Chapter 3

*Museum management and marketing*

Introduction

This chapter examines the role a number of relevant factors have played in developments within museum management. Specifically, it examines the part each has played in changes to the role of marketing within the organisational structures of museums, both in Australia and overseas. Consequently, the first section looks at the rise of a business philosophy within the museum sector. In particular, this section discusses three issues that have affected the management and marketing functions within the museums sector: museums as not for profit organisations; professionalism in the sector; and tension between the roles of manager and curator.

The second section provides insight into the changes to funding and income models in Australia. To illustrate global differences it also describes the situation in the UK and the USA. The next section then considers the consequent place of the marketing function in museums generally and the case museums specifically. To do this it first analyses the concept of market orientation and how that can be applied to the museum sector. It then considers the role of marketing within the case museums and proposes that there is an evolutionary process evident in the way museums have turned to marketing as a result of the pressures noted in the first two sections.

This chapter concludes by looking at the numerous and diverse constituencies and stakeholders, or as described here, publics, that museums need to satisfy, and market to. It considers the idea that the existence of various publics indicates that the museum sector needs to take into account the changes the twentieth century brought to its environment, and tailor its marketing strategies accordingly.
The rise of a business philosophy

In the USA the decade between 1970 and 1980 has been identified as the period in which museum management began to incorporate contemporary practices from the wider management field (Weil, 2000). Events such the first Museum Law Conference in 1973 and the publication of the Museum Accounting Guidelines by the Association of Science-Technology Centers in 1976 clearly indicate a move to a business philosophy that was not evident until this time.

In the UK it is the 1980s that are considered as a period of transition (McLean, 1993). At least partially, this stemmed from the then Conservative government’s promotion of private sector business practices. When considering four regional museums in the UK Kawashima (1997) noted that those institutions had imposed upon them “strategic management, or management of a museum as a whole organisation” (1997: 71). That is, museums were encouraged to undertake strategic planning “in order to optimise the value and benefits produced by given inputs, or budgets” (Kawashima, 1997: 71). As will be shown below, this is a view of the museum—defined as an organisation simply ‘producing’ a product with a process that involves inputs—that has been prevalent in the past.

In Australia 1975 is considered to be a watershed year for the development of museums (Rentschler & Geursen, 1999). That was the year that the Committee of Inquiry on Museums and National Collections, headed by P.H. Pigott (running from April 1974 to November 1975) delivered its findings, as discussed in Chapter 2. To reiterate briefly here, the resulting report was significant for not only considering changing funding models, but also the roles of museums in society. In addition, it supported the concept of marketing within museum management. It recommended, for example, that market research be conducted by the state museums under study here (Pigott et al., 1975).

Overall, there are three significant issues that underpin the rise of a business philosophy within the museum sector and require more detailed analysis. They are issues that have shaped the sector and therefore have affected the management of, and marketing
functions within, museums themselves; that is, museums as not for profit organisations, professionalism in the sector, and tension between the roles of manager and curator.

**Museums as not for profit organisations**

In many respects, museums’ beginnings have affected the ways they have been perceived both internally and externally, and consequently the language and behaviours that have guided their strategies. As noted in Chapter 2, the early museums were originally collections assembled by private individuals with a view to displaying them to savants and scholars. Then, in the nineteenth century museums were perceived both by government and the public as places of education (McLean, 1997), with government also considering museums as a method of social control, and to promote national pride. Subsequently, there has been a significant shift in focus as museums, firstly, have evolved from institutions available only to a cultural elite to institutions aimed at educating the general public. For example, Victoria’s Industrial and Technological Museum, established in 1869, had a strong education focus and has been seen as the first attempt at a technical school (Rasmussen, 2001), as considered in the previous chapter. The second shift is clearly that of museums becoming broader-based public institutions. Amongst other issues (noted elsewhere in this thesis), this shift means that it has been more accurate for some time to describe museums, particularly the six case study museums discussed here, as ‘not for profit’ organisations. As such then, words like charitable, benevolent and philanthropic that were part of a museum discourse throughout the nineteenth and well into the twentieth century, are no longer appropriate when describing museums or their goals and objectives (Weil, 2000). This fact is recognised in Australia where the Museums Australia (2002) definition of a museum specifically notes their not for profit status.

