

# **Does the Building of Relationships Lead to Successful Performing Arts Organisations?**

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### **Abstract**

A major issue regarding marketing within the arts is the fact it is that it is more likely to be seen as a tactical issue rather than a strategic one. One possible cause of this short-term, tactical emphasis is the division between resource attraction and resource allocation and a possible solution to this problem is the development and maintenance of relationships with a wide variety of stakeholders. This paper reports on findings from an exploratory study of subsidised theatres. A conceptual model is proposed that displays the key relationships that may need to be considered if a theatre wishes to be 'successful.

### **1. Strategy v Tactics in the Subsidised Arts**

A good deal of the literature on arts marketing tends to reflect the view that there is an over-emphasis on tactical marketing (Hill et al, 1997) with the focus being on its promotional role (Permut, 1980; McLean, 1994). Such a tactical approach tends to deal with day-to-day operations rather than the consideration of a more long-term strategic direction. A possible cause of this tactical perspective is the division between resource attraction and resource allocation (Birks and Southan, 1991; Conway, 1996). Resources are generated from a contributor market and then reallocated to a separate beneficiary market, and because 'consumers' do not always pay directly for the service, there is pressure for marketing to take on a greater 'selling' function in order to attract funds (Birks and Southan 1991). The marketing department tends to therefore see its role as confined to tactical, short-term communication which typically occurs after decisions on artistic policy have been taken by others within the organisation. Although some revenue is acquired from the audience i.e. the user, this allocation/attraction division still exists (Bradford, 1991; Conway and Wood, 2000). One possibility to overcome this tactical focus is to apply a relationship marketing perspective which aims to develop relationships not just with end users but also with other stakeholders such as employees, funders etc.

## 2. Relationship Marketing

Relationship marketing involves the development of continuous relationships between parties that are usually long-term (Copulsky and Wolf, 1990; Holmlund and Törnroos, 1997) and dynamic where relationship participants perform activities based on a set of resources that tie the parties together (Håkansson and Snehota, 1995). The choice of which organisations with whom to develop a relationship, depends on the actions and expectations of the other parties, the nature of what is offered and of the surrounding network.

In considering the importance of relationship marketing, Grönroos (1994) actually redefines marketing:

“Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises”

If it is accepted that profit need not be of a financial nature but can be any ‘gain’ on the part of various parties, (such as the social and economic value of the Arts), the above could be applied to the subsidised arts. This definition highlights the maintenance and enhancement of relationships for mutual benefit and specifically in the context of this paper, the importance of a consideration of ‘other partners’.

Grönroos (1994) sees a relational strategy as focusing on interactive marketing involving internal marketing with the 4P’s of the marketing mix in a supporting role. Christopher, Ballantyne and Payne (1991) note that in addition to customer markets, there is the need to develop and enhance enduring relationships with supplier, recruitment, referral, influence and internal markets.

Morgan and Hunt (1994) similarly suggest the need to develop relational exchanges that exist within four types of partnerships: supplier, lateral, internal and buyer partnerships. Within the subsidised arts context, supplier partnerships involve the organisation dealing with goods and service suppliers (for furnishings, catering services, for example, in addition to suppliers of external funding). Lateral partnerships can involve joint activities with competitors, linkages with local schools, dealings with the Arts Council and local authorities. Internal partnerships involve various relationships within the organisation such as between staff, and between different departments within the organisation. Buyer partnerships involve the relationships that the organisation has with both intermediary customers (such as commercial sponsors) and the ultimate customers (the audience).

By developing relationships with a variety of customer groupings such as employees and regulators in addition to funders and end users, the gap between resource attraction and resource allocation could be bridged (Conway and Wood, 2000). A broader view of 'customer' is therefore more likely to produce a more long-term strategic perspective. This perspective is likely to enhance the arts organisation's long-term effectiveness and its success by communicating a clear direction for those involved with the organisation both internally and externally. The Sydney Opera House, for example, by changing its mission from cultural centre to tourist attraction increased its prestige and revenue (Kotler and Scheff, 1997).

### **3: Measuring 'success'**

The possible overemphasis on the tactical rather than the strategic indicates a need for further research into whether 'successful' subsidised arts organisations are indeed more strategic in their focus.

