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Bibliographic citation

Lehman, Kim (2005). An Exploration of Market Orientation and the Role of the Marketing Function in Australian Museums. University Of Tasmania. Conference contribution.

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An Exploration of Market Orientation and the Role of the Marketing Function in Australian Museums

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Abstract

The role of marketing within individual Australian museums varies in organisational significance. This paper explores the idea that there has been an evolution from a product to a sales to a market orientation within the museum sector, and that there is a relationship between the location of the marketing function and the museum's marketing management orientation. To illustrate this the six State museums have been placed on a continuum that redefines the terminology found in the business related literature to one that more fits the not for profit museum sector. Two of the six case study museums appear product focussed, and one exhibits a strategic orientation. The other three museums view marketing as a function that does not have a role in the strategic direction of the museum. The conclusion that is suggested is that some museums have not 'evolved', but further research is required to complete the picture and move on to the next stage of investigating orientation and museum performance.

Keywords: museum marketing, market orientation, marketing function.

Introduction

A number of scholars have noted the role of market orientation within the business philosophy of the private sector (Kohli and Jaworski, 1990; Slater and Narver, 1994). Market orientation, as an application of the marketing concept, is a philosophy with considerable support in today's business world (though there is opposition: see for example Henderson, 1998). However, there has been something of an evolutionary process, with market orientation having replaced the previous sales orientation that was prevalent between the mid 1950s and the early 1970s, and the production orientation that went before it.

The notion of such an evolution has been applied to marketing arts and cultural organisations (Byrne, 2003; Kotler and Scheff, 1997), as well as to the museum sector (Tobelem, 1998). As Kotler and Kotler have noted, marketing reflects the latest stage in the evolution of the museum, "with its focus on the museum experience from the point of view of visitors and consumers." (1998, p. 15).

There are differences in the museum sector compared to business though. The first is that there is a way of thinking in not-for profit arts and cultural organisations that can mean that the terms and descriptions seen in the literature in relation to market orientation in 'for profit' firms do not relate to the sector. As well, though market orientation has been discussed in relation to not for profit arts organisations (Gainer and Padanyi, 2002; Sorjonen and Uusitalo, 2003; Voss and Voss, 2000), the application of market orientation theories to the museum sector is rare (see Rentschler and Geursen, 2003 for one example). Both these facts mean that it is useful to view the market orientation concept through a 'museum lens'.

The other difference is that museums have been slower to incorporate marketing and the concept of customer satisfaction into their philosophy than has the private business sector.

Museums were exhibiting a transition from manufacturing and sales to satisfying the needs of the customer during the 1980s, while the corporate sector experienced a similar transition during the 1950s and 1960s (Lewis, 1986, p. 2). Arguably, there are still a number of museums that perhaps have not adopted this 'new' philosophy at all.

This paper explores the idea that there has been an evolution within the museum sector, as there has with for profit businesses and organisations, from a product to a sales to a market orientation. Further, it proposes that the role of marketing within individual Australian museums varies in organisational significance and that individual museums could be placed on a continuum which might then be used to investigate the relationship between the location of the marketing function and a museum's marketing management orientation.

The Case Study Australian Museums

For the purposes of this study, the State museums in Australia were analysed, namely the: Australian Museum (New South Wales); Queensland Museum; South Australian Museum; Tasmanian Museum and Art Gallery; Museum Victoria; and Western Australian Museum. These museums are quite different in that some now have multiple campuses and have diversified their collections. They do have in common the fact that they are all the current iteration of the original Colonial museums. They all also derive the bulk of their funding from public monies and have a significant cultural, education, scientific and tourism role within each State. Secondary data has been obtained from published corporate documents in the form of annual reports and websites. (Note: The annual reports were all 2003-2004 and are listed in the References.) The indicators of the location of marketing were its relative place in an organisational chart, any mention of marketing related topics in the annual reports and websites, and those topic's stated role in the strategies of the museum.

Marketing Management Orientations within Museums

Basic (product) orientation

A product orientation means that an organisation need only produce a product that offers quality, performance or features, be that a good or a service, for it to sell. Symptomatic of an arts organisation with a product orientation is the tendency for managers to be "caught up in a love affair" (Kotler and Scheff, 1997, p. 33) with their product and fail to see that their market has changed, whether that be due to social, economic or other factors. The organisation will focus on improving their existing product, confident that the customer will buy it regardless.

