

MARKET ORIENTATION AND THE PROGRAMMING OF PERFORMING ARTS ORGANIZATIONS

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Abstract

While market orientation has received substantial interest in recent marketing research, few researchers in arts marketing have addressed the issue. Generally, market orientation is viewed as the degree to which an organization's analysis of customers, competitors, and industry influences its strategic planning. Based on both information-oriented and culture-oriented streams of market orientation research, the paper presents a framework for analyzing market orientation in performing arts organizations. Interview data were collected from different types of performing arts organizations to explore the role of market orientation in the programming.

The findings of the study suggest that the program planning of performing arts organizations is to a certain degree influenced by the analysis of customers and competitors. However, the programming is based more on arts managers' underlying assumptions and beliefs of customers and competitors or on intuition and experience than on formal and systematic market-focused intelligence generation. Three different approaches to programming were identified from the data, a creativity-based approach, a resource-based approach, and a mission-based approach. In these three approaches, the views on customers and the degree of market orientation varied.

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1. Introduction

The artistic quality evaluated and defined by the insiders of the art world is commonly accepted as an important if not the most crucial determinant of success in arts organizations. Without questioning the status of quality as the main criterion of the decision making, it can be rewarding to

focus alternative factors that could be assumed to influence the success of arts organizations. One of these factors is the behavior of an arts organization in relation to its external environment, especially its markets.

As the term 'market orientation' is often used to mean the implementation of the marketing concept (e.g., Kohli and Jaworski 1990), the views of arts marketing researchers with respect to the role of marketing in arts organizations will be reviewed first. The authors seem to adopt a cautious stance. Some authors stress the potential for conflict between marketing and artistic integrity (see e.g., Permut 1980, p. 56; Searles 1980, p. 69). Others call for a different approach to marketing in cultural and arts organizations as compared to business firms. In their marketing model for cultural enterprises that have art rather than profit as their ultimate objective, (Colbert et al. 1994) suggest that the marketing process starts from the product and tries to "find consumers that are likely to appreciate the product" (p. 14). This suggestion contrasts with the traditional marketing concept, which holds that products should be created in response to the needs of consumers. Hirschman (1983), on the one hand, proposes that the marketing concept, as a normative framework, is not applicable to two classes of producers, artists and ideologists, "because of the personal values and social norms that characterize the production process." (p. 45). On the other hand, Hirschman expands the traditional marketing concept to self-oriented transactions arguing that the artist's self is the "audience whose approval is first sought, whose wants are initially salient, whose needs must be a priori satisfied" (p. 50). Scheff and Kotler (1996) view the purely market-centered philosophy as inconsistent with the concept of art. They believe that high customer satisfaction as an objective of a performing arts organization would mean that "artistic directors wouldn't be living up to their responsibility to challenge and provoke" (p. 37). Also, Voss and Voss (2000b) restrict the focus of arts marketing primarily to promotion, pricing, packaging and ancillary services, with an emphasis placed on developing strong social relationships with loyal customers. According to Botti (2000), the primary function of arts marketing is "to ensure that the artistic potential of the product is suitably managed and transferred from the artist to different publics" (p. 21).

Some authors (e.g., Liao et al. 2001) point out that while short-term customer satisfaction is important, it is not the only consideration for arts organizations. They may choose to present art forms that do not appeal to the majority of their existing customers to achieve longer-term benefit to society. Uusitalo (1999) examines marketing orientation in cultural organizations as an expression of a broader trend towards marketization in society. She considers it beneficial in that it strengthens the competitiveness of culture and cultural organizations as compared to other leisure activities, but she also sees negative consequences. She argues that financial and audience successes are often taken as the only measures of performance, and the public and collective importance of culture is forgotten. According to Uusitalo, the main functions of culture are to act in society as means of self-reflection, re-evaluation of values, and identity construction.

In contrast to these authors with reserved views, Boudier-Pailler (1999) is one of those few authors who argue that cultural enterprises can adapt their product, even the core of the product, in the light of the goals of the audience. Saxe (2001) interprets the artist's self-oriented product evaluation proposed by Hirschman (1983) as a market orientation and presumes that this artists' self-oriented creativity reflects subconsciously assimilated market intelligence.