#### **3.1 Measurement of 'Success' in Not-for-Profit Organisations**

Not-for-profit organisations tend to suffer from goal ambiguity (Fine, 1990 ; Butler and Collins, 1995) with such goals being mutually incompatible (McGill and Wooten, 1975). A possible financial objective could be 'survival' but this often simply means minimal operating performance below break-even for some of its activities in the short-run (Hatten 1982). In the not-for-profit sector, measurement of revenue is merely measuring the contribution from donors and is not necessarily a measure of success as there is no consideration of whether clients are being satisfied. On the other hand, the organisation can satisfy the clients and not the donors! (Shapiro, 1973). This funding issue is a key difference between the commercial and not-for-profit organisation. Sources of revenue are more varied and are often significantly different from that of the profit making situation. The payment by customers may only be a secondary source of funds (Newman and Wallender, 1976) with pricing relying on taxation or philanthropy (Lamb 1987).

#### **3.2 Measurement of 'Success' in the Subsidised Arts**

With specific reference to subsidised arts organisations, it seems that profit is not the main motive for existence. Such organisations have multiple objectives and indeed, some of these may be conflicting. The motives for existence can be very different depending on whose views are being sought: management, artists, audience, funders, regulators, sponsors etc. It would, however, seem to be possible to recognise intuitively, 'successful' subsidised arts organisations. If a number of different stakeholder types are asked to identify what they consider to be successful subsidised arts organisations, it is possible for the same organisations to be identified by many of the respondents. Whether each uses the same criteria for measuring 'success' may be another matter. The identification of the criteria used by arts organisations to define 'success' was therefore the subject of initial empirical research. Such research also aimed to highlight whether 'successful'

organisations were more strategic in focus and whether such 'strategic' organisations were more likely to apply a relationship marketing approach.

#### **4. The Research**

##### **4.1 Subsidised Performing Arts in the North West of England.**

A useful way of highlighting the perceived value of the arts in terms of both region and art form is via a consideration of the degree of sponsorship that has been taking place (Mintel, 1998). Arts sponsorship virtually trebled in the 6 years from 1993 (when it was estimated at £50m) to £141m in 1999 (Thorncroft, 2000). In 1997, general business sponsorship of the arts accounted for 54% of the total value of arts sponsorship (Mintel, 1998).

In terms of UK regions, the largest segment in 1997 was the London region with £45.77m (Mintel, 1998). There does, however, seem to be a growth in the provincial areas (Tweedy, 1996; Mintel, 1998). Indeed, in England, the provincial area with the biggest growth has been the North West with a 55% increase between 1994 and 1997 (Mintel, 1998). For example, Manchester Airport has a sponsorship budget of 1% of its operating profit specifically targeted to support the arts across the North West region (Tweedy, 1996, Manchester Airport Annual Report, 1999). Greater Manchester particularly, has been developing a growing reputation over recent years. In 1994, Manchester achieved the status of 'City of Drama' and since 1996, Manchester has gained an additional 4,500 theatre/concert hall seats giving it the highest density of theatre seats per head of the population outside London which is more than any other regional city in the UK (Hemisphere, 2000).

In terms of art form, all types of art have seen an increase in attendance with theatres receiving the biggest boost rising 2.7% over the period 1992-1997 to stand at a level of 37.5% of all adults. This makes it the most popular art form in terms of attendance. Plays take the lion's share of audiences (Arts Council of Great Britain, 1995), with 23.5% of the adult population visiting in 1997 (TGI, 1997).

In an attempt to ascertain whether subsidised arts organisations that apply a relationship marketing approach are indeed more effective and have a more strategic focus, a preliminary study of subsidised theatres in the North West of England was undertaken. The aim was to identify principal themes, patterns and links which could be used as a basis for a more detailed study of the relationships that exist between stakeholders in the 'successful' theatre.

##### **4.2 Research Design**

The study was conducted largely within a phenomenological paradigm using an inductive approach in that the study aimed to identify the key issues which were used to define 'success' and its achievement. The method used in the study was a qualitative semi-structured interview.

Six subsidised theatres in the North West of England were studied and interviews were conducted with senior managers of each. Initially, four ‘successful’ theatres were selected (A,B,C and D) but subsequently, in response to some of the findings, an additional two ‘unsuccessful’ theatres (X and Y) were added to the study.

