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The strategic positioning of the major Italian opera houses

by

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ABSTRACT

The aim of this paper is to analyse the positioning carried out by the twelve Italian Fondazioni Liriche (the major opera houses, according to the juridical definition), in the first four years

from the change-over from public bodies to private foundations, by examining the choices made with regard to a few marketing variables.

The analysis timeframe takes as a reference the organizations performances in 1994-95, the last season before the introduction of the new juridical framework; and in 2000-01, the most recent season for which financial data were available. The analysis is based on data provided by a questionnaire sent to the organizations, from sector databases and from in-house and public documents of the opera houses as well.

By developing two positioning matrices, the first related to the product and the second to price and ticket distribution strategies, a few groupings can be identified. For each group, the paper analyses the strategy of the organizations, the results achieved at competitive level, and the critical issues in terms of sustaining the positioning of the theatre.

In the *first section*, the positioning choices in terms of product offerings in 1994-95 and 2000-01, and the positioning changes that took place as a consequence of becoming a foundation are analysed.

In the *second section*, a matrix referring to the 2001-2002 season is presented, where we position the organizations on the basis of a few marketing variables, attempting to demonstrate the various degrees of their customer-orientation. The analysis will allow the identification of strategic groupings - in other words, groups of opera houses characterized by analogous positioning choices.

The *final section* of the paper analyses the attractiveness of the identified groups, establishing a relationship between their positioning choices and their performances, considering the main repositioning routes that may already be in progress.

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Introduction

Until the mid-1990s, the activity of the twelve main Italian opera houses (i.e., Bologna, Cagliari, Firenze, Genova, Milano, Napoli, Palermo, Roma, Torino, Trieste, Venezia, Verona) was ruled by the law n°800 of 1967, a legal framework that was inadequate and rigid. Opera houses therefore were entities ruled by public law - it was not even clear whether of the economic or non-economic type (Iudica, 1997, 7 etc.). The opera business (as well as ballets and concerts, which these organizations also present) requires instead the same legal framework as that of any private business. Besides, an orientation was developing at state central administration level towards changing the composition of the opera houses contributed income and, introducing fiscal incentives for corporate and individual contribution, setting up the conditions for a healthier economic environment, aiming thus at reducing the well-known biases and distortions typical of any subsidized sector. It was therefore necessary to redefine the business model for this sector.

Thus, in 1996, with D.L. N°367/1996 and the later 134/98, the Italian Parliament changed the juridical status of those organizations, which then became *foundations* governed by private law. Their statute (Art. 10 of D.L. 367/1996) set about the rules for the participation of corporations/individuals as stakeholders in the organization.

As a result, these changes produced a strong incentive for these organizations to maximize the earned income (box-office, merchandise, private funds).

The new institutional set-up creates a premise for significant change in the values and management of theatres. The law itself points out the necessity for theatres to operate according to the principles of efficiency and entrepreneurship and adopt governing tools (a board of directors and an auditors' committee) and management tools (budgeting and a three-years plan) which are standard practice in private companies.

Furthermore, the law set a deadline (July 1999) for the opera houses to acquire contributions from private companies/individuals. To be able to appoint a representative in the Board of

Directors the private contribution has to be at least equal to 12% of the state contribution. Reaching this goal is the condition that has to be met if government contributions is to increase.

The change in values and the necessity of raising private funds in a short time, to ensure management continuity, generated competition among theatres for the raising of scarce financial resources¹.

Until then, theatres had been product-oriented, developed in a self-contained environment and, moreover, with the typical distortions of cultural activities under public management (see Dupuis, X., 1983 and Dupuis, X. and Greffe, X., 1980). This led to an offering which was not necessarily of high quality and destined for an audience which was largely made up of traditional season-ticket holders who were geo-demographically quite homogenous. The relationship with sponsors and private donors was quite underdeveloped, due also to the limited tax benefits – not to mention the deteriorated relationship between the citizens and the state, for reasons of complex centuries-old historical and cultural Italian situations.

In this new context, though without neglecting the quality of the core product, theatres would have to orient themselves toward increased competitiveness, meaning the ability to:

- increase the audience – while operating in a quite competitive market ;
- attract and maintain links over time with private donors able of contributing financial resources and management competencies;
- create working relationships with valuable artists able of guaranteeing high quality product.

This competitiveness must be pursued with a clear definition of the strategic *goals* which the theatre intends to pursue and the *actions* to be carried out to reach those goals (Baggioni, 2000).

The Board of Directors, which includes representatives of private funding founders, is the place where these new foundations define those strategic goals - while the wider goal of

spreading the musical culture (as set by the law) remains unchanged. The three-year economic-financial plan which, according to the law, foundations must draw up every year, is the tool to identify the financial resources necessary for carrying out the strategic plan.

The positioning desired is thus translated into short-term goals expressed in terms of competitive results (single-tickets, subscriptions, and other earned income) or economic results (level of cost covered using earned resources, income components, work productivity, venue seating capacity ratio, etc.). These goals may be carried out by theatres in different ways and following different strategic courses.

The aim of this paper is to analyse the positioning carried out (knowingly or not) by theatres in the four years from the change-over to foundations, by observing the choices made with regard to the core-product (the actual operas staged²), price, and other marketing variables.

The analysis timeframe takes as a reference the organizations performances in the 1994-95 season, the last season before the introduction of the new juridical framework; and in 2000-01, the most recent season for which financial data were available. The analysis is based on data provided by a questionnaire sent to the organizations, from sector databases and from in-house and public documents of the opera houses as well.