So far, empirical research on the market orientation of arts organizations is scant. It has focused on the market orientation-performance relationship and has mainly been conducted in the US nonprofit context. The methodology applied has been quantitative. Voss and Voss (2000a) found that in the nonprofit professional theater industry, a customer orientation was negatively associated with performance. By contrast, Gainer and Padanyi (2002) showed that the nonprofit arts organizations that implemented more market-driven activities into their marketing plans were more likely to

develop a market-oriented internal culture. Further, they showed that a market-oriented culture predicted a growth in resources and higher levels of customer satisfaction as well as growth in reputation among peers. Troilo and Addis (2001), when studying market orientation of cultural organizations in the European context, conclude that the classic market orientation concept is too limited. In their view, arts organizations have a duty to create activities that go beyond customer expectations. They also consider the concept too excessive, because the requests of the public, sponsors and other market actors often go beyond what is consistent with the identity of the organization.

As the results of empirical studies are contradictory, additional studies exploring the market orientation of arts organizations are needed. The present paper studies market orientation in the practice of performing arts organizations in the European context, where arts organizations operate mainly with public funding. The paper begins with a presentation of the general concept of market orientation, its modifications and antecedents, and some criticism of its operationalizations. Thereafter, a theoretical framework for the market orientation of performing arts organizations is proposed. Based on this framework, an exploratory study of five performing arts organizations was conducted. The paper closes by presenting and discussing the results of the study.

2. Market orientation – the general concept

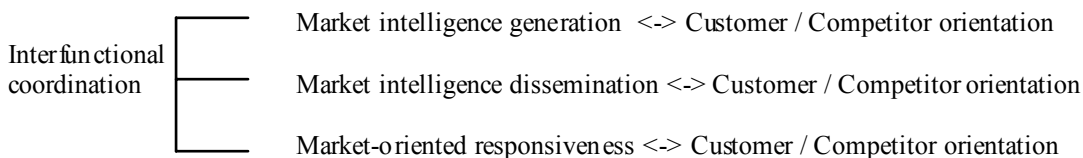
Market orientation research can be grouped in two broad areas, information-based conceptualizations and culture-oriented approaches (Ogbonna and Harris 2002). Kohli and Jaworski (1990) who represent the former group define market orientation as three behaviors related to information: "Market orientation is the organizationwide *generation* of market intelligence pertaining to current and future customer needs, *dissemination* of the intelligence across departments, and organizationwide *responsiveness* to it." (p. 6) Market intelligence as a concept is broader than customers' verbalized needs and preferences. It also includes an analysis and interpretation of exogenous factors such as competition, government regulation and other environmental forces that influence those needs and preferences. Intelligence may be generated and disseminated through formal or informal means. The dissemination of market intelligence to the whole organization is pertinent; otherwise it cannot form a basis for coordinated activities of different departments. The third element of the market orientation construct, responsiveness is the action taken in response to intelligence that is generated and disseminated. The action takes the form of selecting target markets, designing and producing products or services catering to the current and anticipated needs of target markets, and distributing and promoting the products in a way that accomplishes the favorable end-customer response.

The study of Narver and Slater (1990) represents the culture-oriented approach. They measure the extent of market orientation through three behavioral components: customer orientation, competitor orientation, and interfunctional coordination. Customer orientation means that to be able to create superior value for customers continuously, the organization must sufficiently understand buyers. Competitor orientation involves understanding of the strengths and weaknesses, capabilities and strategies of the key current and potential customers. Interfunctional coordination is the coordinated utilization of organizational resources in creating superior value for customers.

Following the modification by Cadogan and Diamantopoulos (1995), the market orientation construct applied in this study is an integrated version of the views of Narver and Slater (1990) and Kohli and Jaworski (1990) (Figure 1). A comparison of the market orientation components of Narver and Slater with those provided by Kohli and Jaworski shows that their conceptualizations of market orientation have nomological similarities, "with *customer orientation*, *competitor orientation* and *interfunctional coordination* tapping a similar domain as *intelligence generation*,

dissemination and responsiveness” (Cadogan and Diamantopoulos 1995, p. 48). Further, the comparison shows that the degree of overlap is also high on an operational level. The generic activities associated with market orientation take the form of generation, dissemination, and response to market intelligence and are oriented towards customers and competitors. The interfunctional coordination element focuses on activities directed at increasing interdepartmental cooperation.