A topic guide was used as an aid to the interviewer, in the form of a check-list (Seale, 1999). The content of the topic guide was informed by the literature search and by issues that may have been relevant to the specific circumstances of the interviewee.

**Organisation and Management Structure** were considered to be important as the size, structure and culture of an organisation could be interpreted as having an important influence on how ‘success’ was perceived.

The identification of an **organisation’s mission or vision** would give some indication of its strategic focus, the degree of customer orientation and the degree to which a broad or narrow view of the customer was perceived as important for the organisation’s strategic direction. The **methods** by which the successful achievement of the organisation’s mission was **measured**, if indeed they were at all, were considered as important. The **criteria** used for such measurement were also of importance and thus needed to be identified. Of course, if no measures nor criteria were identified, this would be of interest in itself.

The organisation’s perceived **beneficiaries** and **stakeholders** were seen to be a useful indicator of the degree to which a broader perspective of the term ‘customer’ was used in strategic decision making. Which stakeholders were identified was seen as important as were whether such stakeholders were considered as beneficiaries and whether specific criteria for the measurement of success referred to particular customer/ stakeholder groupings.

Respondents’ perceptions of other **similar organisations** in the locality and whether they were considered to be successful or unsuccessful and the reasons why, were also considered to be important. It was felt that this would offer the opportunity to ensure that there was a level of consistency in the criteria used by respondents in their measurement of success.

### 4.3 Choice of Respondents

The choice of theatres for study was the result of informal discussions with delegates at the National Arts Marketing Association Conference which took place in Manchester in 2000 and an identification of those that were generally considered to be ‘successful’ by the local mass media.

The literature indicates that marketers in the not-for-profit sector generally and in the subsidised arts specifically have a tendency to over-emphasise the tactical aspects of marketing rather than the more long-term strategic perspective. It therefore seemed prudent to discuss the issue of success with those who were involved in strategic

decision-making. As a result, appointments were sought with the most senior employees within the organisations concerned as, in general terms, it is usually those in the most senior of positions that tend to perform strategic roles. Interviews were therefore conducted as follows:

|                   |  |
|-------------------|--|
| <b>Theatre A:</b> | <b>Executive Director</b>                |
| <b>Theatre B:</b> | <b>Artistic Director/Chief Executive</b> |
| <b>Theatre C:</b> | <b>General Manager</b>                   |
| <b>Theatre D:</b> | <b>Deputy Chief Executive</b>            |

Subsequently two additional interviews were conducted:

|                  |                                  |
|------------------|----------------------------------|
| <b>Theatre X</b> | <b>Temporary Chief Executive</b> |
| <b>Theatre Y</b> | <b>Chief Executive</b>           |

## **4.4 Research Findings**

### **4.4.1. Respondents' Role**

The Executive Director was interviewed at Theatre A. She had been in post for approximately one year and although she believed that a strategic role should be being performed, she had found it difficult to do so. At Theatre B, the Chief Executive (who was also the Artistic Director) was interviewed. He considered both roles to be strategic in nature. In contrast, the General Manager at Theatre C believed his role to be predominantly operational with the Artistic Director playing a more strategic role. There was a similar situation at Theatre D. Here, The Deputy Chief Executive was interviewed. Although in theory, both the respondent and the Artistic Director were involved with strategy, it was felt that there was a need for someone to look strategically at funding. The situation in existence at the time tended to lead to a more tactical focus with the organisation being reactive rather than proactive. This respondent believed that strategy was very closely intertwined with funding:

“ Funding is the key to our existence. This is the key focus of the Artistic Director.”

(Deputy Chief Executive, Theatre D)

At Theatre X, the Temporary Chief Executive was interviewed. He had been appointed to oversee changes in the organisation as a result of perceived failure in a number of areas. He represented the Board and his job was to streamline the organisation, developing a coherent, lean and effective organisation for the future.

At Theatre Y, the Chief Executive was interviewed. She saw her role as working with the Artistic Director in the production of the theatre's programme. She saw her role as both strategic and tactical in nature:

“We work as a team. I work with the Artistic Director on the business side of strategy and he is involved with the artistic side. I am also responsible for the day to day operations of the theatre.