By developing two positioning matrices, the first related to the product and the second to price and ticket distribution strategies, a few groupings can be identified. For each group, the paper analyses the strategy of the organizations, the results achieved at competitive level, and the critical issues in terms of sustaining the positioning of the theatre.

In the *first section*, the positioning choices of the organization are analysed in terms of opera offerings in 1994-95 and 2000-01; and the positioning changes that took place with the creation of the foundations are also analysed.

In the *second section*, a second map referring to the 2001-2002 season is introduced where we position the organizations on the basis of a few marketing variables, attempting to give

¹ For a close analysis of the opera houses cultural change and management innovation triggered by the legislative change see De Carlo (2000) and Baggioni, De Carlo (2000), Salvemini (1998), Sicca (1998).

evidence to the various degrees of their customer orientation. Said analyses will allow the identification of strategic groupings, in other words, groups of opera houses characterized by analogous positioning choices.

The *final section* of the paper analyses the strategic groupings (Porter M., 1980, 1996) which have been earlier defined, aiming at examining their attractiveness, establishing a relationship between their positioning choices and their performances, analysing the main repositioning routes that may already be in progress or which might be activated in future with the aim of improving the theatre management.

Product strategies

The first measurement upon which to base the strategic positioning of these theatres is the product choice. The programming of Italian opera houses is *a stagione* (similar to festivals), based on three kinds of core-products: opera, ballet and concerts. We can categorize the various offerings (of opera seasons) by the importance given to product attributes. The main attributes are the *title*, in and of itself, the *performers*, the *conductors*, and the *production*. These attributes may present different characteristics, depending on whether the management favours *innovation* or *tradition* in the titles and the directors, on one hand, and the *renown* or the *increased value* attributed to *young talent* in the choice of performers and conductors, on the other hand.

² We decided to focus only on the opera product, as it is the main product offered by those organizations, in terms of resources used.

This paper concentrates on the offer of opera performances. The variables used to evaluate organization positioning are:

- a) the level of innovation measured on the basis of the innovation (low and high) of the titles³ and of the productions⁴;
- b) the star performer-feature of the offering, measured in terms of the renown of the performers (low=young talents or high=famous artists) and of the conductors (low=young talent or high=famous conductors).

Table 1: Product positioning in 1994-95 (source: *Annuario dell'opera lirica italiana*, 1995)

³ The level of innovation in titles is measured as a relation between the number of innovative operas and the total number of operas on the bill. We decided that innovation is expressed by: a title written in the 18th century or earlier (excluding Mozart – with the exception of *Zaide* – and *Cimarosa*), in the 20th century (excluding Puccini) and a rare 19th century title (i.e. Verdi's *Un giorno di regno*, Rossini's *Viaggio a Reims*, Caikovskij's *A Night in May* and Schubert's *Fierrabras*).

⁴ The level of innovation of productions is measured as a relation between the number of innovative productions in the total number of productions on the bill. We decided that a staging is innovative when it demonstrates layers of meaning in the music and in the dramaturgy which have not been seen in previous stagings of that opera.