Figure 1: Market orientation construct



In the works of Jaworski et al. (2000), Atuahene-Gima et al. (2001), and Slater (2001) the concept of market orientation is refined, which enhances its applicability to arts organizations. Jaworski et al. (2000) suggest that there is a market-driven and a driving-markets approach to market orientation. *Market-driven* refers to learning and reacting to a market that is taken as given. *Driving-markets* approach is defined “as influencing the structure of a market and/or behavior of market players in a direction that enhances the competitive position of the organization” (p. 53). Similarly, Atuahene-Gima et al. (2001) distinguish two approaches: *responsive* market orientation involves behavior that pays attention to known and expressed needs, *proactive* market orientation focuses on discovering and satisfying the latent, unarticulated future needs of customers. Also Slater (2001) contrasts traditional market-oriented behavior (Slater and Narver 1998) with second generation market-oriented behavior, by which he refers to understanding both the expressed and unexpressed needs of customers and knowing competitors through the processes of market information acquisition and evaluation as well as driving organizational learning through market experiments.

Antecedents of market orientation The commitment of top management, interdepartmental dynamics and organizational systems are factors influencing the degree of market orientation in an organization (Kohli and Jaworski 1990). Managers committed to market orientation foster it by communicating their commitment to all members in an organization, are willing to take risks in the introduction of new and modified products and services, and have a positive attitude toward change. Interdepartmental dynamics are the formal and informal interactions and relationships among employees across an organization’s departments. Formal organizational systems, such as departmentalization, formalization, and centralization may hinder market intelligence generation and dissemination, but may facilitate the responsiveness to market intelligence. Market-based reward systems may encourage market orientation. As an example of informal organizational characteristics as determinants of a market orientation Kohli and Jaworski (1990) bring out norm structure that reflects the extent to which attempts to promote self-interests and threaten interests of other members of an organization are considered acceptable.

Operationalizations of market orientation Several authors (Alvesson 2002; Deshpandé and Farley 1998; Dreher 1993; Harris 1996; Harris and Ogbonna 1999; Homburg and Pflesser 2000) have criticized the original market orientation operationalizations of Kohli et al. (1993) and Narver and Slater (1990). The criticism points out that the operationalizations of the concept have not included indicators dealing specifically with attributes associated with organizational culture despite the emphasis on culture as a prerequisite of market orientation. The following statement by Narver and Slater (1998, p. 235) is important from the perspective of this study: “If a market orientation were

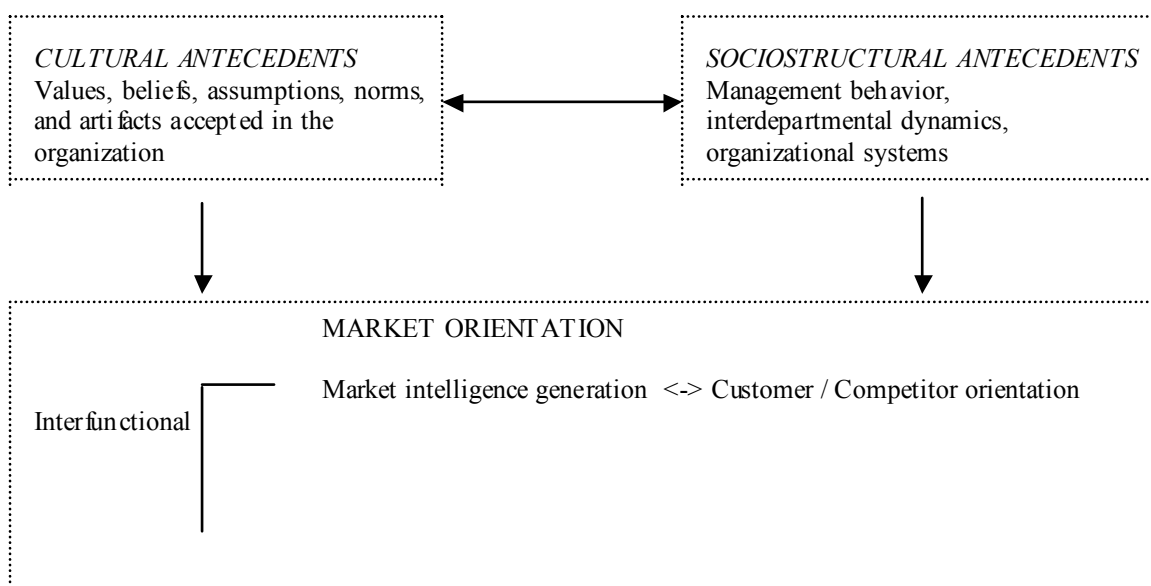
simply a set of activities completely disassociated from the underlying belief system of an organization, then whatever an organization's culture, a market orientation could easily be implanted by the organization at any time. But such is not what one observes."