(Chief Executive, Theatre Y)

#### **4.4.2 Organisation Structure**

A's Theatre Company was governed by a Board that included Local Authority Councillors and Professionals. The Executive Director (the interviewee) along with four artistic directors reported to this Board. Reporting to this group were the General Manager who dealt with the day-to-day operations and the Financial Director. Below these in the hierarchy were the Heads of Building, Catering and Marketing Departments, the Company Manager, the IT Manager and Production Manager. The theatre employed two hundred people permanently and two hundred part-time staff in the areas of acting, lighting, production engineering etc.

At Theatre B, the Executive Producer (the chief administrative position in the organisation) reported to the Artistic Director/Chief Executive (the interviewee). Reporting to the Executive Producer were various other departments such as the Projects Department (which ran the many youth projects and education initiatives), the Production Department, the Finance and Administration Department and the Marketing and Public Affairs Department. Departments were expected to work closely together. For example, work on audience development was seen as the remit of both Marketing and Projects Departments.

Theatre C was part of the Libraries and Theatres Department of the Local Authority. It was co-headed by the Artistic Director and the General Manager (the interviewee). There was a small Management Team that comprised Finance, Theatre Reception, Art Director and Associate Director. The Marketing Team comprised the Marketing Manager and the Co-Production Manager. A small team produced the programme and there was a general team approach.

Theatre D was headed by a Chief Executive who had overall responsibility. He was technically the Artistic Director, however, and was therefore not involved in the day-to-day operations of the Theatre. It was the Deputy Chief Executive (the interviewee) who was involved in the day-to-day operations. Reporting to these were the Marketing Director and the Technical Director and these four individuals generally ran the organisation.

The structure of Theatre X could not be described as there was still some way to go before the final structure was agreed.

Theatre Y was a charity run by a Board which consisted of representatives of the City and County Council and other professionals. In recent years, a structure had developed where the Senior Management Team comprised the Chief Executive, the Artistic Director, and the Production and Marketing Manager.

#### **4.4.3 Organisation Vision/Mission**

Five out of the six organisations visited had clear visions. It was difficult, however, to clearly identify theatre X's vision for the future as it was to cease being a producing theatre and any future success would depend on it being a venue for travelling companies.

Theatre A's mission involved innovation and new art:

“We are here to ‘push out the envelope’. I suppose our overall vision is ‘the new’.”

(Executive Director, Theatre A)

This overall focus on the ‘new’ was believed to link well with government directives. However, the general public's image of the theatre seemed to be that of performing the ‘classics’ well:

“The problem we have is that most people see us as performing classic productions and many are afraid of trying new productions.”

(Executive Director, Theatre A)

The vision of theatre B was that of a ‘young people's theatre’. For Theatre C, access/social inclusion was seen as important:

“ We see this as a theatre where people feel they have ‘a right to be’.”

(General Manager, Theatre C)

For theatre D, the vision was seen as giving people what they wanted. The vision therefore, was to maintain core audiences (its audience had an average age of over 60):

“We have to give our audiences what they want. In the past, we have tried to perform new and innovative works and it was a disaster. Hardly anyone came.”

(Deputy Chief Executive, Theatre D)

Theatre Y saw its vision as that of the ‘flagship for the arts in the region’. This vision had changed towards meeting the needs of a bigger core audience as there was a need for a bigger audience for funding purposes. Education was also seen to have an important role:



“We have to give our audiences what they want but we simply cannot rely on our regular audiences. We need to educate the young. Through education we can make the unknown familiar.”

(Chief Executive, Theatre Y)

In terms of how successful achievement of such stated missions were measured, if at all, Theatre B used the type of audience attending as a measure:

“ We are successfully acquiring young audiences who are seeking the type of experience we are providing. This is a very different audience from that which attended previously.”

(Chief Executive/Artistic Director, Theatre B)

and D specifically used audience size as a measure:

“We must be giving people what they want as we now have full houses”

(Deputy Chief Executive, Theatre D)

Theatre A used the number of new productions as an indicator of successful achievement of its mission:

“The theatre has produced at least fifty new plays and aims to produce at least one new play per season.”