The Smithsonian Institution (2002) has linked the location of the marketing function to the success of exhibitions within museums, and determined three orientations based on the location. The 'basic' approach outlined here aligns with their "non-marketing orientation" (Smithsonian Institution 2002, p. 5), where the organisation does not consider marketing as integral to its strategic planning, and therefore does not have a 'market' focus.

Functional (sales) orientation

In general, in organisations exhibiting a sales orientation the focus is "on creating sales transactions rather than on building long-term, profitable relationships with customers"

(Kotler, Brown, Adam & Armstrong, 2004, p. 19). The incorrect assumption is that the customer will be persuaded by an advertising campaign to purchase a good or service that they do not want. This philosophy can still be seen in many modern organisations. Arts organisations are no different—marketing’s function is to ‘sell’ the product. It can also be seen in the case of museums. With this ‘functional’ orientation, marketing enters the strategic planning process only in connection with an advertising and promotion strategy that relates to a specific exhibition or event. This is what the Smithsonian Institution has called an “advertising orientation” (2002, p. 5).

The blockbuster exhibition is a good example. There are short term benefits to ‘selling’ a blockbuster, an increase in visitor numbers for instance, but the role of marketing is not to develop a relationship with a customer, only to sell the product. The blockbuster exhibit is still common throughout Australian museums and art galleries, despite the recognition amongst museum directors of their potential negative effects (Museums and Galleries Foundation of NSW, 2004).

Strategic (market) orientation

A market oriented organisation is one that allows the wants and needs of customers, as well as its competitive environment, to inform its strategic decisions, ideally with its corporate culture systematically committed to creating customer value. An arts organisation with a customer focus, for example, would use research to plan different approaches to communicating with its different audiences (Byrne, 2003, p. 259).

According to the Smithsonian Institution, the museums that are the most successful in attracting large audiences tend to have a “marketing orientation” (2002, p. 5), where marketing is a senior level position that participates in strategic planning. They focus on the market and this informs their overall strategies. Such a museum could be said to have a ‘strategic’ orientation.

The orientation evolution

One noted museum scholar has said that in the latter part of the twentieth century, the public view of the value of museums has evolved from a focus on inputs (its collection, its resources) to a focus on outputs (its exhibitions) and finally to a focus on outcomes (the impact it has upon the visitor and society), and that this evolution came about because of the requirements of government funding (Weil, 1994, p. 42).

At its simplest then, the museum following a basic orientation may be more interested in its collection—its product—than its audience. With the functional orientation, marketing within the museum organisational structure is a function necessary to achieve an objective, such as increasing revenue. For the museum with a strategic orientation, marketing is integral to planning and informs the culture of the organisation and its staff.

The evolution through these orientations within the museum sector has been evident in the increase in visitor studies since the 1980s. As Neilson has noted, the increasing use of visitor studies and evaluations within the museum sector shows that there has been a change from “a functionalist, ‘object-centered’ ideology toward a humanist, ‘people-centered’ one” (2003: p. 23). As suggested above however, the museum sector has been slower than the private business sector to recognise the potential uses of marketing. For example, it was not until

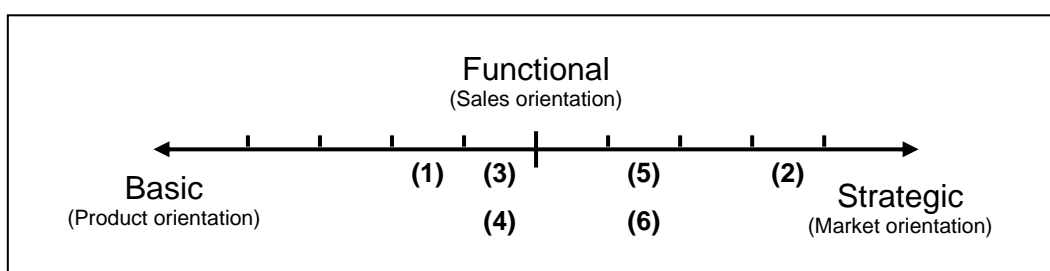
1991 that the Australia museum sector saw its first permanent evaluation and visitor research co-ordinator, employed by the Powerhouse Museum (Casey and Wehner, 2001, p. 543).