It may be hypothesized that in arts organizations there are some "cultural" barriers to market orientation. Probably, just focusing on market orientation activities of arts organizations does not prove to be very fruitful in pointing out factors restricting market orientation. Therefore, if explicit attention will be given to the underlying cultural elements of arts organizations – values, norms, beliefs and assumptions, artifacts - it may be possible to provide a broader and deeper description of how the market is understood in arts organizations, why it is understood as it is, and how activities such as programming are guided by this culture.

Recent studies in the cultural stream of market orientation have made explicit distinctions among different layers of organizational culture. For example, Homburg and Pflesser (2000) developed a multilayer model of market-oriented organizational culture and found discriminant validity among the different layers of market-oriented culture: values supporting market orientation, norms for market orientation, artifacts indicating high and low market orientation, and market-oriented behaviors. They also studied the relationships among the different components of culture and found that both values and norms have impact on market-oriented behaviors indirectly, through the corresponding artifacts. Harris (1996) identified several organization-specific barriers of market orientation as consequences of cultural factors.

Consequently, both cultural factors (values, assumptions, norms) and sociostructural factors are included as the antecedents of market orientation in this study. Figure 2 presents the framework for market orientation of performing arts organizations. Antecedents of market orientation suggested by Kohli and Jaworski (1990) are called here sociostructural factors (see Allaire and Firsirotu 1984). For the purposes of the paper, cultural factors are defined as follows. Assumptions represent what organization members believe to be reality and they are taken for granted. Values are used as standards or constitute the basis for making judgments about what is right and what is wrong. Norms, closely related to values, are the unwritten rules that allow one to know what is expected of him/her in various situations. Artifacts are the visible, tangible, and audible aspects of an organization's culture. They may be physical objects (design, logo, buildings), behavioral manifestations (rituals, ceremonies, rewards), and verbal manifestations (stories, jargon). (Hatch 1997, 210-216) In this paper, only those assumptions, values, norms, and artifacts of arts organizations, which were found to inhibit or support market orientation in programming, are discussed. Sociostructural factors are treated here as distinct components of an organization's social realm (see Allaire and Firsirotu 1984).

Figure 2: The framework for the market orientation of performing arts organizations



coordination ——— Market intelligence dissemination <-> Customer / Competitor orientation
 ——— Market-oriented responsiveness <-> Customer / Competitor orientation
 * Responsive market orientation
 * Proactive market orientation

3. Research questions

Using the above framework as an analysis tool, the role of market orientation in the programming of performing arts organizations is studied. The main questions of the study are:

- 1) To what extent do arts organizations with different basic approaches to programming gather information on customers and competitors and how do they utilize it?
- 2) How do arts managers' understandings of the market and their values, assumptions, and norms support or inhibit market-related responsiveness in the programming?
- 3) How do sociostructural factors such as centralization of decision making support or inhibit its market-related responsiveness?

4. Method and data of the explorative study

The data for this explorative study were gathered by interviewing five artistic and/or administrative directors representing two symphony orchestras, a theater, a chamber music festival and a jazz festival. The organizations were selected to represent different performing art forms and fundings. In-depth theme interviews took 1 to 2 hours and were recorded. The interviews were content analyzed. In addition, annual reports were utilized as sources of data. Since the first author has worked in arts organizations for about 15 years, her pre-understanding of the field influences the analysis. Table 1 shows the key characteristics of the organizations included in the study.