(Executive Director, Theatre A)

Respondents from Theatres C and Y were less forthcoming about measuring success of achieving their missions. This was probably due to the more philosophical nature of their respective theatre’s visions: ‘ where people feel they have a right to be’ (Theatre C) and ‘flagship for the arts in the region’ (Theatre Y)

#### **4.4.4 Funding**

Nearly all the organisations within the preliminary study were funded by a combination of box office revenue, local authority monies and funding through the North West Arts Board (NWAB). Some organisations also gained funds via commercial sponsorship.

Theatre B received the largest source of its finance from the NWAB. In addition, the Association of Greater Manchester Authorities (AGMA) and Manchester City Council provided funds for specific types of work. There was also some support from a local university (cash and in kind). The priority for the funding bodies was targeting the 16-25

age group as this was considered to be ‘the lost audience for theatre’. Similarly, Theatre D was funded by the NWAB, the Local Authority and AGMA. The revenue from the box office was considerably less than external funding as ticket prices needed to remain competitive. D was perceived by funding bodies as not meeting their targets in terms of outreach and education. As a result, it was seen as failing to increase access for other groups. However, if it did meet such targets, there was a belief by the core management that audience figures would decline:

“We have a problem. If we do what the funding bodies want us to do, we will have no audience!”

(Deputy Chief Executive, Theatre D)

Both Theatres X and Y were predominantly funded by their respective Local Authorities with some funding being received from NWAB. It was mainly due to the funding requirements of NWAB that changes to Theatre X were taking place. X had also received a good deal of commercial sponsorship particularly for educational activities.

The funding of A and C were rather different in that, for historical reasons, an agreement was made that the Arts Council would fund A and the City Council would fund C. Theatre A was, therefore, predominantly funded by the Arts Council, although other funding was received from AGMA. The rest of the money was received from box office receipts, catering and sponsorship. As a result, 60% of revenue was earned income with 40% coming from various subsidies.

All staff employed by Theatre C were Local Government Officers. Funding was a problem, as the theatre did not gain income from business/catering. Indeed, the overall environment for catering was considered poor and the theatre had no control over the pricing /organisation of this facility: Another difficulty was that income was generated from the Local Authority budget and any revenues were recharged to pay for other authority services. The theatre was running with a modest deficit and therefore there was a perception of it performing well financially as it was common to have bigger deficits in some organisations.

#### **4.4.5 Customers/Beneficiaries**

The most common response to the identification of the organisations’ customers/beneficiaries was that of the theatre’s paying audience:

“There are lots of beneficiaries, but the audience is key”

(Chief Executive, Theatre Y)

Sometimes this was divided into specific segments. Theatre A, for example, distinguished between its 'typical' customers (who were more likely to be 40-60 year old professionals) and the younger 19-25 age group which was particularly difficult to attract. There was a perceived need to 'educate' the regular customer but this could cause conflict when trying to satisfy season ticket holders:

“We have had to offer the facility for people to 'opt out' from attending new material. There is resistance to change but we need to 'educate' and build links with schools and other educational institutions.”

(Executive Director, Theatre A)

Theatre B was specifically 'young people' focussed and within this broad category, there were two customer groupings that could be identified - teenagers and young adults. Finding a balance between the two was important:

Theatre C was continuously researching its customers' views and although the major problems related to the poor facilities, there did seem to be general satisfaction with performances:

Some respondents highlighted the importance of the staff to the theatre. At A, it was believed there was a need for passion and commitment on the part of the staff and therefore pay and conditions were considered vital:

“We need to ensure that staff are rewarded for all their efforts. Happy staff ensures a happy audience”.

(Executive Director, Theatre A)

Similarly, at D, staff were considered to be an important group of customers. Staff turnover was generally low and there was a good deal of high morale. Many of the 'front of house' staff were volunteers and were there because they loved the theatre:

Some respondents briefly noted other beneficiaries such as the Local Authority, the North West Community (Theatres B and C) and the Tourism Community (Theatre C).

Some respondents talked of 'building relationships' with beneficiaries. For Y, there was the importance of building relationships with its various audience types with different sectors each requiring different methods of communication. For C, the key relationships were with the audience and its staff. There was a belief that the theatre had a good reputation in building relationships with these groupings in that it was seen to have technical and administrative expertise:

“ We have a good reputation for looking after both our audience and staff.”