The recognition that modern museums are not for profit organisations (McLean, 1997; Weil, 2000) places them firmly in a context that allows for the application of management theories. There are significant contributions to the literature in the not for profit area (see for example, Andreasen & Kotler, 2003; Sargeant, 2005, in marketing; and Drucker, 1990; Hudson, 2003, in general management), from which it is evident that there are a number of issues that are peculiar to not for profit organisations. In a
marketing contribution, Paton (1996) argued that not for profit marketing meant marketers needed to consider additional objectives and constituencies, and involves additional types of exchanges when compared to marketing in the for profit area. Andreasen and Kotler (2003) separate these issues into two broad dimensions that a not for profit manager must consider:

1. the nature of the relationship between the nonprofit and its regulatory and support environment, and
2. the nature of the basic exchanges the organization is trying to create.

(2003: 22)

Andreasen and Kotler’s (2003) first point relates to governance, and concerns such issues as the level of public scrutiny not for profits must deal with, and funding (to be covered in more detail in a later section), and consequently, to the issues of revenue streams and profitability. The organisational goals in relation to revenue for not for profit organisations are inherently different to profit-making organisations, no more so than in museums. As Weil (2000) has noted:

no matter how ‘business-like’ a fashion a museum may legitimately be called upon to operate—it is still not a business, and to produce a positive financial outcome is not its goal… in a museum, money is not an end in itself—it is only a means (2000: n.p.).

If not for profits do not aim to make a profit, and by definition this is the case (McLean, 1997), the question of measuring performance against organisational objectives in financial terms becomes an issue (Drucker, 1990; McLean, 1997; Sargeant, 2005). In the not for profit sector, then, profitability is simply not the main criterion for success. This poses the question of what are the criteria upon which to assess the success of a not for profit organisation.

Oster (1995: 23) has observed that “consistency with mission” can be a partial substitute for profitability in the management of not for profit organisations, and that

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1 Performance indicators for museums are outside the scope of this thesis, but it does need to be recognised that there has been considerable debate on the issue for a number of years. See, for example: Paulus (2003); Weil (2002).
this explains the increased significance of mission statements in not for profits compared to profit-making organisations. Museums, as not for profit organisations, measure their performance against the organisational objectives framed in their mission statements, as opposed to the purely financial. Other organisations and individuals interested in the not for profit organisation—their ‘publics’, to be discussed in the final section of this chapter—also use the mission statement as a basis upon which to judge performance, as in, for example, the analysis of a charitable institution’s administrative and marketing expenditure compared to its mission and the funds raised (Andreasen & Kotler, 2003). This is, of course, not to say that financial performance is not important in the not for profit sector. As will be argued below, in the twenty first century this is far from the case.

This issue of the increased significance of mission statements for not for profits relates to Andreasen and Kotler’s (2003) second point noted above, the nature of the basic exchanges the organisation is trying to create. Marketing texts usually define marketing in a similar manner to this definition from Kotler, Brown, Adam & Armstrong (2004):

[Marketing is] a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others (2004: 8).

The point that Andreasen and Kotler (2003) highlight is not in disagreement with this basic definition. There is an exchange in relation to not for profit organisations, and it can be economic in nature. A visitor to a museum may pay an entrance fee and receive a service experience in exchange. They may purchase from the museum shop or restaurant. However, it is the other types of exchange that pose difficulties for marketing management in not for profit organisations and hence museums. It is useful to illustrate the point using one of the case museums under discussion in this study, Melbourne Museum. (See Chapter 6 for a more detailed overview of this museum.) The following is Museum Victoria’s vision statement from its annual report for 2005/2006:

Museum Victoria will reach out to an increasingly diverse audience through its collections and associated knowledge, using innovative programs that engage and fascinate. We will contribute to our community’s understanding of the world and
ensure that our inheritance is augmented and passed to future generations (Museums Board of Victoria 2006: 5).

The exchanges between ‘firm and customer’ relate to human behaviour, experience, ideas, and values, in short, concepts that are difficult to ‘sell’ in the same manner as a more concrete product. While the museum experience is perhaps easier to conceptualise than other products within the not for profit sector, and arguably easier to market, there are considerable obstacles. Furthermore, sometimes these obstacles can be hard to define, and manage, such as a museum’s need for recognition, and moral and professional support amongst peers (McLean, 1997). Others, for example, framing value propositions to entice volunteers, or donors, or convincing a governing body to pursue a certain exhibition strategy, are characteristics of the not for profit sector that have clearly influenced the way in which museums have had to market themselves and therefore the shape of museums generally. They have, for instance, had to adopt many of the professional management practices found in the business sector, a point to be discussed in the next section.

