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Arts marketing

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SCENARIO

Gillian has been working as an arts manager for a mid-size nonprofit theater company for two years. The company is ten years old and has a well-established reputation. It employs young and up-and-coming actors and produces good quality performances. The company rents office and rehearsal spaces close to the city center, and partners with venues across the city to present its creations. Gillian was first engaged with the company as an intern immediately after completing her arts management studies at a local university. After a few months, the company hired her as the communications officer, the job she has held since then. Being in charge of communications includes managing social media platforms, a website, and media engagements. Gillian feels quite comfortable in this position: after two years, she has carved a space where she feels appreciated for her work. Additionally, she has developed a vast network of contacts and a good reputation in the country's arts sector. But the recent departure of a colleague in charge of marketing triggered a reorganization of the company's tasks. Marketing (voilá!) has landed on Gillian's plate, and it is now part of her work portfolio, together with communications. Despite her arts management degree, her knowledge of marketing is pretty basic. She is committed to her new role and wants to excel in it, but she is panicking a bit (actually, far more than a bit). Gillian has reviewed some general books on marketing (the author Philip Kotler seems to know something about it). However, everything she reads seems to focus on commercial marketing, and she is struggling to understand how to apply the tools and techniques to an arts nonprofit. She's also consulted some books on arts and creative marketing. However, while more relevant to her current job profile, they do not always consider some of the particular issues she is dealing with.

Gillian's situation is rather typical. While many large organizations have a dedicated marketing staff, mid-sized and smaller organizations tend to combine jobs in a single individual, such as communications and marketing in Gillian's case, or marketing and fundraising, or marketing and any other job for which there is no dedicated staff.

For Gillian to succeed, she needs to know how marketing fits into the organization's overall functions. Is there a simple guide or toolkit for her to manage her daily work? How can she move forward with this new portfolio in a way that promotes organizational visibility, positive image, and, ultimately, good ticket sales? Could digital marketing be a solution? It seems to be straightforward, manageable, and cheap. However, if it is so accessible, how come other arts organizations are still committing resources to traditional marketing such as leaflets, posters, and ads?

Although there are hundreds of resources on traditional and commercial marketing, the materials available specifically for arts marketing are scarce, posing additional challenges for Gillian. Furthermore, while some focus on arts management, few of them address marketing from the perspective of a small-to-medium (often financially struggling) arts organization. An organization like Gillian's often has limited resources, both financial and human, and can only approach marketing informally. However, it experiences the same pressures to perform well as larger arts institutions. Often, survival depends on how well it implements the marketing strategies that marketing staff create on their own.

This chapter is addressed, in particular, to arts managers like Gillian. It proposes a systematic approach to marketing in the arts sector supported by easy-to-implement tools and methodologies that can apply to a variety of arts organizations: theater, dance, visual arts, music, and community organizations.

ISSUES

- Lack of knowledge about marketing;
- Inadequate financial resources and limited time to commit to marketing;
- Too few staff stretched over multiple areas of responsibility;
- Pressure to increase ticket sales (easily measurable) and improve the organization's image (challenging to measure);
- Uncertainty about the need to create a marketing plan and how to translate a marketing plan into implementable marketing actions.

INTRODUCTION

As consumers, we experience marketing daily. One way or another, we are surrounded by its messages and effects and, at times, overwhelmed by them. In fact, humans have used marketing tools to sell products, merchandise, commodities, and ideas for hundreds of years. However, the application of marketing to the nonprofit world, and in particular to the arts, is relatively recent.

It wasn't until the late 20th century that marketers began to consider that "marketing is a relevant discipline for all organizations insofar as all organizations can be said to have

customers and products" (Kotler 1972, 46)—including arts nonprofits. The idea initially met with some criticism. Many people believed that the arts were not merely a product and that the people served by arts organizations were not simply customers. The notion, however, soon took off, first in North America and then, progressively, worldwide. In the late 20th century, arts marketing became increasingly sophisticated in methods and approaches (Boorsma & Chiaravallotti 2010), with arts organizations gradually applying techniques borrowed largely from the for-profit marketing sector. Although there remains considerable controversy over how well traditional or commercial marketing principles work for the nonprofit arts sector, it is useful to look at a couple of classic descriptions to understand how arts managers, like Gillian, can make use of its principles and strategies, adapting them, as needed, to the arts management context.

Marketing can be defined as "the intermediary between the customer and the business" (Moore & Pareek 2006, 8). The American Marketing Association sees it as "the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large" (2021). In other words, marketing is what brings customers to products or businesses, especially when they might not otherwise do so. In a nutshell, the purpose of marketing is to optimize the relationship between a company (business) and its customers (clients) so that both parties can maximize value and mutual satisfaction. In the case of nonprofit arts organizations like Gillian's, who may think of their audiences more as patrons than customers, marketing provides a means to demonstrate organizational value to potential audiences so that they purchase tickets, come to performances and shows, and provide support in other ways, for instance, through donations.

Gillian wonders how marketing became such an essential activity in an organization's daily life. Marketing practices as we know them today emerged from commercial activities developed in the 20th century: companies selling goods and services strove to differentiate themselves from others to find customers and successfully derive profits. However, marketing practices have been with us for millennia and can be traced to antiquity (Dixon et al. 1968). Etymologically, we can trace marketing from the Latin *mercatus*, meaning marketplace. Marketing, thus, can be thought of as facilitating *exchange activities*. These first exchanges took the form of bartering, where trust was essential for a mutually beneficial trading relationship. This led to the development of exchange specialists who helped individual vendors promote their wares so they would stand out from the competition. Buyers and sellers gathered in marketplaces, where vendors used image-based signs depicting their primary goods or services, which they displayed outside their doors or near their market stalls. Often, merchants would gain attention by shouting and hawking their goods. In China, since antiquity, candy makers played bamboo flutes to attract customers, a practice that we sometimes see today with ice cream trucks. From as early as 200 BCE, packaging and branding were used to signal family, place names, and product quality. Today, sophisticated print, digital, and social media replace ancient shouting and flute playing as marketing strategies. However, the spirit of "shouting" as a tool to attract potential customers' attention remains central to modern marketing.

Fast forward to the 20th century and the arrival of creative communication, advertising, and selling. Gradually, marketing became more aggressive as competition increased. Understanding a customer's needs, wants, and behaviors became vital for the survival of businesses, which in turn increased the demand for marketing strategies. An emphasis on distribution channels, pricing strategies, and modern marketing research characterized this period. Toward the end of the 20th century, gaining a customer's trust and loyalty was seen as pivotal to success. The establishment of long-term relationships, with customers and other partners, is seen as essential to marketing in the 21st century, where customer-business interactions increasingly prioritize more value-added and mutually beneficial relations that are more personalized, real-time, and digital.

Relevant to the nonprofit sector, and Gillian's desire to understand the place of marketing, is the idea of building relationships. That is something Gillian understands well, and which she can use as the basis for attracting customers/patrons to her organization.