(General Manager, Theatre C)

It was Theatre B that seemed to have a broader view of ‘customers’ and the importance of building relationships with the many different types. In addition to developing relationships with audiences, B’s respondent believed that there was a need to develop relationships with those other people who worked with young people such as teachers, youth workers etc. There was also a need to offer opportunities for new and emerging artists and companies. Due to the vast array of activities, the building of relationships and increasing collaboration were considered vital:

“We need to build relationships with a variety of customer types: audiences, artists, staff, funding bodies. It is only through collaboration with these that we can achieve what we have set out to do.”

(Chief Executive, Theatre B)

#### **4.4.6 Success**

##### **Quality of the Work**

All respondents except from D identified the quality of the work on stage as the key criterion for success. There was a belief that those in the industry all knew what success was but found it difficult to communicate to others. Although it was accepted that there was a problem in measuring the quality of work, a number of respondents believed that the high quality of work should automatically lead to a high level of audience attendance:

“ ...if the work is good, customers will come.”

(General Manager, Theatre C)

“Quality of the work is the key. Good quality will lead to increase in audiences.”

(Chief Executive, Theatre Y)

A good standard of work was also likely to attract the best staff in the future. For example, Theatre A believed it still attracted the best that came out of London in terms of technical and permanent staff:

“Our reputation means that we can recruit quality people.”

(Executive Director, Theatre A)

A number of respondents saw the importance of maintaining a dialogue with audiences:

“Overall, to measure success there is a need to listen to the audience.”

(Executive Director, Theatre A)

“Success can also be measured by asking audiences and of course audiences vote with their feet.”

(General Manager, Theatre C)

“There are a limited number of ways of gaining feedback from the audience. Youth forums are used for feedback and planning. However, although, audience involvement is important, more needs to be done. There is also informal feedback from staff who are encouraged to chat with the audience.”

(Chief Executive, Theatre B)

### **Financial Measurement**

For theatres A, D and X, box office revenue was an important indicator of success. For X and Y, particularly, the degree of external funding was also seen as an important criterion of success:

“Getting external funding shows how successful you are.”

(Temporary Chief Executive, Theatre X)

“ The key to success is getting funding from sources other than the audience, it’s a pity but that is how things are.”

(Chief Executive, Theatre Y)

Other respondents were clear that the degree of external funding should *not* be seen as a major criterion for success:

“There is too much pressure to satisfy funders.”

(Executive Director, Theatre A)

“Seeing success as merely getting external funding is too narrow a view.”

(Chief Executive, Theatre B)

This emphasis on funding as an indicator of success by X and Y theatres was interesting in that these were the theatres that were considered to be ‘unsuccessful’ by the other

respondents. Indeed, X and Y respondents also considered their own organisations to be unsuccessful:

“ I suppose at the moment, there is a good deal of room for improvement.”

(Chief Executive, Theatre Y)

Another possible measure of success noted was having no deficit:

“The theatre has been ‘careful’. It has used ‘through casting’ where the same cast is employed to perform more than one play. The theatre cannot afford to take too many risks. Finance is still an important issue.”

(Deputy Chief Executive, Theatre D),

Others disagreed:

“Survival should not be the bottom line. The work should be relevant.”

(Chief Executive, Theatre B)

### **Other Indicators**

Having a high profile in terms of publicity was noted as a useful indicator by Theatre X. A more general approach to indicators of success was put forward by the respondent from Theatre B. Many different types of people would have contact with the organisation and therefore quality of experience was important. The theatre needed to be seen as a vibrant place with a perceived high quality of presentation:

“Producing exceptional work and ensuring a quality experience indicates success”

(Chief Executive, Theatre B)

He did accept, however, that evaluation, was difficult as there were different methods for different projects.

### **Examples of Successful Organisations in the Geographical Region**

When asked to identify what he considered to be other successful/unsuccessful organisations, the respondent from theatre B felt it was difficult to do so as he was fairly new to the region. However, he tended to make judgements on the basis of quality of provision.

The following were considered as successful by the other respondents.