Table 1: Key characteristics of the organizations studied

Organization	O1 x)	O2	O3	O4	O5
Established	1989	1969	1986	1987	1927
Type of performing arts organization	theater	chamber music festival	jazz music festival	Viennese classical symphony orchestra	symphony orchestra
Total budget 2001 (euros)	1 541 050	n.a.	n.a.	2 451 200	5 995 760
Public support (%) of the budget	65 % (city) 16 % (state)	10 % (city) 20 % (state)	33 % (city) 2 % (state)	61 % (city) 24 % (state)	91 % (state)
Ticket revenues (%) of the budget	16 %	45 %	33 %	5 %	4 %
Other income (%) of the budget	4 %	25 %	33 %	10 %	5 %
Ticket revenues 2001 (euros)	245 500	n.a.	n.a.	111 300	243 500
Attendance 2001	20 730	43 950	14 100	27 000	40 070
Subscribers				325	927

x) The budget and attendance figures from the year 2000

n.a.: not available

5. Results - Market orientation and the programming of performing arts organizations

Three types of programming were identified in the performing arts organizations that were studied: a creativity-based approach, a resource-based approach, and a mission-based approach. The approaches will be described and the market orientation elements will be analyzed in this chapter.

5.1. Programming approaches

Creativity-based approach At the chamber music festival and in the theater, the directors responsible for the programming compared their working style to that of a creative artist. They explicitly mentioned that the repertoire was an artwork that is created by one person as a result of a creative planning process. The director of the chamber music festival said that he works during uninterrupted creative processes, sometimes furnishing himself with material, information and contacts, sometimes shutting away himself in solitude for one or two weeks and concentrating solely on the completion of the repertoire. Every new repertoire is an innovation, like a composition; “the components of this art work are finished compositions, but otherwise it has a form, rhythm, and harmony like a musical work, a symphony or a play”. He called his programming principle a paradox: “The festival should, in order to feel same, always be different”. In this festival, the themes of the repertoire and compositions or plays of each event are decided first, and only after that are the artists engaged. As he said, “the musician is the interpreter of a musical drama”. This practice is not typical for most music festivals.

Resource based approach At the jazz festival, the artistic decisions were subordinated to venue and economic resources. As the festival has at its disposal several venues of different size and type, the artistic director engages artists whose music he believes best suits each venue; the more artistic jazz is performed in a concert hall for acoustic music, the modern and experimental jazz in a theatre hall, the easy or traditional jazz in a huge tent sponsored by a leading nationwide newspaper, and typical club jazz in a restaurant milieu. Also, the jazz festival repertoire is the result of the efforts of one person. The artistic director pursues a holistic view for satisfying both the potential customers who are expected to attend the concerts of already well-known and famous artists and the media whose interest is awakened by presenting new artists.

Mission-based approach The main thread of the programming in the symphony orchestra and Viennese classical symphony orchestra was the mission of the organization: to support, maintain and promote the national and western concert music tradition and to educate the audience by performing contemporary national and international music. Several people were engaged in the programming. The importance of the artistic ideals and music policy objectives of the orchestra were underscored in both organizations. As the symphony orchestra intendant said, “the primary goal when planning season or concert programs is not to make sure that the house will be full. Instead, the program must be musically meaningful and the performance of the highest possible quality”, and further: “the orchestra pursues full houses, but not at the expense of abandoning its musical ideals and objectives”. The goal of planning individual concerts is to create a coherent whole of compositions that match and will attract different (unspecified) audiences.

5.2 Market orientation

Customer intelligence generation All organizations gathered information about customer demographics, satisfaction levels, media preferences etc. through traditional surveys. Observation

and interaction with the attendees during performances was another way to get customer information and feedback. Information was utilized in planning and implementing marketing communication activities, but was not perceived as having any effect on the programming. Several reasons were given for this. First, in the creativity-based and mission-based programming, customer needs did not straightforwardly guide the program choices. Second, the repertoire choices could not be based on the audience wishes, because customers usually confined themselves to the most famous works. Third, it was assumed that it is difficult to acquire information about customers, because they cannot articulate their latent needs.