The Role of Marketing within Australian Museums

This paper suggests that individual museums can be placed on a continuum which can be used to link the location of the marketing function to the marketing management orientation.

Figure 1 sets out an illustrative model. The sections hereafter briefly outline the case study museum's placement on this continuum.

Figure 1: Marketing's location in the organisational structure of museums



(1) **Australian Museum.** According to the organisational chart Marketing reports to the Director, along with Public Relations and Sponsorship—separating functions marketing scholars would combine. As well, marketing does not appear in the Annual Report as a section. Neither is it mentioned in the museum's vision or mission statements or as a part of any specific strategy. The governing board does have a Marketing Committee.

(2) **Queensland Museum.** Within the organisational structure Strategic Marketing reports to a Business Services Director, who reports to the Director. Marketing has a substantial section in the Annual Report within a Strategic Directions chapter. The section talks of brand management, strategic marketing and considers topics such as understanding the audience and positioning. It encompasses public relations and advertising.

(3) **South Australian Museum.** In the organisational chart Marketing is part of the Directorate which reports to the Director, along with such areas as Administration and Transport. Marketing does not appear in the Annual Report except in relation to the website being a 'marketing resource'. It is not mentioned in the museum's vision or mission statements nor is it specifically related to strategy.

(4) **Tasmanian Museum and Art Gallery.** The only organisational chart available does not show marketing. Apparently, it is part of a unit called Public Programs, which reports to an Assistant Director for Public Programs and Operations. Marketing does appear in the Annual Report under the heading 'Marketing and Special Events' as part of Visitor Services. The text relates to advertising and public relations for exhibitions and events, but includes research.

(5) **Museum Victoria.** A Marketing and Communications unit reports to the Museums Operations Manager, along with the various campus operations units, who reports to the CEO. A Marketing and Media section in the Annual Report talks of strategic marketing

maximising visitation and resources. It appears to be separate from public relations. There is a large section on Strategic Direction that includes strategies in relation to positioning.

(6) **Western Australian Museum.** In the organisational chart Marketing and Media is part of Visitor Services, which reports to the Director, along with education and exhibition design. Marketing does have a small section in the Annual Report, but does not outline tasks other than managing 'marketing-related' activities. The Strategic Aims section includes statements in relation to positioning and promotion of the museum.

Conclusions

This paper has explored the idea that there has been an evolution from a product to a sales to a market orientation within the museum sector. Individual museums have been placed on a continuum as a first step in an investigation of the relationship between the location of the marketing function and a museum's marketing management orientation. As can be seen in Figure 1, the role of marketing within individual Australian museums varies in organisational significance. In museums such as the South Australian Museum and the Australian Museum marketing does not appear to have a role in organisational strategy, and the orientation still reflects a preoccupation with the product, and then selling it. Perhaps significantly, both these museums have traditional natural history collections as opposed to the broader collections of the others. The museum that exhibits the most involvement with marketing in its corporate statements is Queensland Museum, which of all the museums has the most diverse collection, including science and technology, natural history, and social history. The other three museums to a lesser or greater degree view marketing as function, for audience development, exhibition advertising, or revenue raising, that does not have a role in the strategic direction of the museum. The tentative conclusion that could be drawn is that some museums have not 'evolved'.

Future Research

The next stage of this research—interviewing Directors and marketing staff—is necessary to further explore the proposed relationship between the location of the marketing function and a museum's marketing management orientation. An investigation of the relationship between the type of collection (art, natural history, science, etc) and the perceived role of marketing would also be fruitful here. Following this stage, the question that needs to be answered is how, or if, the location of the marketing function is linked to the performance of the museum. Gainer and Padanyi's study (2002) into the application of the marketing concept to cultural organisations—an empirical study of the relationship between market orientation and performance in Canadian not for profit arts and cultural organisations—would appear to be a sound starting point. An Australian study could also benefit by including museums at various levels, that is, local, state and national, given our Federal political structure.

According to the Australian Bureau of Statistics, at June 2004 there were 1,329 museums establishments operating in Australia (2005, p. 3). This is a large publicly funded industry sector, and one that has a significant role to play in Australian life. It could only benefit by research that has practical managerial implications and applications.

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