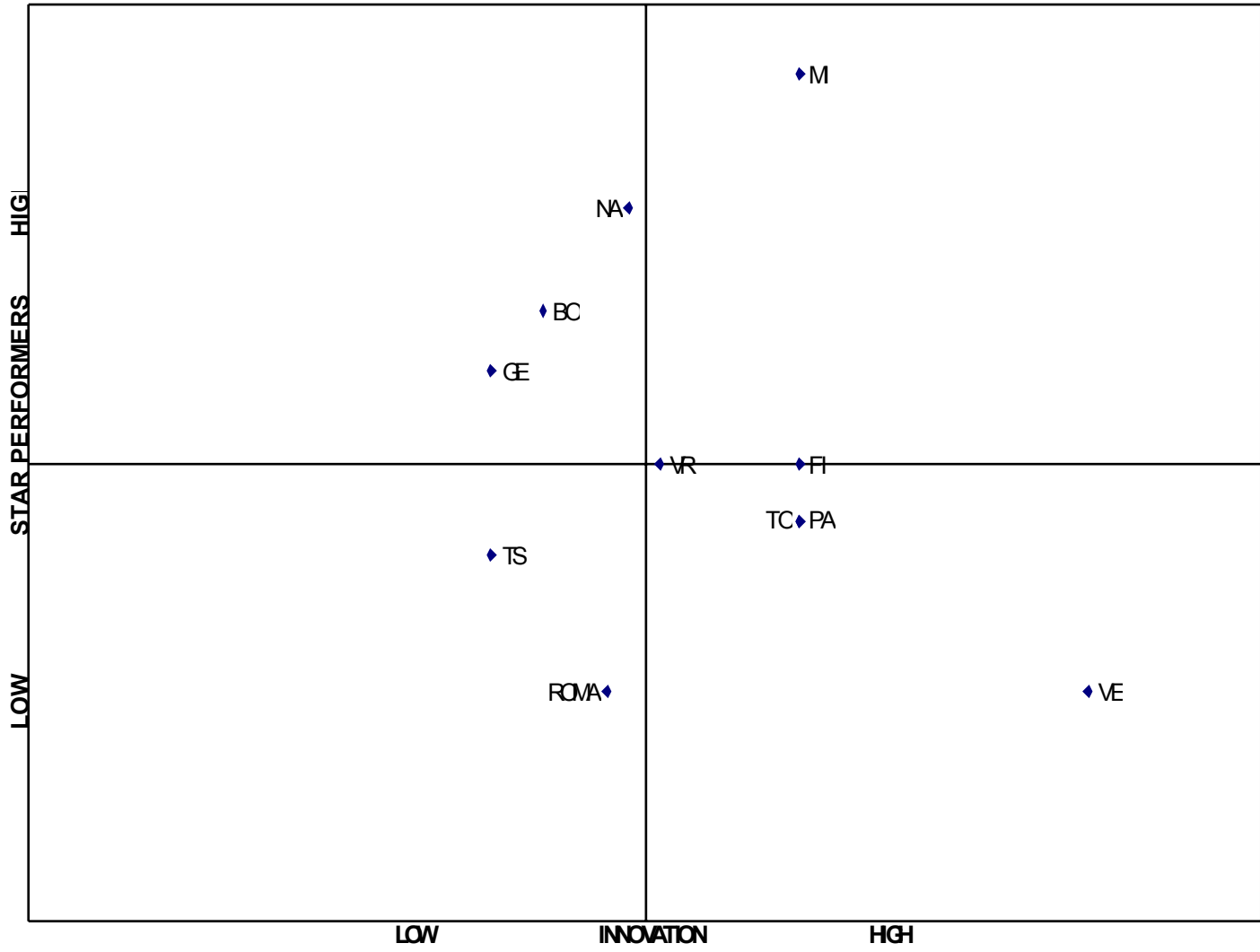
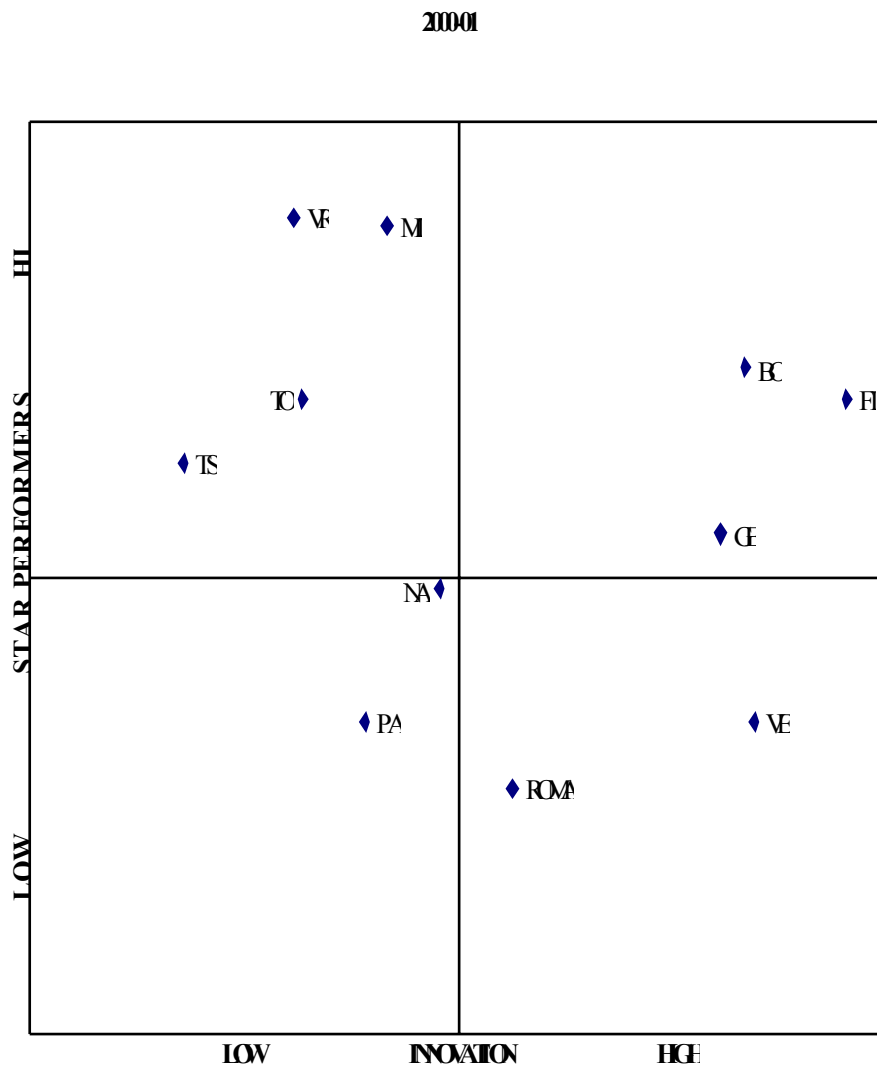


Table 2: Product positioning in 2000-01 (source: *Annuario dell'opera lirica italiana*, 2001)



Comparing the positioning in 1994-95 and in 2000-01, one of the first things we notice is that all the organizations have changed quadrants, bar Venezia. If we look at the two high innovation quadrants, we note that in 2000-01 four theatres (Bologna, Genova, Firenze, Venezia) occupy an area that in 1994-95 was empty, an area of high innovation *coupled* with significant stars performers presence. The 1994-95 map shows a kind of concentration towards the centre of the map, with only Milano and Venezia outside of this middle-of-the-road group. The 2000-01 map shows instead a scattered geography, the result, we may infer,

of a competitive positioning in progress. In an attempt to classify the various trends, we may outline the following:

- 1) more stars/more innovation: Firenze .
- 2) more stars/less innovation: Verona, Trieste, Torino
- 3) stable stars/more innovation: Bologna, Genova, Roma
- 4) stable stars/less innovation: Palermo
- 5) less stars/stable innovation: Napoli.