Slater and Narver (2000) distinguish four generic modes of intelligence generation applied in the business sector: market-focused intelligence generation, intelligence generated through collaboration, intelligence generated through experimentation, and intelligence generated from repetitive experience. The performing arts organizations did not systematically use market-focused intelligence generation techniques. A much more important source of information in programming was intelligence generated through collaboration with the actors of the cultural sector: conductors, artists' agencies, musicians and musicologists, colleagues etc. with whom the managers discussed both the potential repertoire and potential performers and their qualifications. Intelligence generated through experimentation is continuously received in performing arts organizations for example through the first performances of new works. However, customer reactions to experimentations were not systematically documented and this information remained tacit. Some managers admitted that intelligence generated from repetitive experience was important in assessing customer needs, but also this information was tacit by nature. As customer preferences were not considered to be of special importance in programming, very little attention was paid to the customer intelligence dissemination. For example, customers' program wishes collected by the marketing staff seemed to interest the managers only moderately and customer feedback was called "subjective" and "unskilled".

Kotler and Scheff (1997, p. 158) classify competition between arts organizations to three types: intratype competition occurs between organizations or actors offering the same form of performing arts, intertype competition occurs between organizations or actors offering different forms of performing arts, and indirect competition occurs between organizations or actors in the whole leisure industry. When asked about competition, four respondents of five assumed that there was no competition between performing arts organizations of the same category (intratype competition), not even in those cities, where several theatres and orchestras were operating. Neither did the respondents mention anything about competition between different forms of performing arts organizations (intertype competition). Instead, all respondents emphasized that their offerings compete for customers on the level of all leisure activities (indirect competition). Therefore, intelligence about the activities of other performing arts organizations was gathered only sporadically and informally, in terms of monitoring the cultural life.

5.3 Cultural antecedents

Several values, assumptions, and norms supporting or inhibiting customer orientation in the programming were identified. Quality was a value that was stressed by every respondent and generally, the customers were assumed to be quality-conscious. Consequently, the respondents believed that if the quality is outstanding, the customers will attend and enjoy the performance. In economics, two kinds of artistic quality are distinguished; the first is related to innovation and the second is related to production values such as virtuoso performance or high-quality stage settings (DiMaggio 1987, p. 207). If the customer is competent to assess the artistic qualities of performances – as is the case particularly in a long-lasting customer relationship with the subscribers – then striving for quality will create value for the customer. Another aspect of the

quality is, how much the customer is willing to pay for it. In economics, this measure of quality is called ‘the willingness to pay’ (Frey and Pommerehne 1989, p. 38).

Especially for managers applying creativity-based and mission-based approach to programming, the artistic relevance of the programs had a great value. The relevance is appraised and determined by professionals in performing arts organizations and therefore, this value can inhibit customer orientation. A related belief was that the customers are rather conservative and want to see or hear mainly works that they already are familiar with. Or to put it in another way, “we need not fill up the concert hall by playing insignificant music”, as one respondent said. Against this belief, several studies have found that one of the most important goals for performing arts attendees is educational development (e.g., Cuadrado and Mollà 2000) or intellectual enrichment (e.g., Boudier-Pailler 1999) and for visual arts consumers, art knowledge and education or self-development (e.g., Ahola 1995; Uusitalo and Ahola 1994). This demand for educative and innovative offerings might as well be interpreted as a preference and when an arts organization develops innovative productions, it is in fact customer-oriented. Therefore, challenging and provoking arts audiences cannot be seen as conflicting with the goal of customer satisfaction, but as an indication of a market or customer orientation.

Further, related to the value of artistic relevance was the assumption of one orchestra respondent that the customers will learn to understand artistic decisions and enjoy new or unfamiliar works, if they have a possibility to meet performing artists and hear from them how the performance was created, or if the customers have good knowledge of the cultural field. These assumptions are based on an underlying belief that cognitive elements weigh as much as sensory-emotional elements in cultural consumption. Yet, studies on hedonic consumption indicate that some consumers are above average on both sensory-emotional and cognitive stimulation dimensions, others are above average on one dimension only, and others are below average on both (Hirschman and Holbrook 1982).

A number of values and beliefs supporting customer orientation were identified in creativity-based approach. Within a consistent program policy, the artistic director of the chamber music festival felt free to innovate and experiment without losing the customers’ confidence. An important value was capturing the audience. As the theater director said, “theater is made for people... theater performance is vanishing, only the change in the spectator’s mind or experience field remains, the change caused by theater... therefore, I like that a lot of people attend my theater”. For him, producing a performance was not a value in itself, but only in the interaction with the attendee would the art work become perfect.