Professionalism in the sector
In an article discussing the changes that have occurred in museums in the latter half of the twentieth century, Hudson (1998) considers that one of the major factors that has shaped the modern museum is the rise in professionalism among those who work in them (1998: 45). (His other factors were the increase in independently funded museums, the increase in disposable income and the rise of social expectation of what government will provide.) Hudson (1998) stated, in what is a serious comment despite the tone, that in the past those who worked in museums were there largely due to “fate and an inclination towards the quiet life” (1998: 47). In Australia this rise in professionalism has been evidenced by what Rentschler and Geursen (1999) call “a shift of authority from the layperson to the professional director” (1999: 13). In a study of art gallery annual reports from 1976 to 1996 they found that early directors were predominately either highly educated, with doctorates in their area of expertise, or connoisseurs of fine art. In the later part of their study period directors were moving towards a philosophy of “community access and audience development”—essentially managerial concepts—and away from “elitism and connoisseurship” (1999: 13). (This transition will be discussed
further in the next section.) In other words, there was a move from museums being run by the scholarly, but amateur, manager to the professional.

This is not to say, however, that those working in museums since they became ‘public’ institutions have not thought of themselves as belonging to a ‘museum profession’. There has been a professional self-consciousness evident amongst those who work in museums since the 1880s (Kavanagh, 1991).²

At least partly, though, the rise in professionalism in museums can be explained by developments in the wider management and business community. For example, it has been pointed out that there was a general growth of professionalism in the not for profit sector as a whole in the latter part of the twentieth century (Koteen, 1997). As was noted previously, there has been considerable pressure on not for profit organisations to adopt management and business practises. Training and development for those in the ‘profession’ is one way that this has been brought about. Peterson (1986) has observed that in the arts and cultural sector during the 1970s there was a growth in the number of graduate arts administration programs based in university schools of business in the USA. This has been reflected in the museums sector, where, throughout the latter part of the twentieth century, there was a proliferation of professional development seminars, training courses and university programs around the world (Hudson, 1998). Part of the motivation for this was the realisation in the museum profession that the “more casual management practices” of the past were no longer adequate (Weil, 2000: n.p.). In the UK in the late 1980s a considerable number of museum studies and heritage management courses commenced (Kawashima, 1997). These programs effectively placed museum staff alongside other professions that required the study of professional theory and practice. Significantly, it also exposed them to the study of management theory and practice.

² The issue of defining and determining the extent to which museum workers, such as curators, constitute a ‘profession’ is outside the concerns of this thesis. However, Kawashima (1997) provides a useful discussion.
One result of this increase in professionalism within the museum sector, however, is the tension between the roles of manager and curator, and the related idea that a museum director may be one or the other, but perhaps not both. This will be discussed in the following section.

Managers vs curators

There are two facets to the tension between the roles of manager and curator. The first relates to the fact that, as Kotler and Kotler (1998) have said, “traditionally museum directors have been drawn from the ranks of museum curators and researchers” (1998: 64). Most often they were appointed “on the basis of knowledge and love of objects” (Kawashima, 1997: 95). Clearly, even in a small modern museum this is not enough of a skill base to manage what has now become a business organisation. In the major museums the trend now is to appoint directors at least partly on management skills. Kotler and Kotler (1998) cite a former museum director’s list of attributes required of a modern museum director. The successful candidate should have:

1. … [an] intellectual vision, the capacity to develop the mission and push it in a significant new and more public direction;
2. … [an] ability to build strong programming that will appeal to existing audiences and arouse support among new constituencies;
3. … experience and expertise in relation to museum’s distinct offerings and the target markets it has to attract;
4. and … [an] ability to enlarge the museum’s financial base by engaging in more community relationships, forming more partnerships with corporations and other supporters, and building a broader and larger membership base (Boyd, 1995: cited in Kotler & Kotler, 1998; 64).

Though this is a quote from a former director in the USA, where the funding base has always been reliant on non-government sources, it is still relevant internationally, and for Australia particularly. A director of a museum is now expected to have skills in management areas such as human and financial management, and in marketing areas such as image building, raising funds, and building audiences and community support.

At a forum of museum directors in Australia in late 2004 the issue of whether a museum director should be a ‘professional’ museum person, that is a person who has a museum background, or a career manager, was still contentious (Museums and Galleries
That is, many considered that a director should come from the ranks of the curatorial staff, or at least have an art background—to have experience ‘in the trade’ in other words. The opposing view is that a professional and skilled manager can, in effect, ‘manage’ any form of business. The forum noted that in the past art critics and others with little or no business management experience could become a museum director, but that in the contemporary context directors did need to have management skills (Museums and Galleries Foundation of NSW, 2004). In Australia the issue of a director being a career manager is even more contentious when the museum is federally constituted and funded and the appointed director is a career public servant, as happened with the National Museum of Australia (Martin, 2004).