PRODUCT AS THE EXPERIENCE

Arts marketing was first mentioned in 1967 by marketing guru Philip Kotler, who pointed out that cultural organizations (museums and concert halls), producers, and presenters of cultural goods need to compete for consumers' attention and their share of resources. In the 1980s, Holbrook and Hirschman (1982) underscored the uniqueness of artistic products and their subjective features and symbolic meanings, highlighting the "experiential aspects of consumer behavior" (138). In the following decades, marketing scholars emphasized the uniqueness of artistic products, where the *experiences* triggered are fundamental to the relationship with audiences. For instance, Colbert (2012) accentuates the experiential nature of arts organizations operating as providers of symbols and tools to create meaning, fire the imagination, and guide subjective experiences with patrons as "co-creators of the experience" (114). Hill et al. (2018) underscore the importance of a dual approach to arts marketing, where "mutually satisfying exchange relationships with customers" are crucial "as the route to achieving organizational and artistic objectives" (2). Walmsley (2019) advocates prioritizing and developing richer and deeper long-term relationships with audiences, leading to "more creative, immersive, and meaningful, and even transformational experiences" (44).

These authors speak to arts managers like Gillian with the message that the arts are different from other transactional endeavors, and their distinctive products are situated in the foreground of any marketing strategy. This is a radical departure from traditional or commercial marketing, which tends to put consumer demand ahead of the product and commonly starts with a need in the market. In contrast, arts organizations find patrons for their product rather than creating a product in response to audience demand (Meyer & Even 1998; Petkus 2004; Hill et al. 2018). Focusing on artistic goals rather than exclusively on financial profitability has significant implications for the ways arts

managers engage in marketing. A theater company like Gillian's produces a play for interested audiences rather than creating works to satisfy a specific audience's demands. Hence, arts marketing is commonly labeled *product-centered marketing*. The product can be an exhibition, theater performance, dance show, literary event, outdoor concert, culinary display, or graffiti competition. The task of arts managers like Gillian is to identify potential patrons and provide them with a holistic artistic experience, or as Radbourne (2014) calls it, an "experience journey" (212). In the case of Gillian's organization, the journey can mean patrons gain more knowledge, aesthetic exposure, or simply pure entertainment as a result of the plays offered. Whatever patrons may gain from Gillian's organization, they can only do so if they first attend a performance or event. That means that they have to buy a ticket. Gillian's job is to get them to make that purchase using marketing strategies she develops.

The following sections in this chapter guide Gillian in doing just that. To get started, and before she can decide on the strategies that work best for her organization, Gillian needs to assess several things: what is possible given her organization's needs and goals? the staff's capacity? and the resources—including money—that are available to her? Gillian also needs to identify, understand, and assess her potential patrons, the audiences.

UNDERSTANDING AND DEVELOPING AUDIENCES

Just because Gillian's theater offers performances to the public doesn't mean people will attend, even if they are genuinely interested. On any given day, in any city or town, there is typically an assortment of alternative leisure or entertainment choices that people can choose from. In such an environment, Gillian's job is to help people focus on her organization's offerings rather than the many other available choices. This is where the notion of *customer relationship management* (CRM) may come in handy. Kotler and Armstrong define CRM as "the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction" (2017, 13).

The idea of a beneficial relationship undergirds the arts marketer's aim to create the highest perceived value in which the benefits of an offer are (or at least seem) greater than costs. The perceived value of attending a performance, visiting a gallery, or engaging in any other sort of artistic activity needs to be higher than the perceived value of the ticket price and/or the cost of time invested.

Generating superior patron value is not always straightforward: Gillian needs to create value for audience members in a way that also provides sufficient revenue. That is not always easy. For instance, one of her first efforts was to buy ads on national television and in newspapers. Gillian thought she had scored big as her organization's visibility was tremendous, and many people talked about the play. However, she also spent nearly the entire marketing budget promoting just one play, and subsequent shows suffered from a lack of promotion. Following this experience, she decided to cautiously avoid investing too many resources in a single strategy and opted for free and inexpensive ads on social media. The result was very poor attendance. She realized only later that many of the people who would normally attend her theater performances don't regularly use social

media, so they never found out about the show. In the end, Gillian learned that she should pursue a balance of strategies in order to reach the largest number of prospective audience members with the least expenditure of resources. And, she must think in terms of audience development, rather than merely audience advertising.

What Is an Audience?

Developing audiences is a fundamental responsibility of arts marketing. The Audience Agency, a charity in the United Kingdom, provides a definition of *audience development* Gillian might relate to:

> A planned, organization-wide approach to extending the range and nature of relationships with the public, it helps a cultural organization to achieve its mission, balancing social purpose, financial sustainability and creative ambitions.
>
> *(2020, 33)*

In practice, this means that arts managers like Gillian need to motivate people in ways that make them want to attend performances, exhibitions, or purchase artworks or crafts more than they want to do something else. In other words, they have to make the choice to attend rather than not attend. To effectively motivate potential audience members, Gillian must understand their needs, desires, and motivations. Many factors can affect these relationships and thereby impact arts attendance:

- *Cultural factors*. The sets of values and behaviors created by a group of people or a society, and generally accepted by its members. For instance, Gillian's organization explores social issues through thought-provoking, stimulating, and sometimes challenging shows. However, some people might not feel comfortable confronting these issues in a theater setting. What would motivate them to attend a play anyway?
- *Reference groups*. For instance, family, friends, and colleagues with whom an individual identifies, and who contribute to the formation of an individual's values, attitudes, and behavior patterns. Gillian knows that word of mouth works well in this context: those who like a show will tell friends and family members who might also attend. How can she encourage them to share their experiences of the play with others?
- *Social class*. Those with similar rank in society tend to develop similar attitudes, values, and behavior patterns (Bourdieu 1987; Hill et al. 2018). An informed audience with some disposable income is more likely to attend Gillian's theater company's shows. How can Gillian appeal to multiple social classes in ways that make them all feel welcomed?
- *Personal factors*. For instance, age, gender, family life cycle, income, education, occupation, ethnicity, language, religion, family size, or type. What are the best ways to appeal to such diversity among potential audience members?
- *Psychological factors*. For instance, perception, personality, beliefs, and attitudes, as well as motivation. Are there ways for Gillian to tap into these factors?

Box 3.1 Motivation

Motivation is a compelling concept: What motivates individuals and groups to attend an arts event? Why do people leave the comfort of their homes to explore issues in a theater or an exhibition space? Ajzen's *Theory of Planned Behavior* (1985, 1991) has extensively been applied to understand and predict people's behaviors in a variety of fields and environments. The theory states that a combination of three factors (attitudes, subjective norms, and perceived behavioral control) determines people's behavioral intentions (motivation) and ultimately directs their actions. When applied to arts marketing, many factors can drive people's motivation to attend an event: enjoyment, and in some cases, passion; self-enrichment, as they create spaces to broaden the mind, learn something new, and expand creative minds (typically, participating in an enriching experience provokes a sense of accomplishment); an opportunity to socialize with friends and family and meet with people; because of a friend's recommendation; positive reviews or comments about a show; to relate to a particular heritage and culture; glamour or significance of a venue; affordability or free experiences; and, to support an artist, a cause, or a community event.

Motivation

Motivation is what leads people to make one choice over another. With her limited resources, Gillian may not be able to do the kind of sophisticated research needed to fully understand audience motivation. But what she can do it to try to understand both the triggers and the obstacles that influence an individual's decision to attend an event. How can she gain the knowledge she needs? Managers like Gillian need to engage in research and planning in a process that can be broken down into a series of simple steps:

- Understanding your organization (the research phase);
- Planning (translating research into a well-conceived plan);
- Action (carrying out the plan);
- Monitoring and evaluation (making sure that the plan is followed and is working).