The highlighted repositioning routes lead to the creation of four strategic groupings:

- a) the first is represented by Bologna, Firenze and Genova, with an innovation increase in their products - with Firenze adding to it also a star performers rate increase;
- b) the second is represented by Torino, Trieste, Verona and Milano, which in the 2000-01 season show a positioning characterized by renown of artists and a traditional offering. The decrease in state funds and the need to fill up a Roman arena seating 16,000 caused Verona to rely heavily on star-power (as it did also in the past, one should say). Trieste and Torino follow Verona in this route, perhaps due to their traditional customer base. Milano did not move much – if any, a bit towards lower innovation, though, while maintaining a star-studded performance quality;
- c) the third is represented by Napoli, Palermo and Roma, with a product strategy characterized by a not so high presence of famous performers and a medium level of innovation;
- d) Venezia has kept to its positioning in the high innovation quadrant, not relying much on crowd-drawing star-power; and it holds a particular positioning among the others opera houses, presenting innovative productions that can attribute value to the (temporary) staging in a marquee-like venue - while waiting for the reopening of the historic Teatro La Fenice.

Price strategy and customer-orientation

The second parameter chosen to outline the strategic positioning of these organizations is price and tickets distribution choices⁵.

As for comparing tickets prices, the starting point was to obtain a set of comparable data. We knew the market presented a vast array of different situations. *First*, one should bear in mind the variety of the venues layouts, resulting therefore in non homogenous seating plans. *Second*, we aimed at highlighting the various discounts offered when purchasing a subscription; since the subscription series content varies (i.e. they may include not only operas but also ballets and concerts, in various proportions), we decided to compare the price of the single ticket on sale for an opera performance on a subscription⁶ evening with the figure resulting from dividing the total price of a subscription⁷ series by the number of the subscription opera titles. *Third*, given the different price reductions offered (to elder/young people, etc.), we compared only the full-price single tickets and subscriptions.

Now, comparing the orchestra stall ticket prices for an opera performance resulting from the mean of the various sectors of the orchestra stalls (or analogous sectors in halls which are not horseshoe-shaped) and the different prices for the various subscription performances (i.e. first nights usually being higher than the rest, and Sunday matinées usually being higher than a week-day evening), and excluding one-off performances, festivals and sundry performances, we obtain the following table.

Table 3: Season 2001-2002 - Orchestra stalls prices per seat, in € (source: Season programme booklets)

Milano	140.75
Verona (Arena)	130.75

⁵ For more analysis on the strategic marketing for non profit organizations see Kotler, Andreasen (1996), Fitzgibbon, Kelly (1997), Dennehy (1997), Diggles (1986). For an analysis of product and price strategies in the major Italian opera houses see Nova M. (2002, 145). Among empirical studies see also Bennet, Kottasz (2001), Blaug M. (1978).

⁶ As the offering of several opera houses also include opera performances outside the subscription series – priced accordingly, i.e. lower.

⁷ In case of a box the price has been preliminarily divided by the box seating capacity.

Roma	115.23
Napoli	107.63
Bologna	91.30
Palermo	78.25
Venezia (Malibran)	75.00
Torino	74.00
Trieste	70.00
Firenze	69.67
Genova	57.60
Venezia (Palafenice)	57.50
Cagliari	41.33
Verona (Teatro Filarmonico)	36.50

Six theatres (Firenze, Genova, Palermo, Torino, Trieste, Venezia) out of twelve position themselves in the €57-78 range. Cagliari is well below the lowest of the “Six”. Bologna is in between the “Six” and the three (Milano, Napoli, Roma) which exceed the €100 mark. A comparison with Verona is not viable because it runs two very different venues: in Summer the traditional opera festival at the world-famous Roman Arena, with a seating capacity of around 16,000, and from Autumn to Spring the shoe-shaped Teatro Filarmonico, with a regular season, and prices at the bottom of Table 3.

This price positioning, however, must be considered along with the discounts given to those customers purchasing a subscription series. Table 4, which refers to opera performances, shows the percentage discount per seat given to a subscription customer, compared to the purchase of the same seat with a single ticket.

Table 4: Season 2001-2002 - Subscription series discounts (source: Season programme booklets)

Milano	-9.09%
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Trieste	9.64%
Roma	10.09%
Genova	16.61%
Torino	20.02%
Bologna	20.45%
Venezia (Malibran)	23.77%
Palermo	27.09%
Cagliari	37.90%
Napoli	47.50%
Firenze	53.41%
Verona (Teatro Filarmonico)	63.99%
Venezia (Palafenice)	66.67%

The subscription price strategy in Milano, showing a price which is even higher for subscribed tickets, is apparently an indication of a demand-driven market. At the other end of the spectrum, we see Napoli, Firenze and Verona, which heavily reward the subscription segment. The Verona foundation - as we have indicated - does this for its less popular Autumn to Spring season at the Teatro Filarmonico – while in Summer, at the Arena, subscriptions are not even offered, an obvious sign of a buoyant market. The Venezia foundation – as we have pointed out – has devised a different strategy for its two venues: the marquee-like Palafenice located near the parking lots outside historic Venezia; and the Teatro Malibran, a 19th century horseshoe-shaped theatre located in the centre of Venezia. Palafenice tries harder to attract subscribers’ euros than its “noble” counterpart does.