A norm that one should respond to customer expectations was also stressed. Visiting a festival in a remote city means substantial investments in time and money for customers. Thus, they are expecting a memorable experience. A norm of catching up the *zeitgeist* can be interpreted to support customer orientation. In the mission-based approach, customer orientation was subordinated to some general principles and purposes such as the promotion of national arts. Strong norms of selling out all performances and reaching the financial goals supported the response to current customer needs in the resource-based approach.

5.4 Sociostructural antecedents

Usually the decision-making was centralized to the artistic director. Two of these three directors stressed their willingness to take artistic risks and innovate. Only the jazz festival director seemed to be risk averse and constrained by financial considerations. He said that risk-taking in programming was minimized and in situations where artistic and economic interests were contradictory, finances dictated the decision. In some organizations, the program was planned and decisions made by a

committee. In the symphony orchestra, the program was planned by a committee composed of the principal conductor, the intendant, the music director, and a few orchestra members. In the Viennese classical orchestra, a committee consisting of the intendant and two orchestra members made the program decisions after discussing the plans with the orchestra's advisory board. Hence, the program planning was influenced by numerous conflicting views and opinions. In the orchestras, artistic risk taking in terms of compositions was considered as a necessity, but risk taking was avoided in engaging artists.

5.5 Market-oriented responsiveness

As an indication of market orientation, the potential customer market was segmented by taste or expertise of performing arts consumption and a number of segments was targeted by differentiating the programs. For example, the theater director and jazz festival director had a clear view of the audiences "climbing up a ladder". Therefore, they offered easy plays or jazz for those on the lowest rungs and more demanding plays or jazz for advanced and experienced audiences. The chamber music festival applied a focus strategy. It focused the festival offerings on a target market that consisted of the musical kindred spirits of the artistic director: people who have his musical tastes. Actually, this form of artistic planning is an example of a self-oriented market orientation (Hirschman 1983; Saxe 2001). The idea of perceiving the whole two-week festival as one work of art means that to identify the themes and horizontal lines of the festival program, the customer was supposed to attend concerts from two to five days. This pre-condition built into the consumer's buying experience can be seen as an example of the manner in which the behavior of the audience is influenced. It represents a broader, complementary approach to market orientation, that is, a proactive (Atuahene-Gima et al. 2001) or driving-markets response (Jaworski et al. 2000).

Only in the organizations that represented a mission-based approach, neither differentiation nor focus strategy was applied in the programming. For these orchestras, the target audience consisted of different, heterogenous people, which can be kept interested by a varied program and high quality performances. The relationship between the organization and the artists and conductors was considered important. Special attention was paid to the chief conductor, who was allowed autonomy to realize even his most ambitious plans.

Generally, choosing established and recognized artists and classical art works in the program satisfy the customers' quality consciousness or alternatively, their conservative preferences. This behavior can be interpreted as a responsive form of market orientation, reacting to customers' manifest needs and preferences. The latent needs were verbalized by one respondent as "an unconscious desire to be exposed to unknown and a curiosity for new". A norm about continuously creating something new was guiding the programming and latent needs were responded by providing contemporary and rare, unfamiliar older works. This behavior represents the proactive form of market orientation.

The responsiveness related to competitor's activities seemed to be minimal, and co-operative rather than aggressive. For example, the repertoire plans were occasionally coordinated with a colleague in another orchestra, as one respondent said. When the respondents were asked the ways in which they differentiate their offerings from those of their competitors, the following were mentioned: program choices (theatre), originality and renewing (chamber music festival), international performers (jazz festival), playing style (orchestra), and the chief conductor's interpretation and program choices (orchestra). Playing style and the chief conductor's interpretation can be seen to represent stylistic organizational artifacts, as they are produced by behavior grounded in the cultural norms and values of an organization.

