard Business Review* and later its Editorial Board Secretary and Board Chairman. He is responsible for 16 books, numerous journal articles, several special editions of journals, and over 300 published HBS case studies. Recent publications are *Revealing the Corporation* with John Balmer (on identity, reputation, corporate branding, etc.) and co-authored articles on “Monarchies as Corporate Brands,” Heritage Brands (a concept he co-created), “Aligning Identity and Strategy” (*CMR* lead article 2009), a 2011 *Journal of Business Ethics* article on ethical corporate marketing and BP, “Building and Maintaining Reputation Through Communications”, and a book chapter on “Corporate Communication and the Corporate Persona” (2013). He wrote the award-winning “Corporate Brand Reputation and Brand Crisis Management” in his co-edited “Corporate Marketing and Identity,” a special 2009 issue of *Management Decision*. He is co-author of a book on arts administration and editor of one on cultural policy. At HBS, he developed the Corporate Communications elective, creating over 40 cases and articles on issues management, corporate sponsorship, relations among business-media-publics, etc. His current research (co-authored) and most recent (2015) article is on the branding and identity of The Nobel Prize.

He created and teaches Harvard’s Business of Sports course, is a member of the University’s Faculty Standing Committee on Athletics, has served on the Selection Committee for the Boston Red Sox Hall of Fame, is on the board of The Sports Museum, and has authored numerous Business of Sports cases and articles. The latter include “Winners and Losers in the Olympics” (2006) and several on sponsorship, most recently (2012) on Sponsorship-Linked Internal Marketing (co-author), and an HBS case on Bank of America’s Sports Sponsorship. He also published HBS faculty commentaries on the Sochi Olympics. Two HBS working papers (2013) examined NBC and the 2012 London Olympics and how MLB clubs have commercialized their Japanese top stars. His comments on the meaning of the Olympics for China were seen by tens of millions in China on CCTV after the 2008 Opening Ceremonies. At Doha GOALS 2012 he moderated a private conference session of global sports leaders (including Lord Coe) on improving the Olympics. He has recently written an analysis of “Nation-Branding via Big Sports.” He received the American Marketing Association’s 2010 Sports Marketing lifetime achievement award for “distinguished career contributions to the scientific understanding of sports business.”

He is past executive director of the Marketing Science Institute and the charter member of its Hall of Fame, and also an elected Fellow of the American Academy of Advertising for career contributions to the field. He received the Institute for Public Relations 2009 special award for “lifetime contributions to public relations education and research,” and Lipscomb University’s 2011 MediaMasters award for a “body of [communications] work that stands as a model and inspiration for the next generation.” He was recognized by IE University (Spain) for his pioneering work in corporate communication. He twice was a public member of the National Advertising Review Board for U.S. advertising self-regulation. He has served on numerous corporate and nonprofit boards. He is a trustee of the Arthur W. Page Society, and he was the first academic trustee of the Advertising Research Foundation and of the Advertising Educational Foundation. He is a past national vice chairman of PBS and an overseer at WGBH and at the Museum of Fine Arts (Boston), where he was the founding chair of its Trustees Marketing Committee. He served as Alumni Association president of Boston Latin School, America’s oldest school (1635), and conducted its 350th and 375th Founder’s Day ceremonies

as *magister eventuum*; he received its 2005 Distinguished Graduate Award. He is an Honorary Fellow (2012) of Brunel University, where he has been a Visiting Professor and a member of its Business School's Advisory Board.

Known as "the Cal Ripken of HBS," in over 45 years of teaching at Harvard he has never missed a class.