This knowledge better equips her to design strategies and actionable plans to:

- Retain audiences by deepening the relationship with them, for instance, via loyalty programs, membership cards, special discounts, and programs such as post-show events, which guarantee a regular stream of income and support for the organization.
- Widen and diversify audiences with proposals that cater to a larger pool of potential supporters, for instance, via outreach programs to groups such as students or the elderly, strategic partnerships with educational institutions, training courses or workshops, or special privileges or discounts for a tryout.

At the same time, there are many *barriers* that prevent or make it difficult for people to engage with the arts. These barriers can be physical, for example, an inaccessible or distant venue with no public transportation or parking facilities, expensive ticket prices, or lack of access to needed information. They can also be psychological or perceived, linked to values, lifestyle, personal interests, purchasing behavior, benefits sought (from attending a performance), and brand loyalty (the extent to which Gillian's patrons are loyal to her organization). Barriers can include people's perception of a show as irrelevant or uninteresting, a dislike for a particular art form or artist, lack of disposable time, preference for discounted tickets, or not having anyone to go with. In other words, the factors that influence a person's decision to go to a performance, or not to go, are myriad and complex, and multiple factors both pro and con could be operating on an individual at the same time. Whatever her research uncovers, Gillian will use the information as the basis for a marketing plan.

MARKETING PLANS FOR ARTS ORGANIZATIONS

The typical arts marketing plan has four main phases:

- Understanding the organization and its environment
- Planning
- Action
- Monitoring and Evaluation

Phase 1: Understanding the Organization and Its Environment

Having a good understanding of your organization and your environment is crucial when engaging in marketing. To do so, Gillian needs to respond to the following questions concerning her organization:

- Who are we?
- What are we trying to achieve?
- What is happening around us?

Being clear about her *company identity* will inform the design and implementation of the marketing plan. This identity (Who are we?) comprises the organization's values, attitudes, aspirations, approach, and ideas, and typically is encapsulated in its mission statement. Together with the organization's goals (What are we trying to achieve?), specific broad declarations that pin the organization's mid and long-term aims, it is the starting point for any marketing plan. This information is the "entry point" to Gillian's organization for the people she is trying to reach and must be as accessible as possible (easy to understand), concise (to the point), and useful (so that Gillian and her staff can inform others about what the organization does and guide internal decisions). Two

notable examples of organization statements from two well-known museums are shown below:

The Museum of Modern Art in New York (MoMA) aspires to "share great modern and contemporary art with the public."

The Metropolitan Museum of Art in New York (The Met) "collects, studies, conserves, and presents significant works of art across all times and cultures in order to connect people to creativity, knowledge, and ideas."

These examples are well-articulated, concise, and focused statements that not only inform but can also guide the organizations in their activities.

Preliminary analyses of her theater company will help Gillian identify what makes her organization stand out from others, especially its competitors, thus casting light on its unique qualities. In this process, Gillian should also gather relevant external information about the environment in which her organization operates (What is happening around us?). For this, Gillian can use a *SWOT Analysis*, which stands for Strengths and Weaknesses (internal elements), and Opportunities and Threats (external elements). A SWOT analysis can help Gillian produce a summary of areas her organization should concentrate on developing. She can carry out the analysis by asking targeted questions and doing the research needed to answer them, as shown below:

- *Strengths*. What is good about the organization? What are the positives about the team, programs, audiences, and infrastructure?
- *Weaknesses*. What are the shortcomings of the organization? Where might its processes need to be improved?
- *Opportunities*. Are there new potential audiences to reach? Is there any alternative line of funding to tap into? Are there any macro-environmental changes that could benefit the organization?
- *Threats*. What is the nature of the competition? Are there any social trends or changes that can negatively impact our plans? What are the uncertainties regarding future public funding or income generation? Are there any macro-environmental changes that could affect the organization negatively?

Rather than just answer the questions on her own, Gillian poses them to staff, stakeholders, Board members, and the public. She writes down answers, then organizes them into a grid that allows her to look at the responses to see what patterns might emerge (Table 3.1).

Phase 2: Planning

In this second phase, Gillian should set specific targets in the form of marketing objectives by asking and answering some additional key questions:

- Where do we want to be?
- How do we get there?

TABLE 3.1 Marketing SWOT Analysis	
Strengths	Opportunities
• Artistic excellence • Well-established reputation • A decade of experience in the field • Loyal core audiences • Young and up-coming actors	• New generations are interested in discussing social issues • The *National Arts Council* provides access to production grants regularly • Partnerships with other organizations • New digital tools can open up new spaces to engage with audiences
Weaknesses	Threats
• Lack of regular funding • No big names or stars • Not owning its performance venue • Delicate social topics that can be controversial	• Financial or health crises can impact arts attendance • Not receiving sponsorship or funding can affect production's scale and visibility • Competitors designing better products

The "how" is answered by the marketing objectives Gillian defines for her organization. *Marketing objectives* are practical action items that relate directly to the organization's identity and features outlined in Phase 1. They directly build on the organization's ethos and aspirations and address the relationship with its audiences and stakeholders. Useful objectives are specific (usually expressed numerically) about the outcomes an organization hopes to achieve, for example, to diversify and expand audiences. Effectively articulated objectives are *SMART* (Specific, Measurable, Achievable, Realistic, and Time-Bound or Time-Specific). For example:

• To increase the attendance of young people (18–25 years old) across all events by 20 percent from October to December.
• To expand outreach among seniors by holding five workshops for a total of 100 senior citizens in the coming year.
• To widen brand exposure by gaining 5,000 followers on Facebook and 10,000 on Instagram by the end of the current season.

Marketing strategies refer to the specific actions taken by the organization to achieve its marketing objectives. They revolve around two main areas:

• Maintaining and growing relationships with existing audiences and stakeholders; and
• Developing audiences, approaching alternative market segments, and forming new relationships with stakeholders.

There are various strategies for retaining, diversifying, widening, and growing audiences. They can include pricing tactics, distribution schemes, partnerships, outreach, and education initiatives.

Phase 3: Action

In the third phase, Gillian should answer the following questions:

- What is the best way to get there?
- When will we (or should we) get there?
- How much (in money and other resources) will it take to get there?

Gillian needs to carefully select and combine different strategies to encourage audiences to attend her theater company's offerings. A variety of factors, external and internal, determine the combination of strategies an organization selects to achieve its objectives. This "magic recipe" is known as the *marketing mix* (What is the best way to get there), which is made up of the *four Ps*:

- *Product*. The scope of arts experiences provided.
- *Promotion*. The communication approaches to reach the audiences. This combination can include, for instance, ensuring that all the media material, also known as *collaterals*, used to reach audiences are integrated and aligned to promote the organization's uniqueness. Collaterals can include printed material such as flyers or posters, or digital material such as web content and e-newsletters.
- *Place or distribution*. Making the arts experiences available either in person or through digital means, as well as informing potential patrons how easy it is to attend. It also includes, for example, making sure the venue is accessible and comfortable.
- *Price*. The general principle determining how much to charge for the experience to different audience segments. This can include special pricing for seniors or young people and setting the price of a seat in relation to its position to the stage.

A successful marketing mix needs a realistic *timeline* (when to get there) and a *budget plan* (how much will it cost to get there). These two elements are crucial for ensuring that the marketing plan stays on track and delivers what is needed. To draft the timeline and the budget as accurately as possible, Gillian can pose questions such as: How many attendees do I need to attract? How much money do I have to spend? How many brochures do I need? How long does it take to produce and distribute them? While planning the timeline, Gillian needs to ensure that she leaves enough margin when setting deadlines and considers staff and public holidays, volunteer and part-time staff availability, design delays, and anything else that might affect her ability to deliver on time.