Back once again to the top of the spectrum, Trieste, Roma and Genova could be grouped in the <20% discount range. A possible explanation is that Trieste may have a loyal subscriber base. Roma (also with regard to its single-ticket price) apparently aims at positioning itself in the area of a sophisticated cultural product. Genova (again with regard to its single-ticket price) possibly interacts with a smaller opera-lovers customer base and attempts to market its

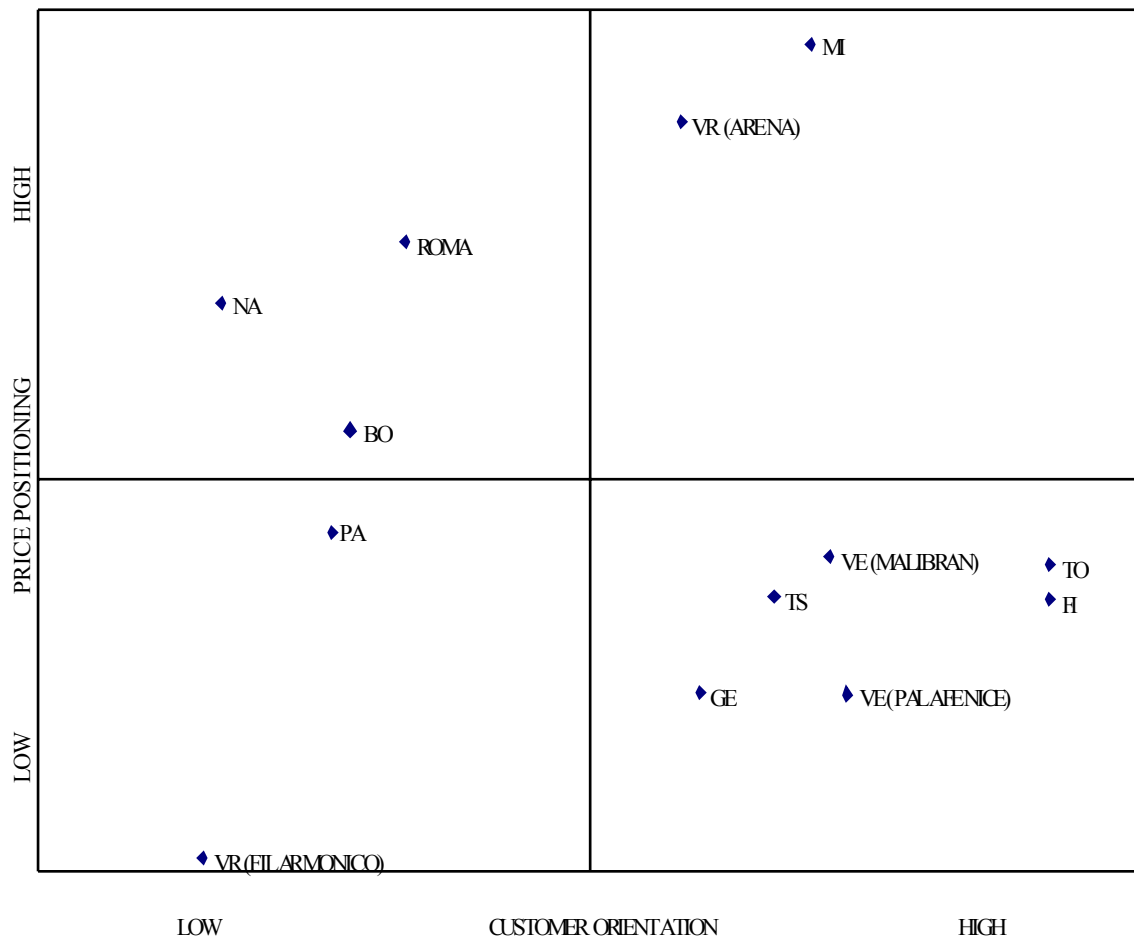
offerings as high value products. Torino, Bologna, Venezia (Malibran only) and Palermo are all close, in the 20-30% discount range, which we might say represents a “middle-of-the-road” subscription discount policy. This policy is coupled with the single-ticket policy, where we have noted that exactly these four theatres were closely ranked in a narrow range of €17, and positioned together in the middle third of the price spectrum (the three thirds being €36 to €69, €70 to €103, €104 to €140).

As for tickets distribution and for the promotion, we decided to focus on the information published in the season programme booklets. The variables examined were subscription series content, features and pricing, box office hours, presence of remote box offices, single-ticket and subscription purchasing options (at the phone with credit card, online, etc.), private donor benefits, description/synopsis of the operas, subscribers’ benefits (including ticket exchange), 800-numbers, and information on all of the above features.

It is now possible to develop a second matrix and its related strategic groupings. The variables are:

- a) price strategies (average price)
- b) customer orientation.

Table 5: Season 2001-2002 - Price positioning and Customer orientation (source: Season programme booklets)



We noted the emergence of four groupings:

- 1) Firenze, Genova, Torino, Trieste, Venezia;
- 2) Milano and Verona Arena;
- 3) Bologna, Napoli, Palermo, Roma;
- 4) Cagliari and Verona Filammonico.

Grouping 1): These five organizations show a higher customer-orientation in various aspects. For instance, among the *Firenze* subscription series offering, there are few where concerts are also included in the (usual mix of) operas and ballets, thus demonstrating the aim of targeting a segment of customers which is different from the hard-core opera-only buyers.

Besides the usual subscription series (defined by a recurrent day/time of the performances), *Torino* also offers one which is characterized by different content, i.e. only operas/ballets written in the 20th century, thereby aiming at a customer segment which might get bored with the traditional 19th century operas, and instead be intrigued by more modern plots. Here, the features of the various types of subscription series are described – whereas they are not, in the Season Programme of the other opera houses. Benefits for subscribers are also highlighted - as well as being introduced in the first place.

In both *Torino* and *Firenze*, prices vary according to the various subscriptions series. *Torino*'s booklet is the only one – out of twelve opera houses – to publish a description and a synopsis of each opera. *Venezia* publishes a comment – too inspired, perhaps, by the musicological perspective – with no synopsis.

Torino and *Firenze* also display information to attract patrons to the Foundation - joined in this by only two other Foundations, *Genova* and *Trieste*.