### Theatre A

Theatre A was considered to be successful by respondents from C, D, X and Y. Some saw this success artistically and in terms of quality of its staff, whereas others saw its acquisition of funding as part of its success. In contrast, others saw it as being over-funded:

“Theatre A has it easy. How can you fail with so much money?”

(General Manager, Theatre C)

The respondent from X also identified A as successful as it had a high public profile.

### Theatre B

B was considered to be successful by all other respondents particularly in reaching its target audience:

“...it seems to be successfully hitting the target audience i.e. the younger age group.”

(Executive Director, Theatre A)

“B seems to be producing ‘a buzz’ among its target.”

(General Manager, Theatre C).

### Theatre C

C was highlighted as successful by A and D:

“ The theatre has grown in leaps and bounds particularly in the area of new plays.”

(Executive Director, Theatre A).

“C is successful in that it fills the middle ground well”.

(Deputy Chief Executive, Theatre D)

## Theatre D

D was considered to be successful by respondents from Theatres A and C:

“This theatre is successfully hitting its age group. It certainly knows its audience.”

(Executive Director, Theatre A)

“D seems to be successful as it knows what its audiences want. However, its audience is aging and the theatre needs refurbishment.”

(General Manager, Theatre C)

### **Examples of Unsuccessful Organisations in the Geographical Region**

All respondents who were able to give examples, identified X and Y as ‘unsuccessful’, including the respondents of these two theatres themselves.

All but Y seemed to indicate that the lack of success was in terms of both lack of financial resource and poor quality of provision. The respondent from Y emphasised the lack of funds as the key indicator of its failure and was generally happy about the quality of the work:

“We are producing good quality work but we are constrained by lack of funds.”

(Chief Executive, Theatre Y)

The other respondents, however, saw a link between lack of funds and poor quality. For example:

“Both theatres are struggling in terms of both quality of provision and finances. There tends to be a spiral; if revenue falls, there is a tendency to offer safer programmes but this may not necessarily lead to success.”

(Executive Director, Theatre A)

#### **4.4.7 Additional Issue: Audience Development**

‘Audience development’ seemed to be an important issue at the time of the interviews as this was a key focus for funding bodies. It was considered that perceptions of what was meant by the term ‘audience development’ could be an important factor in the degree of success or otherwise experienced by the theatres and thus findings relating to this issue was also included.



Theatres A, D, X and Y saw audience development as the acquisition of new audiences whereas Theatre C seemed to have a different view:

“As 80% of the business tends to come from 20% of the customers, audience development is looking after this 20%.”

(General Manager, Theatre C)

Yet another perspective was that offered by Theatre B. Here, all activity was classified as audience development although this was probably due to the fact that the theatre had been closed for three years and had only recently re-opened. There was a battle to win young audiences not just from other theatres but also from other forms of recreational activity:

“Everything is audience development. Relationship development and collaboration with other organisations so that the whole community can become involved are important aspects of this”.

(Chief Executive, Theatre B)

## **5. Conclusions and Discussion**

Although, this was an exploratory study dealing with a small number of organisations in a small geographical region, an analysis of the findings indicates that it is possible to identify some common indicators of ‘success’ amongst the subsidised performing arts. All saw the box office and quality of work as key indicators of success. Theatres A, C and Y saw a link between quality of work and an increase in audience size. Only X and Y saw external funding as additional indicators of success. Although some of these, such as ‘quality of work’ are very difficult to quantify, the findings do confirm that there is general agreement on what can be considered to be a ‘successful’ and an ‘unsuccessful’ theatre. Two theatres particularly (A and B) were considered successful by all respondents and all (including the X and Y respondents) saw X and Y as unsuccessful.

All respondents highlighted box office revenue and external funding as important but those that saw external funding as an indicator of success (X and Y) tended to be the most unsuccessful organisations. This could indicate an overemphasis on the ‘tactical’, short term acquisition of funds.