The budget plan details the planned expenditures associated with the marketing activities proposed. It serves a multifold purpose: it ensures that the spending is within the constraints of the organization; it guarantees that the risks are calculated; it proves to stakeholders that the organization's plans maximize the resources in a balanced manner; and it helps to monitor the progress and milestones of the project.

Ultimately, Gillian also needs to write down the marketing plan and communicate it to relevant interested parties. These can include other staff within the organization, sponsors, funding bodies, and the organization's Board. The written plan includes all the main components outlined earlier, plus a section for monitoring and evaluation.

Phase 4: Monitoring and Evaluation

In the fourth phase, Gillian should answer the following questions:

- Am I making progress toward the objectives?
- Did I meet the deadline and accomplish the objectives?

Implementation of the marketing plan should be continually monitored and evaluated given that many factors can influence its impact and effectiveness. *Monitoring* is a combination of data collection and analysis during the plan implementation phase and compares progress results against the marketing plan's desired results. With periodic and continuous monitoring, Gillian can identify problems at an early stage and take corrective measures.

Evaluation is a systematic, retrospective assessment of the marketing plan's outcomes, conducted objectively. It analyzes quantitative and qualitative metrics associated with the implementation of the marketing plan. *Quantifiable metrics* can include the number of tickets sold, social media reach, and income generated through food and beverage (F&B) sales or spin-off products (such as merchandising). *Qualitative metrics* include measures of patron experiences (in the form of surveys) and press and social media reviews. Evaluation can be conducted internally by members of the staff or by external independent evaluators. Through evaluation, Gillian can learn from experience and identify opportunities to improve future marketing plans: for instance, by understanding target audiences' needs and how to meet them, by developing precise, achievable, and measurable objectives that can increase the programs' effectiveness, and by providing relevant information and data to submit to funding bodies.

TARGETING AUDIENCES: SEGMENTATION AND POSITIONING

Patron satisfaction and loyalty facilitate the *consolidation* of an organization's brand identity and positive reputation. Consolidation has to do with the coherency of an organization's brand. To illustrate, imagine an organization that is a combination of a children's theater, car wash, and used appliance store. Such an identity is hardly coherent; its brand identity would be hard to convey to potential customers, patrons, or audiences. A unified, or consolidated, identity is facilitated, however, by a better understanding of the target audience and the extent to which an organization addresses their values and needs.

A way of acquiring that knowledge is by establishing communication channels: What does the target audience want? How do they view the organization? How much are they willing to pay for the experience? What else do they do with their free time? This knowledge can facilitate Gillian's marketing analysis and is indispensable for an effective marketing strategy.

Market segmentation refers to the process of separating a market (a group of consumers) into several audience subgroups (segments) with similar needs, preferences, tastes, and behaviors. This segmentation will allow an arts organization to find out to what extent audiences' demands are similar and why, and to formulate marketing strategies

accordingly. For segments to be relevant, they need to fulfill some essential criteria. Segments should:

- Be homogenous, while the various subgroups are heterogeneous in terms of their needs, people within each subgroup should have similar needs;
- Be significant, so that they can be differentiated from other segments;
- Have sufficient size, ideally with measurable characteristics;
- Be accessible and reasonably stable, without too many changes over time;
- Include patrons that respond in similar ways to proposals and incentives;
- Provide revenue to the organization.

Gillian should also consider several segmentation variables or descriptors that impact the segmentation process:

- Location classifies patrons according to where they live or stay, for instance, region, municipality, degree of urbanization, or postcode. This variable can help optimize resources and avoid wasted effort, such as distributing leaflets or organizing promotional events. In Gillian's case, there are areas in her city that traditionally house young people (newly developed neighborhoods), families (generally with good access to schools), the elderly (more mature neighborhoods), students (near the universities), and tourists (adjoining the city center). For the latter, approaching the tourist offices and providing translations into several languages at main tourist and cultural attractions are good options to consider.
- Demographics include age, gender, family size, family phase (age and number of children), ethnicity and race, religion, language, profession and annual income, educational level, and housing type.
- Psychographics are determined by preference or choice, values, lifestyle (activities, interests, and opinions), personality, and universal values. To Gillian, it might be useful to know specific behavior patterns in her theater's patrons, such as arts attendance habits: Do people prefer to attend social theater shows with families or with friends? Do they mind going alone or is there some social stigma linked to it?
- Expectations, or experiences sought, include specific inherent benefits desired in an artistic engagement, such as aesthetic growth, creative fulfillment, entertainment, a satisfactory learning or thought-provoking experience, and price (for instance, affordable or free, or a combination of them).

Market segmentation can help Gillian approach potential audience members in a more targeted way and to better use her resources. Furthermore, based on that knowledge, she can consider implementing strategies originating from her analysis. This active response is called *Market positioning* and refers to the use of marketing strategies and promotional schemes to fit the tastes, needs, and expectations of audiences in the different target groups identified. Positioning can help create a perception in the consumer's mind about the organization and its offerings and can help with branding and image-building. Typically, managers such as Gillian can use three types of positioning strategies to advance an arts organization's marketing:

- *Concentration strategy* usually focuses on a single market segment that demands a specific approach, for instance, children's theater, the elderly, or performance in the language of a minority group. This positioning targets one particular segment and is typically used by small cultural organizations with limited human resources and budgets. For instance, through segmentation, Gillian has identified single professionals and young couples as potential audiences. This group has the disposable income and availability that other segments do not have and is reasonably homogeneous. Using the concentration strategy, Gillian can target them as potential patrons for her theater's evening shows.

- *Multi-segment strategy* aims to attract a more diverse audience through various messages about the organization's activities and events. Gillian could use this strategy to advertise forthcoming shows on TV, radio, or even taxis and bus stop billboard marquees. She can also distribute leaflets and affix posters and banners in the city center. While this strategy's reach is considerably more extensive, the multi-segment approach can be costly and time-consuming and might not be the most suitable for Gillian. Larger organizations with bigger marketing teams and considerable experience in using mass media communication tools and ticketing systems often use this approach.

- *Against competition strategy* implies identifying competitors, assessing them, and understanding their strengths and weaknesses. Gillian can formulate strategies to counteract her theater competitors' efforts and advance her marketing aims. These competitors can be *direct*, those who offer similar products with similar objectives. For instance, in Gillian's case, independent theater companies or theater companies that, like hers, offer performances with social issue themes. Competitors can also be *indirect*, with different products, but targeting similar audiences, such as cinemas offering independent movies or art galleries with social justice-themed exhibitions. To know more about her competitors, Gillian can ask questions such as: What are their strengths and weaknesses? What do they do better? Are their ticket prices lower? Are their productions of higher quality? What marketing strategies do they use? Are their marketing materials more engaging? The answers to these questions can help Gillian improve her marketing strategies to convince potential audience members that her organization offers the better value.

MARKETING RESEARCH

"It is time-consuming and expensive"; "It is complicated, and I do not have enough knowledge"; "In any case, we know our audiences well and what they want." These are phrases Gillian hears when she mentions marketing research to colleagues and peers. At first, marketing research sounds challenging and even daunting, an unnecessary investment in time and money, especially for small arts organizations that constantly juggle resources and time. The reality, however, could not be more different: market research is indeed an investment, but it is one of the best that small and mid-size arts organizations can make. Without market research, Gillian would never be able to answer the questions posed in the previous sections of this chapter.