Nonetheless, the significant point is perhaps that a director’s management skills are more important in the contemporary museum sector than they have been in the past. Gilmore and Rentschler (2002) have pointed out that traditionally “the director was perceived as the keeper of objects, as one who performed the custodial role for the cultural heart of the institution”, whereas today “museum management entails understanding both the custodial role and the need to attract visitors” (2002: 745). Directors may well come from a curatorial background, with strong academic qualifications, but now they will need to bring with them the skills needed to manage a complex organisation (Smithsonian Institution, 2003: 13). In respect of the marketing function, the management dilemma is for them to become better marketing managers without losing creativity and expertise in custodial management (Gilmore & Rentschler, 2002). However, coming from a curatorial background does not preclude a person from becoming a successful museum director. Indeed, one art museum director with a business degree was cautious of a move to museums being run by persons without art history qualifications, stating “you have to have people who can think with both sides of their brain” (Stille, 1991: 36).

The second facet to the tension between the roles of manager and curator stems from their separation in the modern museum. It has been suggested that the rise of professionalism in museums, discussed in the previous section, may cause tensions between the curators and the museum administrators and managers—the former, the
traditional guardians of the museum’s collection, and the latter, the persons responsible for the museum’s financial viability (Anheier & Toepler, 1998). The basis of this is the increasing specialisation required in the modern museum. In the past the curator/director was involved in a wide range of activities that now have their own specialists (Kawashima, 1997). For example, business professionalisation now means there need to be financial and human resource staff; the educational role of museums that developed from the late twentieth century has meant education officers and instructional designers are frequently on staff; and larger museums may have IT technicians and exhibition designers. The role of ‘manager’ is similarly increasingly being seen as ‘specialist’ as well. So, regardless of whether the director of a museum has a curatorial background, or has been selected from outside the museum sector on the basis of a certain skill set, they will need to be undertaking a management (and marketing) role. While the curators perhaps no longer guide the museums, they still ‘guard’ the collection, and there is inevitable tension between that role and at least some of the functions a manager of a large organisation must manage.

Fundraising is certainly one such area which can cause tension, even between the director and a governing board. A well known director of a large French art museum is said to have announced her intention to retire early, stating that she was “trained to look after pictures”, and not to “persuade people with money to give it to the museum” (Hudson, 1998: 48). However, fundraising, like sponsorship and commercial activities, is a reality in the modern museum; a fact to be discussed in the next section.

**New museum income models**

There are two issues relevant to this study in relation to museum income. The first is accountability. In recent years there have been increasing demands for accountability of public monies around the world, with the area of arts and cultural funding no exception (International Federation of Arts Councils and Culture Agencies, 2004). The climate of accountability has been instrumental in bringing about the rise of the professional administrator in the arts and cultural arena (Peterson, 1986). For instance, in the
museum sector, Weil has attributed the incorporation of contemporary practices from the wider management field into museum management in the 1990s (noted in the ‘The rise of a business philosophy’ section above) to:

the increasing need of government funders, corporate sponsors and other donors to be assured that the considerable sums they were pumping into museums were being well-employed and for the purposes intended (Weil, 2000: n.p.).

Weil (1994) has previously said that for museums the requirements of government funding has meant that they have had to move from a focus on inputs to a focus on outputs and finally to a focus on outcomes—these being the impact a museum has upon the visitor and society (1994: 42). Consequently, cultural organisations must demonstrate not only:

(a) that they can account for the resources entrusted to them, and (b) that they used those resources efficiently, but above all (c) they also used those resources effectively—they used them to produce a positive outcome in the community they intended to serve (Weil, 1994: 43).

In the Australian setting, a former Director of the National Museum of Australia, considers that cultural institutions can only gain by being responsive to the move to greater accountability (Casey, 2003). However, while the increased pressure for public accountability and transparency has been one of the drivers of the emergence of outcome evaluation for the museum sector, there is still considerable debate on how to measure the impact of museums (Scott, 2004).