Only one respondent recognized the existence of intratype competition and was monitoring and thoroughly analyzing the actions and capabilities of the competitors. He said that several new chamber music festivals have been copying – as modified or as such – the structure, ideas and programs of this festival. Often those festivals are led by artists who have earlier performed at this festival. His response to competition was very active; it included differentiating and renewing the festival continually and creating an original style in order to be always one step ahead of newcomers. As a positive consequence of competition, the director viewed the necessity for every festival to pay special attention to the quality of its activities. “New creativity is emerging with this competition... ..we do not compete for larger audiences but for a better quality”, the director said.

6. Summary and conclusions

The findings of this explorative study suggest that the program planning of performing arts organizations is to a certain degree influenced by the analysis of customers and competitors. This market orientation does not lead to conflicts between artistic and other goals. In all, the programming is based more on arts managers’ underlying assumptions and beliefs of customers and competitors or on intelligence generated from repetitive experience than on formal and systematic market-focused intelligence generation. However, managers’ beliefs and assumptions are not fully supported by research findings. Three different approaches to programming were identified on the basis of the data, a creativity-based approach, a resource-based approach, and a mission-based approach. In these three approaches, the views on customers and the degree of market orientation varied.

In the creativity-based approach, the market orientation of programming is mainly self-oriented, but implicitly also takes account of both the current articulated and latent future needs of customers through a varied repertoire of different styles, genres, periods etc. This implicit customer orientation is based on the values and norms of the artistic directors; the importance of pursuing a consistent program policy and capturing the audience; the necessity of catching up the *zeitgeist*. Hence, both the responsive and proactive market orientation can be identified. Moreover, market-oriented behavior manifests itself in segmenting potential customers and targeting a number of segments, or in focusing one segment. Intratype and indirect competition is perceived as existing, and responsive actions are actively taken. Market intelligence is generated through collaboration with the actors of the cultural sector, experimentation, and repetitive experience. As the programming decisions are centralized to the artistic director, his/her values and assumptions are reflected unrestrained in the programming. The willingness to take risk in programming is considerable. In conclusion, a reasonable degree of both responsive and proactive market orientation supported by cultural antecedents can be observed in organizations representing this programming approach.

In the resource-based approach to programming the current customer needs are often acknowledged as a starting point of planning. Familiar and established artists are favoured and risky choices of unfamiliar repertoire minimized. Strong norms forcing to sell out and avoid financial losses support the response to current customer needs. The market is segmented by audience expertise. By differentiating the programs, a number of segments are targeted. The most important source of market information is intelligence generated from repetitive experience. Only indirect competition is recognized and therefore, no actions in response to competition are taken. In conclusion, the programming in this approach manifests a considerable degree of market orientation that is supported by cultural antecedents and responsive to a variety of customer needs, but not so responsive to competition.

The mission-based approach to programming emphasizes the values of artistic risk-taking, quality and artistic relevance of the programs. The objective to create an elegant, cohere artistic whole is

the focus of all planning and effort. Actually, the customer is viewed as an object of education, and customer needs are subordinated to the norms about promoting performing arts and culture. This approach markedly represents the proactive form of market orientation, because many of the program choices are targeted to satisfy latent future needs of customers, or educate customers. On the whole, market-oriented behavior is in a minor role; any systematic segmentation is not used, and intelligence is largely generated through collaboration with the actors of the cultural sector. The response to competition is collaborative, because the existence of intratype competition is not acknowledged. Decision making procedures (a committee) seem not to promote market orientation. In summary, this approach reflects a rather low degree of responsive market orientation, but a higher degree of proactive market orientation. Both forms of market orientation are supported by cultural antecedents.

In overall conclusion, the degree of market orientation of performing arts organizations seems to be higher when there are strong financial pressures and competition is perceived as existing between performing arts organizations. Both responsive and proactive forms of market orientation are found. Cultural antecedents seem partly to support both forms of market orientation. Interestingly, centralization of decision making as a sociostructural antecedent appears to foster market orientation in performing arts organizations. Our findings are consistent with the proposition that centralization may be related inversely to intelligence generation but positively to response implementation (Kohli and Jaworski 1990). Further, market orientation is based on the intuition of the arts managers rather than on formally and systematically generated market-focused intelligence. The lack of marketing information systems is typical in these organizations (cf. McDonald and Harrison 2002). The findings of this study, being subjective interpretations and based on a limited number of interviews are in no way generalizable without additional research.

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