Bonita Kolb describes market research as a "detailed search for the truth," (2018, 8). Indeed, although the truth may be impossible to reach, research is far more accurate than guesswork or common sense in identifying target segments, and knowing what audiences need, want, and desire. Ultimately, decisions about the marketing mix are better informed after conducting marketing research.

Marketing research can help Gillian identify her target audiences more precisely, design methods to collect information about their profiles, behaviors, and preferences, and provide data for her to analyze in order to make sense of those findings to implement concrete actions. She can use her research to determine, for instance, what the best time is to open a show on a weekday or which alternative days and times are best; which locations attract audiences; how much they are willing to pay for a show; what merchandising or bar items they are more likely to purchase; or even provide suggestions on the type of shows they are keener to attend.

There are many types of research approaches that Gillian can use to inform her marketing actions: *audience profiling* to identify audience segments with similar characteristics and preferences, from age, income, education, and occupation to the transportation they use to arrive at a venue; *customer experience* to recognize audiences' perceptions and expectations; *motivation* to understand the reasons behind arts attendance or the reluctance to attend; *competition* to know how audiences perceive the organization in comparison with similar organizations; *pricing* to formulate the most suitable set of prices; and *promotional* to gather evidence about the most persuasive techniques used, usually by linking them to attendance figures.

Before getting started with any marketing research methodology, Gillian should define what she needs or wants to know: her specific *marketing research objectives*. These objectives can be *exploratory*, thus broad in scope. For example, an arts marketer might try to understand what leads arts attendees to behave in the ways they do: for instance, to determine if a location's residents are keen on contemporary art and, if so, are they willing to pay to visit an exhibition? Objectives can also be *descriptive*, aimed at finding more concrete evidence to support specific decisions: for instance, to examine the visitors of a contemporary art museum and determine if they would be interested in visiting other museums in the area. If so, a savvy marketer might collaborate with other museums to offer a museum pass for area museums. Objectives can also be *causal*, aimed at pinpointing cause-and-effect associations (why things happen), such as experiments to test different pricing scales or concessions, and monitoring their impact on audience size and composition.

Gillian can apply two main types of research methodologies: *secondary research* (or desk research), which refers to the gathering and analysis of existing data, and *primary research*, which involves generating original data. Usually, marketers such as Gillian start collecting secondary sources before designing a direct data collection strategy via primary research.

Secondary Research

External research includes data and statistics published by government agencies, academic and research institutions, and other arts organizations. This research is usually published online and is generally free of charge. For instance, every two years, Singapore's National Arts Council publishes a *Population Survey on the Arts* that examines citizens' perceptions

of the value of arts and culture, the level of engagement, and the motivations and barriers faced in attending arts cultural events and activities. Similarly, the United Kingdom's Department for Culture, Media, and Sport administers *The Taking Part Survey*, the United States' National Endowment for the Arts has the *Survey of Public Participation in the Arts*, and France's Ministère de la Culture has the *Statistiques Culturelle*. Sources like these regularly release free data and statistics that can support the work of arts managers like Gillian. The International Federation of Arts Councils and Culture Agencies (IFACCA, www.iffacca.org), a global network that convenes over 70 arts councils and ministries of culture, also provides resources for managers interested in accessing data from other countries. Additionally, Gillian can use other general geodemographic profiling systems that link similarity in interests, attitudes, and behavior patterns (purchasing habits) to a location or neighborhood. They can usually be accessed via national or regional statistics agencies (for instance, in China, Australia, or Nigeria, *National Bureaus of Statistics* provide data on a wide range of economic, environmental, and social issues).

Internal research includes analysis of an arts organization's box office ticketing systems (making sure, however, to comply with data protection requirements for your country). The more sophisticated systems can associate ticketing transactions to a single central customer database for consolidated information on a patron, from particulars (name, address, date of birth) to preferences (events attended, type of ticket) and behavior (time and frequency of bookings).

Box 3.2 Analytics

Analytics is information based on the data and statistics generated by websites, social media, digital advertising, and digital apps. Arts organizations can use **website analytics** to obtain valuable information on page views, visitors, downloads, and spikes in visitor numbers. They also show how people arrived at a website, how long they stayed on different pages, and their geographic location. Some platforms include *Open Web Analytics*, *Google Analytics*, *Mixpanel*, or *Heap*, which offer free packages or provide the data free of charge. If more specific requirements are needed, organizations can use **actionable analytics**, which associate actions by website users (for example, those who watched a promotional video before opening a theater season) with observed results (who bought tickets or signed up for a newsletter). Arts organizations can also use **social media analytics**, which, similar to website analytics, can provide information on visitors (followers) and their behaviors (number of shares, comments, mentions, referrals). Having followers who have many followers (influencers) is typically a good sign. Social media analytics can also give information on behavior when using social networks, for instance, the regularity or frequency of engagement with social media followers.

Primary Research

Direct collection of data and information by the marketing manager or a hired specialized firm is called primary research. It often requires a sizable investment of resources,

so careful planning is needed for the type of information the research will pursue, whom to get it from, and how to get it. The procedure involves collecting data, analyzing it, and interpreting it to make decisions. Primary research can be either qualitative or quantitative.

Qualitative research is primarily exploratory and focuses on obtaining data through open-ended and conversational communication. This technique is not only about what people think but also why they think the way they do. Gillian can use such methods to understand her audiences' underlying reasons, opinions, and motivations about attending performances and uncover behavioral patterns or trends. With qualitative research, the sample size is typically small, and some standard methods of data collection include focus groups (group discussions), usually with a facilitator; in-depth one-on-one interviews; case studies; contextual observation of people's behavior; and testing of some marketing initiative on a small scale, then observing and measuring the results.

Quantitative research is used to measure attitudes, opinions, or behaviors by generating data to transform into usable statistics. Because it uses larger sample groups than qualitative research, quantitative data can help uncover specific patterns, making it easier to generalize results. This type of research popular is used in the arts for exploring the nature of audiences.

Box 3.3 Surveys

Surveys are popular quantitative and/or qualitative data collection methods. They can be web-based or face to face, distributed by e-mail, or over the telephone. Surveys can also be self-administered, for instance, by giving them at the exit of a performance, placing them on seats, through touchscreen devices, or by providing audiences with a web link or QR code. To streamline resources before conducting a survey, arts managers need to consider the following: what is the most appropriate means to conduct the survey; when is the right time to do it; who will be surveyed; and how many people will be surveyed. Surveys should be clear, brief, relevant, unbiased, and carefully crafted. They can contain open-ended or closed questions, for instance, multiple-choice type questions such as a rating scale, Likert scale, checkboxes, or ranking. Managers can use these techniques to know more about audiences' preferences and provide informed answers, for instance, why some weekday evenings are more booked than others or why more women than men attend specific sessions.

MARKETING COMMUNICATIONS (PROMOTION)

Once Gillian has done appropriate research, she can use the information to decide how to reach potential audience members. The following section covers some of the primary strategies. Gillian will select those that make the most sense for reaching the populations she wants to attract.