Box office hours also witness the customer-orientation. *Torino* is open Tues - Fri:10:30-18.00., Sat:10:30-16:00, and 1 hr before performance time. *Firenze* is open Tues-Fri: 10:00-16:30, and Sat:10:00-13:00, and 1 hr before performance time. Both theatres have remote box offices, while single-ticket purchase is also possible over the phone by credit card (an outsourced service, with the attendant price mark-up).

As for price, these five organizations place themselves mid-way, not too much above the average price for plays.

Grouping 2): *Milano* and *Verona* (Arena) consciously play in a demand-driven market, pricing their offerings at the top end. Likely because of the demand-pressure over the years, these organizations have recently also developed purchasing features that are customer-responsive. We did not however place them in alignment with *Torino* and *Firenze*, because of a certain rigidity in ticket distribution, subscription purchase features and lack of product description.

Grouping 3): This may be a difficult positioning to keep for long. These organizations (especially Roma and Napoli) price themselves above the mid-range while not showing a strong customer-orientation. For instance, Napoli box-office hours are Tues-Sat: 10-15; four out of six subscription series - three of them on weekdays – feature afternoon performances. Yet, this might be – paradoxically - taken as a proof of customer-orientation, in the way that it does cater to the specific needs of a customer segment - which evidently is not engaged in the (usual) job routine; on the other hand, it might reveal the goal of sticking to a traditional – and, more than likely, aging – audience, without trying to widen up the customer reach. Napoli’s booklet also publishes very little information on subscription features and purchasing details. Subscriptions prices differ little: only the first nights series is singled out from the other five, which all have the same price.

Grouping 4): The Arena Foundation runs an opera, ballet, and concert season at Teatro Filarmonico between Autumn and Spring. The (evidently) very different size of demand for Filarmonico productions has resulted in the pricing strategy evidenced on the map. Cagliari theatre, at the other end, is located in an area quite different economically from the above-mentioned major Italian cities. That probably explains its pricing strategy.

Strategic positioning and results

The analysis of the strategic groupings earlier presented gives evidence to the Foundations choices regarding the operas offering, the price strategy and customer-orientation and identify both the present positioning of the organizations and the repositioning routes taken between 1994-95 and 2000-01.

It is now possible, with few indicators, to complete the analysis regarding the strategic choices made, also evaluating the offering quantity, variety and features, and appreciating the impact that marketing choices (product included) have on the organizations competitive results.

Following we analyse the impact of the organizations strategies on the production models and on the competitive results⁸.

The opera houses model of production is analysed with the five indicators as shown in Table 6: the *offering variety* (measured as the quantity of opera productions staged in one year); the *offering size* (the total number of opera performances); *the rate of repeat* (number of performances per title); the *rate of co-productions* (number of opera co-produced on total number); and the *rate of new productions* (number of new productions on the titles total number).

As for the *offering variety and size* Milano shows in 1994-95 the higher level, distancing the other opera houses; whereas in 2000-01 we note generally an offering increase, especially Roma (that is above Milano) and Torino. Venezia has the lowest size, although putting a high number of titles on the bill, increasing between 1994-95 and 2000-01.⁹

Bologna, Torino, Trieste show the highest *repeat rate* (8-10 performances per title) in the two periods under examination; Firenze and Verona follow, only in 2000-01. That indicator has to be analyzed in conjunction with the titles and performances number and capacity utilization rate. The analysis shows interesting results for Torino and Firenze, opera houses with repeat rate above the average and increasing between 1994-95 and 2000-01, while titles and performances numbers and capacity utilization rate increase. These results were achieved by two different strategic repositioning routes, which in Firenze case led towards the offering innovation increase with artists of higher renown, whereas in Torino case led towards a less innovative offering with artists of higher renown. Bologna and Trieste cases show a high repeat rate joint with a performances number lower than average and a capacity utilization rate decrease which, for Bologna is 30%. Whereas in Bologna case the loss of competitiveness is evident, when also considering the 13% tickets sold decrease, possibly due to the opera house strategy to increase the innovative product offering; in Trieste case,

8. For an analysis of the performance indicators see Nova M., 2002 b, Chapter 5, and Curtolo A., 2000.

an organization which followed the same repositioning path of Torino and Verona, tickets sold increased by 35%. In Verona the high repeat rate is joint to a titles/performances decrease, although with a (not so large) increase of the capacity utilization rate¹⁰. The other opera houses show repeat rates between 4 and 7, and lowering; Venezia shows the bigger decrease, from 5,9 to 4,1, in presence of an unchanged product positioning relying on high innovation and not so much on star-performers.

Roma, Venezia, Napoli and Milano show the higher rate of *not-subscription performances*, whereas Torino and Genova show the lowest rate.

As for the *new productions* rate Bologna, Firenze, and Genova show the highest rates, the organizations with the more innovative (in 2000-01) product offerings with a good presence of renowned artists; Napoli joins in, compensating the decrease (from 1994-95 to 2000-01) of artists renown rate with a new productions increase.

In 2001 *co-productions rate* is high (between 25% and 33%) for the organizations featuring high innovation (Bologna, Firenze, Genova, Venezia); sharing production costs is essential to sustain the sought positioning.

We used three indicators to analyse the theatres competitive performances: *total tickets sold number*, *tickets sold per performance*, *capacity utilization rate*.