The second issue is that there has been pressure on museums around the world to be less reliant on traditional income models (Tobelem, 1998), with the result they now need to seek new funding sources, such as commercial opportunities or sponsorship. In the UK in the mid-1990s some museums started charging admission or asking for entrance donations as a means of alleviating funding shortfalls (Kawashima, 1998). While it is argued here that the end result is similar, that is, increased pressure on the museum sector to be ‘business-like’, there have been differences in these pressures for museums internationally. In the USA the economic recessions of the 1980s saw museum funding from all tiers of government reduced (Kotler & Kotler, 1998). However, the major
change to the museum income structure in the USA has been the rise of new funders. Up until the mid-twentieth century US museums predominately depended on private patrons for both their acquisition budgets and their general operating costs, with a museum’s wealthy, philanthropic trustees providing support. In a 1995 US government survey it was shown that only 22% of museums’ funding came from private individuals, compared with 30 to 40% for all other arts and cultural sectors (Weil, 1997). The new funders in the USA museums are foundations, corporations and government (Anheier & Toepler, 1998), who bring pressures to bear on museums different to those they have experienced in the past, which has consequently impacted on how they act.

In the UK in the early 1990s the Conservative government’s policy was to encourage plural funding—forcing museums to raise some of their own funds—with a concomitant focus on more business-like management practices (Kawashima, 1997) and an emphasis on providing “value for money” (Weil, 1994: 43). This has resulted in a move towards a more customer focussed sector, even though the major source of funding is still the government. A similar philosophy was apparent in Australia where, from the 1980s, and due to the rise of economic rationalism, the relationship between museums and government as funding body changed considerably—with museums needing to “prove their worth” (Scott, 2003: 293) to maintain their funding. Another difference in the UK is that it does have a significant ‘independent’ museum sector, independent in that they do not receive government funding, that has shaped the sector in that country (Hudson, 1998). Such museums, disapprovingly called the ‘heritage industry’ (Merriman, 1991), must rely on entry fees and commercial activities for income, and as a consequence are said to be more “market-oriented” (Kawashima, 1997: 23) than government funded institutions.

The income models are quite different in Australia from other parts of the Western world, due to the way museums were established. As Casey and Wehner (2001) have noted, Australian colonial governments contributed funds to establish the precursors to the major state museums, this thesis’s case studies. They were created as public institutions from the first. This, then, matched their relationship to their audience at the time. Australian museums were “born modern” (Anderson & Reeves, 1994: 82), as they
began their lives open to the public, and supported by the public purse (however grudgingly at times). This financial situation has not changed a great deal to the present day, inasmuch as government funding makes up a significant percentage of the museum sector’s total funding. For example, Australian Bureau of Statistics (2005a) data for the years 2003–2004 show that across the entire Australian museum sector 68% of income was sourced from government. Australian Bureau of Statistics data on museums have only been available since the years 1996–1997. In that period funding was at 64%, with 1997–1998 at 68%, and 1999–2000 also at 68% (Australian Bureau of Statistics, 1998: 17; 1999: 10; 2001: 9). It is useful to look at how these figures compare with those for the USA in the latter years of the twentieth century—under 30% of museum funding was from government (Weil, 1997).

Certainly, the case study museums under consideration here all still predominately derive their funding from their respective state government. Table 3.1 shows the percentage of each Museum’s total revenue that comes from state funding, combined with Commonwealth and local government grants.

Despite these relatively high levels of government funding, there is considerable pressure on Australian museums, as there is on museums around the world, to expand their revenue streams from non-government sources, either by developing new audiences (Casey & Wehner, 2001), or as was noted above, by seeking new funding sources, commercial opportunities, or sponsorship. Overall, there has been a move to new funding models for museums, and the relationships between funders and organisation have changed (Rentschler, 2004). As was demonstrated in Chapter 2, how museums are perceived by society has also changed. The result is that museums have had to rethink their organisational strategies, and consequently the role of marketing in their organisational structure, the focus of the next section.

| Table 3.1 |
| State, Commonwealth and local government grants as a percentage of total revenue |
| (Approximate figures derived from each Museum’s 2005-2006 Annual Report) |
One of the first references to marketing in the museum sector was in Kotler and Levy’s (1969) seminal article “Broadening the concept of marketing”. There they posed the question of whether museums’ then reputation for being “cold marble mausoleums” was a result of a “failure in the manner of presenting what museums have to offer” (Kotler & Levy, 1969: 11), implying marketing was the answer. Of course, as McLean (1997) has noted, this article was written at a time when museums were largely immune to market forces. The developments under discussion in this chapter had yet to affect, or perhaps even be noticed by, museums. Indeed, in the UK the term ‘marketing’ did not even appear in the professional museum sector until the late 1980s (Kawashima, 1997). However, over the last 25 years museums have become aware of how marketing can perform a vital role in their organisation’s strategies (Rentschler, 2002). As Kotler and Kotler (1998) have pointed out:

…marketing, with its focus on the museum experience from the point of view of visitors and consumers, reflects the latest stage in museum evolution (1998: 15).