Direct marketing is a promotional method an arts organization uses to communicate directly to individuals or selected groups of potential audiences, requesting specific actions. This one-to-one personal conversation is vital in the arts. Sending or sharing collaterals by post, text, e-mail, social media, and online or digital advertising, such as display ads and search engine-associated ads, are some of the most common direct marketing methods currently used. Today, more websites are also adopting a targeted approach to their relationships with visitors, guiding them through personalized visits based on their preferences.

Box 3.4 **Word of Mouth**

Word of Mouth (WOM) is one of the most effective direct marketing methods for generating buzz among potential audiences. It encompasses a personal approach that expresses a genuine interest in the audience's opinion and often triggers direct reactions (join an event, purchase a ticket to attend a show). **Word-of-mouth marketing** (WOMM) involves others' cooperation, for instance, performers, artists, peers, and even your audiences. These collaborators proactively promote the organization by sharing their experiences and recommending its works to others. Arts managers can nurture these relationships by inviting supporters to see rehearsals, premieres, or other special events. In the last few years, social media has become a central tool of WOMM. Arts and culture organizations can use social media tools such as Twitter, Instagram, TikTok, or Facebook to engage audiences before, during, and after an event. This involves audiences in the artistic co-creation process, enhances community-building efforts, and encourages artistic expression (Kolb 2014).

When thinking about direct marketing, Gillian needs to reflect on her organization's uniqueness, or its *unique selling proposition* (USP), which differentiates it from its competitors. This distinctive characteristic has to be strong enough to persuade patrons, and the promotional activity needs to pivot around this unique proposition. We find uniqueness in arts organizations in their mission, the art form they propose, their shows' content, their size, the type of audiences they serve, their actors and performers, their geographical location, and even their ease of access. For Gillian's theater company, the USP message takes the following form: thought-provoking, original, locally produced shows that debate critical social issues pertinent to the community.

Advertising is a marketing communication tactic that involves paying for space to promote a product or a service to a target audience. The actual promotional messages are called *advertisements*, or *ads* for short. They can take the form of radio or TV commercials, billboards, newspaper and magazine ads, or paid social media posts, among others. The central theme in advertising is persuasion, or convincing people to believe in, desire, or do something. Images are a fundamental element in advertising. They drive attention, stimulate curiosity, delineate a personality for the product by associating it with certain symbols and lifestyles, and help to anchor the brand identity in the target audience's minds. However, in the arts field, products tend to be complex (frequently experiential, intangible, and ephemeral), the target audiences are small and budgets are

limited. These features, added to the limited life span of advertising messages, make it difficult for arts organizations to take full advantage of mass communication techniques.

Box 3.5 Integrated Marketing Communications

When committing recourses to advertising, arts managers need to keep in mind the notion of **integrated marketing communications** (IMC). IMC is the process of coordinating the organization's marketing communication initiatives and materials across all media platforms with the ultimate objective of delivering a consistent message. Goal-directed, IMC closely aligns with the organization's marketing strategy. The purpose of IMC is to create a "synergy of persuasive voices" (Thorson & Moore 1996), where the message is consistent, and each persuasive tool is used to best effect. When approaching target audiences, managers can communicate with them (for instance, information about the organization's latest event) via social media posts, a radio commercial, bus stop ads around the city center, or a magazine ad. In their effort to reach out, arts managers need to design and adapt the different messages to various media platforms, each projecting the most appropriate advantage. Although each message explores the most effective ways of persuading the target audiences, they need to speak with a single voice, consistently and clearly, with enough impact to consolidate the organization's branding and positioning in the market. This integrated approach to online and offline marketing communications is crucial for an organization's effective and efficient use of resources (Hede 2014).

Public relations (*PR*) refers to the activities that promote a positive image and generate awareness about an organization and its offerings without traditional advertising. PR entails interacting with various publics (employees, sponsors, patrons, and government agencies). Many arts and culture organizations concentrate their efforts on *publicity*, which uses media relations to advance understanding and support for an organization and its products—for example, its artistic creations. Gillian can choose from many activities when considering media relations. For instance, hosting events, organizing media conferences, delivering presentations at specialized forums, media releases, or participating free of charge in TV, radio, or social media activities, such as interviews or debates. These activities imply a dialogue with audiences and two-way communication with influential members of society (such as opinion leaders), journalists, and bloggers who can convey messages about the organization.

From the media relations tools on offer, an arts organization such as Gillian's is likely to be involved in the following:

- Pitching stories to the media to generate newsworthy stories that create the right image and reputation for an organization and its offerings.
- Press conferences, organized when the organization has something important to announce, entail meeting newsmakers face-to-face. Press conferences require thorough preparation to address the *five Ws* (who, what, where, why, and when) and *one*

H (how). Specifically: Who (to invite and who will speak for the organization?), What (to say to about the organization?), Where (is a suitable venue?), Why (are we doing this—stated as clear objectives?), When (is the right date and time?), and How (prepare a checklist for difficult questions).

- Media releases, crafted in such a way that they immediately catch journalists' attention and can be reproduced for publication without much work. Arts managers design media releases with the audience in mind. Therefore, the first paragraph, as with press conferences, responds to the structure of five Ws and one H. The structure of a media release follows an inverted pyramid pattern, with the essential information on the top (the must-know facts), followed by the details (the need-to-know facts, followed by the nice-to-know facts), and other general information, including contact details.
- Press kit refers to the package of materials an organization gives to journalists. They can be printed and distributed in a folder or a thumb drive, or in electronic media kits for an online platform. They typically include a media release, the background or history of the organization, biography of the artists involved, the latest annual report, fact sheets, details of the show, pictures, a leaflet or brochure, and a business card or contact details.
- Media previews occur when the organization is launching a show or event and allow the media to see it first and generate publicity.
- Reviews, which happen when the press attends a show with the rest of the public (invited or incognito) with a published, critical review as the intended outcome.

One of the main reasons an organization like Gillian's should engage in PR is financial. Small arts and culture organizations such as Gillian's often cannot afford major advertising campaigns on TV, radio, print media, or social media. PR, thus, becomes the primary vehicle to inform potential patrons because it is inexpensive and can have a broad impact. Apart from financial reasons, arts organizations use PR as an outreach tool to approach and educate younger, new, and other prospective audiences and to communicate or explain controversies that come up from time to time in any organization. PR also comes with disadvantages. One of the most prominent ones is that organizations do not control all aspects of the coverage (the precise message, frequency of publication, or dissemination). Media outlets have the final say in deciding whether to report on your organization and what they decide to say. This can considerably impact the PR reach and an audience's perception of both the organization and its products.

DISTRIBUTION (PLACE)

Arts distribution refers to an organization's (or an artist's) ability to make creations available when and where they are needed. Good distribution means more opportunities and broader audiences, and it includes: ensuring that tickets are accessible; making sure signs in a venue are readable and well-placed; offering shows nationally or internationally (for instance, through tours and traveling exhibitions); and streaming or making available

online popular shows to broaden reach. In the arts, distribution is profoundly affected by the product, which, as we saw earlier, precedes the demand and is central to marketing efforts.

Physical Distribution

The success of a marketing strategy also depends on how accessible the art product is to the patron. In that regard, the physical distribution and location of a venue can have an enormous impact. An unstaffed ticket office, lack of a website or a poorly functioning one, shortage of parking facilities or public transportation, and an inconvenient location are some of the challenges potential patrons encounter that can affect attendance. The more convenient it is to attend an event, the more likely it is to attract an audience.

Arts organizations looking to increase the convenience of the art experience should consider the suggestions below. They are as much a part of marketing as advertising and public relations. Many of the ideas are low cost enough for any organization, no matter its budget.