Firenze, Torino and Trieste display the best competitive performances in terms of tickets sold and capacity utilization rate increase¹¹. Firenze and Trieste also experience tickets sold/performance rate increase, a figure which is instead constant in Torino case, although joint with titles/performance increase. Milano and Verona (Arena) too, show highly competitive results, when we look at the high capacity utilization rates. In Torino, Trieste and

⁹ The figures about the quantity of the offer, however, have always to be interfaced with the type of the actual opera staged: one thing is staging Wagner's *Götterdämmerung*, another is staging Poulenc's *La voix humaine*, or Cimarosa's intermezzo *Il Maestro di cappella*.

¹⁰ When analysing the Verona activity one should always consider the peculiar Foundation productive structure, running two venues very different in every feature, i.e. the Summer opera festival in the Roman Arena and the traditional Winter season at the Teatro Filarmonico).

¹¹ Trieste experiences a capacity utilization rate decrease: we should however take into consideration that this figure is calculated in respect of the main venue of a Foundation. But Trieste offering also includes the Summer Operetta Festival, which takes place in venues other than Teatro Verdi (the main venue of the Trieste Foundation).

Verona, that with Milano form the same grouping and have followed the same path towards a higher artists renown coupled with a traditional product offering, we can explain their competitive performances with the product attributes (as said, artists highly renown - though at different levels among the theatres, and a traditional offering), and the marketing choices (various degrees of customer orientation). Price-wise, Torino and Trieste position themselves in the medium-low area - a further competitive factor.

Firenze case is interesting, showing between 1995 and 2001 a >40% tickets sold/performance increase, notwithstanding (one would say) the offering's repositioning towards more innovation. These results are instead related to this repositioning strategy, coupled with high known artists, and with the quality of the marketing actions (included medium range prices). Napoli and Palermo position themselves at an intermediate level of results, showing a tickets sold increase, while the capacity utilization rates are constant (Napoli) or decreasing (Palermo). Napoli did not change its "middle-of-the-road" offering, whereas experiencing somehow a decrease of the presence of star performers, trying its best in satisfying its (likely) traditional customers segment, which positively responded to this strategy. Also Palermo customers positively reacted to an offering which, between 1995 and 2001, show less innovation elements and more titles/performances.

Venezia, Roma, Genova e Bologna experience the bigger decreases in terms of tickets sold, both per year and per performance. As for Venezia one should take into consideration the impact on the customers of the loss of the glamorous Teatro La Fenice¹². Bologna and Genova between 1995 and 2001 follow the same repositioning path towards higher offering innovation, which is not fully appreciated by the customers, as it is instead the case with Firenze (that evidently reaps the benefits of the important high-brow cultural tourism foreign stream, a segment which is likely to also enjoy not traditional offerings). Roma results are penalized by the static product positioning: the title/performances increase is not matched by an analogous tickets sold increase – although taking into consideration the lack in 2001 of

the Summer opera season in the huge Caracalla Roman amphitheatre. As for Bologna – in a different measure, though - it is important considering also the price positioning, which is higher than Genova and Venezia, and the not so high level of customer orientation.

Conclusion

The analysis of the opera houses positioning should be completed with a few comments about the institutional and organizational context where the marketing choices (product included) have been made¹³.

a) The product offering choices are impacted - besides evidently by the general manager, music director, and artistic director - by the opera houses subsidies parameters as defined by the legislator. These parameters state that 20% of the Fondazioni Liriche subsidy amount should be allocated according to “the characteristics of the projects and of the triennial activity programs, on the basis of production quantity and quality indicators” (D.L.238/99). The Fondazioni Liriche’s aim to obtain a higher public subsidy brought about, in few cases, a tendency towards a production increase, however with negative performance margins (performance income less artists fees and other variable costs), with an altogether negative impact on the organizations economic results.¹⁴

b) The product choices are strongly influenced by the *beliefs and values of very few people at the top of the theatre* - the general manager, the music director, the artistic director. The Fondazioni Liriche juridical framework allows for the introduction of few innovations on the product offering choices process. Now that the Board of Directors membership may include also representatives of the private sector, the Board has become a place for the integration of artistic and economic-managerial criteria, useful in order to define the product choices. On the other hand the need for the Foundations to develop a three-years economic-

¹² In 1997, after the arson of the Teatro La Fenice, the productions are staged in a marquee-like structure near the parking lots on the outskirts of Venezia.

¹³ The organizational and institutional framework where the opera houses management operates and the relationship between artistic and economic dimensions are examined, with reference to the anglosaxon context, in Auwinen T. (1999).

¹⁴ For an analysis of the risks connected to an offering increase by the Italian opera houses, see Ferrarese (2000) pag.102.

financial plan resulted in an evaluation of the product choices also on the basis of their economic sustainability.

We can now summarize the most interesting elements emerging from the analysis, as follows.

First we noted a strong differentiation among the strategic routes followed by the opera houses between 1994-95 and 2000-01 (Tables 1 and 2).

The achievement of important competitive performances was possible for the organizations which:

- could rely on high levels of image (i.e. beliefs, ideas and impressions people have of their offerings) and of international renown (Milano and Arena di Verona) and which have given value to this strength factor with a mainstream offering coupled with star performers, while keeping high prices;
- though not being able to rely on an international audience, pursued a strategy of increasing the stars presence and decreasing the product innovation, route made possible by financial resources availability to support a programming as such (Trieste and Torino);
- repositioned consistently with the expectations of the potential customers segment (Firenze, with its quality cultural tourism stream), attracting famous artists and developing innovative offerings.

The situation of the opera houses located in the south of the country, like Napoli and Palermo, looks less rosy, relying on a (probable) traditional local customers base; or which, as in Roma case, can rely on important tourism stream, but has not been able to carry on a marketing strategy (included therefore the product choices) able to attract this potential customer segment.