The study also highlights the fact that in each of the six theatres, although respondents held the most senior administrative positions, there was also the existence of an Artistic Director who was seen to perform the key strategic role within each organisation in addition to being the creative driving force. The artistic director is thus seen as the key representative of the individual theatre’s strategic marketing effort. This is different to

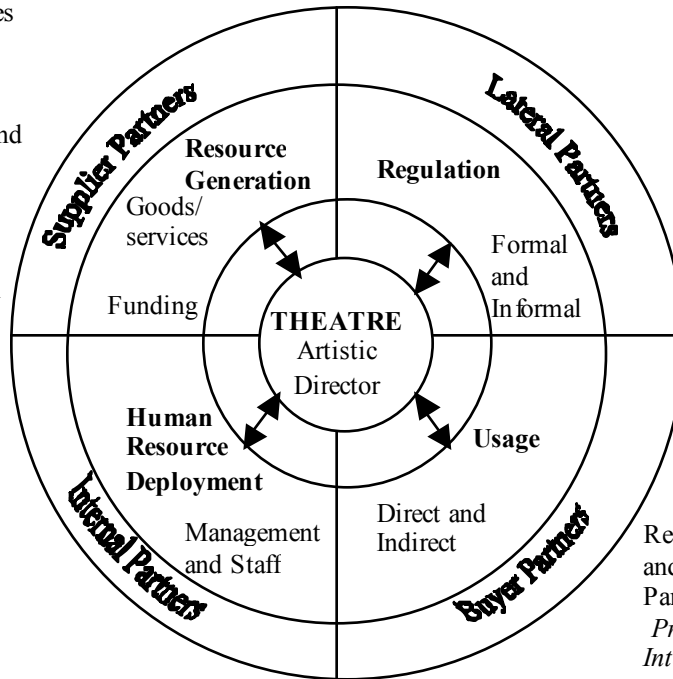
that which tends to occur in the commercial sector where senior administrators rather than those with 'technical expertise' perform this role.

All respondents were aware of different stakeholders. A, B,C and D theatres saw the audience as the key priority whereas X and Y saw funders as the most important customer grouping. The respondents from theatres A and B, particularly, highlighted the importance of collaboration with a variety of stakeholders whereas only collaboration linked specifically to audience segments was noted by X and Y. The greater the appreciation of a broader, stakeholder approach, the greater the possibility of a strategic perspective (Christopher et al, 1991 ; Morgan and Hunt,1994, and Conway, 1997) and thus at this early stage in the research, there would seem to be a linkage between the application of a strategic perspective and organisational success.

These findings tend to indicate that the application of a relationship marketing perspective could lead to a more strategic focus and consequently enhance the effectiveness of subsidised performing arts organisations. As a result of these initial findings, the following conceptual model has been developed utilising the work of Gwin (1990) who highlights the different publics/stakeholders that exist for not-for-profit organisations and that of Morgan and Hunt (1994) who identify the key partnerships that exist within a relationship marketing perspective. It identifies four major partnerships that need to be considered by a subsidised performing arts organisation if an effective relationship marketing perspective is to be applied: buyer, supplier, lateral and internal partnerships. The organisation needs to ensure effective relationships with specific stakeholder types within these partnerships: users, resource generators, regulators and staff members/managers. The study seemed to confirm that these were all potentially important as each respondent referred to them to differing degrees. Of particular interest, however, was the finding that in all cases, it was the Artistic Director rather than the Chief Administrative manager who was seen to have a strategic role within each organisation. As a result, the model incorporate this.

Figure 1 below displays this conceptual model.

Relationship between the artistic director (who represents the theatre) and those who provide its goods and services/ financial resources. Parties that perform this role are:  
*Central and Local Government* (goods and services and funding)  
*Commercial Enterprises* ( goods and services and funding through sponsorship and philanthropy)  
*Audiences* ( direct funding through the box office)  
*Individuals* (direct funding through philanthropy)



Relationship between the artistic director and those who regulate the theatre's activities (either formally or informally). Parties that perform this function are:  
*Funding Bodies*  
*Commercial Enterprises*  
*Audiences*  
*Competitors*  
*The Media*  
*Internal Staff.*

Relationship between the artistic director and those who are employed by the theatre. Parties that perform this role are:  
*Artists*  
*Managers*  
*Employees*

Relationship between the artistic director and those who purchase/use its services. Parties that perform this role are:  
*Present Audience* (Direct Relationship),  
*Internal Staff* (Direct Relationship),  
*Commercial Enterprises* (Indirect through Corporate Hospitality)  
*Local Community* (Indirect)  
*Intermediaries* (Indirect)

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