- *Accessibility*. Is there public transport servicing the venue? Does it have extended hours to cater to late performances? Is parking available? If a venue is out-of-the-way, arts organizations can offer alternative transportation arrangements such as charter buses, particularly for late-night events, in order to make increase the possibility of attendance.
- *Scheduling*. Does the schedule of events match the needs of attendees? Are events scheduled at the same time as those of major competitors? Offering opening hours that align with patrons' needs makes it more likely that they will attend. For instance, exhibition spaces and museums that are open on weeknights and weekends and performing spaces that offer weekend and mid-week matinee shows provide added convenience.
- *Food and beverage (F&B)*. Are audiences able to find food options near the venue? Is it safe or convenient to access them? Is it an option to offer F&B at the venue? Allowing audiences to consume food and beverages at your venue, especially if the venue is off the beaten path, can promote attendance.
- *Facilities*. Is the venue comfortable? Are the washrooms easy to get to, clean, and with signs that are readable and well-placed? Are there adequate spaces to accommodate people with reduced mobility? Providing an appropriate environment, with comfortable seats, ramps for strollers, disabled access, baby changing, and family areas can impact a patron's experience.
- Apart from these day-to-day key elements, arts organizations can provide enhanced and diversified experiences by offering *alternative venues* to the traditional ones: for instance, considering site-specific festivals, pop-up or outdoor spaces, or cinemas for screenings of performances. Arts organizations, particularly large ones, can also expand their impact by *licensing* or franchising their brand and products in return for royalties. Arts companies can further expand their transnational influence by engaging in *international exchanges and tours*.

Digital Distribution

Digital distribution of artistic and cultural products refers to delivering (through downloading or streaming) any artistic and cultural content via digital stores or streaming services to create broader access and generate new audiences, and new income sources. In the last two decades, digital distribution has opened a wide range of opportunities for arts organizations and patrons. It is now easier than ever to access and purchase cultural products online, such as e-books, music, videos, and cultural-educational resources, which allow the opportunity to explore artworks in new, engaging ways. The digital world enables creators, performers, and organizations to expand the accessibility and reach of their products: artists can set up websites to sell their creations; authors can self-publish books and offer them online; musicians can record tracks and make them available digitally; museums and galleries can extend their sales through their websites, and with the support of technologies such as 360-degree capturing and virtual reality, organizations can offer virtual tours, backstage access, and interviews with performers as a complement to their shows.

Some arts organizations, especially those with strong financial backing (to cover production skills and technologies, and exhibition rights), have explored offering their artistic products online. For instance, some famous opera houses and musical theaters offer live performances streamed in cinemas and other venues. This *live to digital content* alternative helps expand the performance's reach and engage more audiences, particularly in opening night shows that are likely to sell out in the original venue. However, until recently, only a handful of organizations had maximized the opportunities opened by the digital world.

The Covid-19 pandemic that shook the world's foundations in the early 2020s profoundly impacted the nonprofit arts sector. As the pandemic progressed worldwide, arts organizations dealt with severe lockdowns and distancing measures that limited accessibility to venues and reduced income streams. In this context, thousands of small and mid-size organizations turned to technology. They joined the ranks of those offering digital content, not as an addition, but as the core of their connection with audiences. The Covid-19 pandemic triggered worldwide reactions out of necessity, which contributed to breaking down geographical and physical barriers to accessing the arts. Suddenly, audiences from anywhere in the world could enjoy performances from otherwise local organizations, such as Gillian's, and similarly, local audiences could attend events from arts organizations previously inaccessible to them. The long-term effects of this in the arts and culture world still require analysis. However, despite the commotion caused by the pandemic, digital technologies are unlocking sizeable new possibilities for expansion and growth for the arts.

PRICING

Gillian's theater company generates income in various ways: ticket sales (box office), revenues from activities (F&B sales, merchandising, and income from renting out its studio in town), sponsorships and donations, and public subsidies. Pricing is a strategic variable

used by arts organizations that includes these and other income-generation techniques, which greatly impact their operations.

An organization cannot rely on any simple formula when setting its products' prices since pricing results from many factors. Every organization must select the best possible price strategy, given its specific circumstances. Factors that influence price include the reputation of an organization; the popularity of the artists involved; the venue, which can consist of location, comfort, size, ambiance, or prestige; the type of show presented; the competition; the marketing campaign materials; and in some cases, even guidelines given by government agencies. Charging more for popular artists might work in some cases, but not if there are local policies that put limits on what can be charged.

Matching price and value can be a challenging task in the arts. The aesthetic value of a cultural product can be highly personal and subjective. Setting a price sends a signal about the artistic creation and has an impact on its perceived value. For instance, once Gillian priced a show relatively high because it featured famous actors. She thought that patrons would be willing to pay a lot to see them perform, and she felt the high price would also indicate high quality. While it did attract some new, more affluent patrons, it also discouraged many regular attendees who were unwilling to pay, even for the chance to see a famous actor on stage. For the following show, Gillian decided to price it substantially lower, which instantly enticed a broader patron range. However, many of the new patrons gained from the higher-priced performance did not return. A reputation based on low or high prices may prove difficult to change when the organization wants to offer other, higher priced, products or services. So, rather than experimenting too much, it is better to determine pricing based on the evidence gathered about audiences, their preferences, and habits.

An organization's financial and marketing objectives also heavily influence *pricing strategies*: Does it want to break even? Is it aiming to generate surplus revenues? Does it want to build loyal core audiences while also developing new ones? Is it hoping to generate prestige and reputation (for instance, as an organization that provides excellent customer service, quality performances, or accessibility)? Some arts organizations strive to set their prices relatively low, whether to encourage consumption, make their product accessible, or expand their customer base. For them, generating revenue may not be the primary objective. This pricing strategy is called *market-penetration strategy*. In contrast, when an arts organization chooses a *skimming strategy*, it sets the price of its services high, assuming a lower number of customers with higher purchasing power. Suppose an organization has an established reputation in the market. In that case, it can use *prestige pricing*, thus setting prices based on a perceived added value that patrons get simply from attending the performance.

For Gillian's mid-sized theater company, the chief financial concern is to balance revenues and expenses: when her organization generates surpluses, it usually reinvests them in future shows. Most arts organizations set a range of prices to reach out to broader groups of audiences. This strategy is called *dynamic* or *segmented pricing*. They set different prices for the same product (for instance, a performance or an exhibition) according to parameters such as consumer segments, consumer behavior, or time of consumption, and they can change as these variables evolve. This type of pricing links closely to market segmentation. Dynamic pricing assumes that different groups value products

and services differently and that some are willing to pay more than others for them, for instance, based on their buying power or availability. These are some of the adjustments Gillian could make as part of a dynamic pricing strategy:

- *Time of the show*. Taking into account the time of the day (matinees typically offer more affordable tickets than weekend evenings) and the day of the week (variable prices depending on when the show takes place, such as mid-week, weekend, or on a public holiday).
- *Date of the show*. For instance, if it is part of a regular season or takes place during major holidays.
- *Discounts*. For group bookings, concessions for seniors and students, special prices for young people, discounts associated with subscriptions or partner memberships (credit cards), early bird sales, special promotion rebates such as buy-one-get-one-free, and standby or late availability reductions.
- *Scaling the house*. Setting the price of a seat relative to the stage. Less desirable seats are cheaper (those with a restricted view), and those close to the stage and with better visibility or with privacy (theater boxes) are more expensive.
- *Pay what you can*. A scheme where audiences pay only the price they can afford.
- *Pay what you want or decide*. A system where audiences pay an amount of money based on their perception of a show's value.
- *Yield management* or *real-time pricing*. Designed initially for the airline industry, it has recently expanded to other fields, including the arts, and calculates the best pricing policy for optimizing revenues based on real-time modeling and forecasting of demand.