Also Bologna and Genova situation looks similar, organizations which did not obtain the expected customers response to their repositioning route towards higher offering innovation, while keeping constant on the bill the artists renown. The low competitive performance of Venezia is mainly related to the loss of Teatro La Fenice.

In general the product choices, price and tickets distribution strategies are heavily influenced by the market conditions (price level in the other theatres in town, GNP of the area, consumer behaviour regarding the performing arts), kind of audience, image of the theatre, venue features, product attributes (in terms of performers, production, conductors). In other words the offering choices (including in it price and packaging strategies) have to be able to fully give value to the competences and resources which the organization possesses¹⁵.

Secondly we noted a positive link between the quality of the marketing strategy and the competitive results of the theatres. To this regard it might be interesting to note how the context change brought about by the new juridical framework regarding the Foundations favours the introduction of techniques and tools typical of the private companies. This may pave the road for a quite significant improvement of the competitive and economic performances of these organizations.

Last, in the period under examination, we noted an increase in finding ways to cooperate with other opera houses in the shows production. It is a particularly significant aspect in the view of developing an Italian opera houses network and of sustaining their business model¹⁶. This orientation is especially relevant for the opera houses which made choices of high innovation and high artists renown (Bologna, Firenze, Genova).

A last comment is about the analysed positionings which are, often, the results of *emerging strategies*, more than planned routes. The use of analysis models like those here proposed may be useful as an incentive for the opera houses management to start a consistent thinking over the

¹⁵ For an examination of the positioning options, sustainable for an opera house, see Baggioni, 2000.

positioning of their organizations and an evaluation of the strategic choices made, also in comparison with those made the other opera houses.

¹⁶ For an examination of the advantages related to the collaboration strategies in the theatres sector, see Bagdadli, Dubini, Delmestri (1999), on thirteen theatres in Milano.

TAVOLA 6															
Foundations	Offering variety			Offering size			Repeat rate			Not-subscription performances		Co-productions rate		New productions rate	
	N° of titles			N° of performances			N° of performances/N° titles			N° of not-subscriptionsperfor- mances/ N° of total performances		Titles co-produced/ Total titles		New productions/ Total titles	
	1995	2001	VAR	1995	2001	VAR	1995	2001	VAR	1995	2001	1995	2001	1995	2001
BOLOGNA	6	6	0,0%	48	62	29,2%	8,0	10,3	29,2%	25,00%	17,74%	16,67%	33,33%	50,00%	83,33%
FIRENZE	8	9	12,5%	42	72	71,4%	5,3	8,0	52,4%	11,90%	34,72%	25,00%	33,33%	37,50%	66,67%
GENOVA	10	8	-20,0%	64	49	-23,4%	6,4	6,1	-4,3%	18,75%	10,20%	0,00%	25,00%	30,00%	75,00%
MILANO	13	12	-7,7%	84	82	-2,4%	6,5	6,8	5,8%	52,38%	42,68%	7,69%	0,00%	30,77%	41,67%
NAPOLI	9	9	0,0%	55	65	18,2%	6,1	7,2	18,2%	9,09%	44,62%	0,00%	0,00%	44,44%	77,78%
PALERMO	8	11	37,5%	68	76	11,8%	8,5	6,9	-18,7%	14,71%	17,11%	25,00%	9,09%	50,00%	63,64%
ROMA	8	12	50,0%	56	89	58,9%	7,0	7,4	6,0%	30,36%	55,06%	37,50%	21,43%	75,00%	50,00%
TORINO	8	9	12,5%	72	82	13,9%	9,0	9,1	1,2%	16,67%	15,85%	12,50%	11,11%	37,50%	44,44%
TRIESTE	5	8	60,0%	50	64	28,0%	10,0	8,0	-20,0%	0,00%	12,50%	0,00%	12,50%	40,00%	62,50%
VENEZIA	8	10	25,0%	47	45	-4,3%	5,9	4,5	-23,4%	0,00%	44,44%	12,50%	27,27%	37,50%	63,64%
VERONA	11	7	-36,4%	58	55	-5,2%	5,3	7,9	49,0%	77,59%	1,82%	9,09%	14,29%	54,55%	57,14%

COMPETITIVE PERFORMANCES	Number of tickets sold			Tickets sold per performance			Capacity utilization rate (N.B.:calculated only for the main venue)	
				N° tickets sold/N° of performance			N° tickets sold/N° of seats on sale	
	1995	2001	VAR	1995	2001	VAR	1995	2001
BOLOGNA	49.590	43.760	-11,8%	1033,1	705,8	-31,7%	1,03	0,73
FIRENZE	42.884	103.351	141,0%	1021,0	1435,4	40,6%	0,72	0,84
GENOVA	73.645	55.071	-25,2%	1150,7	1123,9	-2,3%	0,58	0,58
MILANO	155.229	141.035	-9,1%	1848,0	1719,9	-6,9%	0,98	0,93
NAPOLI	48.486	65.112	34,3%	881,6	1001,7	13,6%	0,75	0,74
PALERMO	45.850	59.594	30,0%	674,3	784,1	16,3%	0,81	0,74
ROMA	93.299	70.522	-24,4%	1666,1	792,4	-52,4%	0,85	0,64
TORINO	94.586	106.552	12,7%	1313,7	1299,4	-1,1%	0,75	0,82
TRIESTE	38.259	59.247	54,9%	765,2	925,7	21,0%	0,82	0,72
VENEZIA	36.195	25.588	-29,3%	770,1	568,6	-26,2%	0,77	0,67
VERONA	568.770	563.410	-0,9%	9806,4	10243,8	4,5%	0,75	0,81

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