ETHICAL DIMENSIONS

Pricing provides a jumping-off point to consider some ethical dilemmas and considerations when engaging in arts marketing. The practice of real-time pricing, introduced above, for instance, has been criticized when implemented in nonprofit contexts, raising questions about its suitability and applicability (Metters & Vargas 1999). Setting prices in the nonprofit arts and culture sector needs to be fair and transparent, with prices clear to patrons from the beginning of the relationship until the point of purchase (avoiding hidden booking fees, for example, for online transactions).

Beyond pricing, due to the nature of art as experiential, with manifold impacts on people's lives (McCarthy et al. 2004), arts marketing encounters ethical issues in multi-layered ways. Arts organizations often receive public funds or subsidies. Marketers thus face the challenge of investing resources in messages that sell tickets, while at the same time needing to align with goals that aim toward societal benefits, that are nonetheless experienced by individuals, beyond the artistic experience itself (O'Sullivan 2014). Ethical dilemmas can arise from the misuse of marketing research, which can harm, or annoy, prospective audiences and increase resentment in patrons who might perceive it as an invasion of privacy or as a disguised sales pitch (Kotler & Keller 2012).

Authenticity, reliability, and integrity should be at the core of any marketing message, but even more so in an experiential field like the arts. An ethical approach will generate trust with prospective audiences and be rewarded when those audiences feel good about supporting the arts organization through ticket purchases, attendance, donations, and other means. An arts marketer has to provide patrons with honest marketing approaches that are consistent, transparent, and aligned with the actual artistic experience.

SCENARIO DENOUEMENT

When Gillian first took over as the marketing manager, she wasn't sure how to begin and was more than a little intimidated by what she perceived as an enormous task. Recognizing marketing's long history, however, helped Gillian put her job into context and reminded her how commonplace and familiar marketing is. She also learned that marketing is a matter of well-defined steps, from research and planning to implementation, which starts with an accurate description of her organization to identify better and understand her potential audiences. She now knows that targeted research will help her segment potential audiences more precisely and, ultimately, to allocate and maximize her organization's resources for marketing strategies and actions to develop her audiences more effectively. And, although a marketing plan can initially be seen as a commitment of time and effort, it is also a profound investment in her organization's future. Having now answered the core questions she posed at the beginning, and equipped herself with these new tools, Gillian can also be more efficient and informed in her job and minimize mistakes and risks in her daily work as a marketeer.

Gillian also discovered a wealth of existing, specialized sources she could rely on— academic researchers like Kotler, Colbert, Kolb, Hill et al., and others who provide concrete advice for those willing to seek it out. Even though each arts organization is unique, the information Gillian gleans from written resources can help her decide which approach best suits her organization's needs. And now that she knows something about research methods, Gillian can augment published secondary research with her own primary research. Gillian has come to realize that arts marketing requires a delicate balance of artistic creativity and business acumen. A smooth association between the two is critical to shaping effective and sustainable practices that align with the needs of artists, audiences, and the organization.

SUMMARY

Contemplating what she learned over the course of coming to terms with her new job as arts marketer, Gillian developed a bullet list of key points.

• Most arts managers will engage with marketing at some point in their careers.
• The marketing of the arts demands a unique, product-centered approach focused on experiences. For this reason, arts marketers need to use tools that match the unique

characteristics of the arts rather than simply co-opt methods designed for non-arts purposes.

- Marketing can be valuable for arts managers in multiple ways beyond the apparent drive of ticket sales and increased attendance to events. Arts marketing can be an asset to get an edge over competitors, especially in crises. It can also provide means to know audiences better (profiles, preferences, behavioral patterns) and create public awareness for arts organizations and their products.
- Audiences in the arts are not limited to those buying tickets or attending events. Audiences can also include sponsors, government agencies, donors, the press, social media commentators, and educational establishments.
- There are multiple reasons people engage with the arts and factors (cultural, psychographic, reference groups, motivation) that affect attendance.
- Marketing segmentation, informed by a range of variables (location, demographic, psychographic, or expectations), and marketing positioning, through various strategies (competition, multi-segment, against competition), can help organizations understand and address audiences better.
- Marketing does not need to be costly. Using a combination of tools such as partnerships and collaborations, free or affordable marketing provided by the new technologies, media coverage, and word of mouth, small and mid-sized arts organizations can go a long distance.
- Marketing research, whether it is secondary (for instance, via external data and statistics) or internal (via ticketing systems and website and social media analytics), supports arts organizations. Surveys provide a diverse and affordable way of compiling information about patrons, audiences, and the organization and its products.
- Marketing plans are an essential part of the marketing profession. When done in a systematic and organized way, they are a straightforward tool that can decisively support arts managers' work.
- Marketing communications (Promotion) is a crucial marketing mix ingredient. It includes strategies such as direct marketing, advertising, and public relations.
- Good distribution (place), whether it is physical (accessibility, scheduling, F&B, facilities) or digital (streaming, downloading), can make a difference when making artistic products available to potential audiences.
- Dynamic or segmented pricing strategies set a range of prices to reach broader audiences.
- Arts marketers need to consider various ethical challenges in areas such as governance, pricing, transparency, and fairness.

KEY TERMS

Four Ps
Advertising
Audiences
Audience development

Customer relationship management (CRM)
Digital distribution
Direct marketing
Distribution (place)
Dynamic pricing
Experiences
Integrated marketing communications (IMC)
Live to digital content
Market-penetration strategy
Marketing history
Marketing mix
Marketing plan
Marketing strategies
Media release
Prestige pricing
Pricing strategies
Pitching stories
Positioning
Press conference
Press kit
Product
Promotion (marketing communications)
Public relations (PR)
Segmentation
Shared value
Skimming strategy
SWOT analysis
Unique selling proposition (USP)
Value-added
Word-of-mouth marketing

STUDY QUESTIONS

1. What purposes can arts marketing serve?
2. How is arts marketing defined? What are the origins of marketing?
3. Why do we say that often the product in the arts is an experience? What are the challenges of marketing an experience?
4. What are some of the drivers and barriers that can affect arts attendance?
5. What is market segmentation? What factors affect market segmentation?

6. What are the three main positioning strategies arts organizations can use?

7. What is the difference between primary and secondary research? How can analytics help arts organizations?

8. What is a marketing plan, and why does an organization need one?

9. Identify an arts organization you are familiar with. Can you define its unique selling proposition (USP)?

10. What are some of the most commonly used media relations tools?

11. What opportunities do digital technologies provide for marketing that may not be available in more traditional marketing?

12. What is dynamic pricing? What are some of its most common features?

GAIN EXPERIENCE

1. Choose an arts organization you are familiar with. Do some research on the organization in order to create a SWOT analysis. Using your analysis, decide what marketing recommendations you might make.

ADDITIONAL RESOURCES

• Arts Marketing Association: www.a-m-a.co.uk/
• *Arts Marketing: An International Journal*: www.emerald.com/insight/publication/issn/2044-2084

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