In Australia the latter years of the twentieth century saw marketing in the form of visitor research impact on the way museums viewed their audience (Casey & Wehner, 2001). This is not to say that marketing has been universally accepted by the museum

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<tr>
<th>Museum</th>
<th>Percentage of Total Revenue</th>
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<tr>
<td>Australian Museum</td>
<td>69</td>
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<tr>
<td>Museum Victoria</td>
<td>77</td>
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<tr>
<td>Queensland Museum</td>
<td>76</td>
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<tr>
<td>South Australian Museum</td>
<td>71</td>
</tr>
<tr>
<td>Tasmanian Museum and Art Gallery</td>
<td>84</td>
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<tr>
<td>Western Australian Museum</td>
<td>81</td>
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3 This section formed the basis of a refereed conference paper: Lehman, K. (2005). Details of this, and other publications drawn from the research for this thesis, are given in Appendix A.
profession. There is still some scepticism about the usefulness of marketing in cultural organisations such as museums (Kolb, 2000), and confusion about the marketing concept itself (Neilson, 2003). Nonetheless, and as will be shown below, while marketing is not necessarily in a position of strategic significance within all museums’ organisational structures, the fact remains that it is now part of the discourse of the museum profession.

According to Tobelem (1998) the introduction of marketing into the museum sector can be attributed to four distinct factors. The first is the growth of the sector itself, which covers two related areas. The first is simply the proliferation of museums in recent years. For example, by the close of the twentieth century in the UK there were approximately 2,500 museums and galleries, a considerable increase on the 900 in existence in 1962 (Kawashima, 1997). The second part of this factor is that museums are now diverse and complex organisations. For the case museums, which are large government funded bodies, this means significant budgets and a large staff. Museums generally now need to operate across many functional and social areas, requiring them to mount research projects, manage extensive community and school education programs and operate in the commercial world with sometimes large retail outlets and facilities hire businesses (Peterson, 1986).

The second factor is that of funding. As has been discussed in the ‘New museum income models’ section above, the issue of funding has shaped the modern museum. Furthermore, marketing now has a significant role in the generation of income additional to that provided by traditional sources, such as government. Australian museums have had to develop new audiences to expand their revenue streams from non-government sources (Casey & Wehner, 2001; Rentschler, 2004).

Tobelem’s (1998) third factor he describes as revolving around the:

- competitive environment into which the proliferation of cultural institutions and the increased range of leisure time activities has propelled the museums and monuments (1998: 343).
As suggested in Chapter 2, in the latter part of the twentieth century museums were not taking note of the changing tastes of the museum visitors market. By the 1960s, with a new social and economic order in place, the museum sector was in competition with other activities (see Table 2.2): from ‘stay at home behaviours’ such as television, the Internet, and socialising; cultural and education activities; entertainment activities (Kotler & Kotler, 1998). Museums are, of course, also in competition with one another for market share (Casey & Wehner, 2001)—at least in the larger Australian cities.

The final factor is said to be the need to understand the museum visitor better. The idea that an organisation needs to understand its market in order to offer the good or service that is wanted is paramount in any marketing or customer driven philosophy. It is however, particularly significant for the museum sector, given the significant social, political and economic changes outlined in Chapter 2. These changes have had a profound effect on how museums must operate, and how they are perceived—changes that museums must respond to (McLean, 1997).

While museums have responded to an extent by incorporating marketing into their organisational strategies, museums are not necessarily market or customer oriented just because they have marketing officers or a marketing department (McLean, 1993). There is a more underlying ethos that needs to be in evidence for them to be considered “people-centered” (Nielsen, 2003: 23). Further, there is debate on the concept of market orientation, and then how that can be applied to the museum sector.

**Marketing management orientations**

A number of scholars have investigated the role of market orientation within the business philosophy of the private sector (Kohli & Jaworski, 1990; Slater & Narver, 1994). The idea of a 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. That is, the way business organisations have viewed marketing has changed over the last hundred years.

The notion of such an evolution has been applied to marketing arts and cultural organisations (Byrnes, 2003; Kotler & Scheff, 1997), as well as to the museum sector (Tobelem, 1998). There are differences in the museum sector compared to business, though. The first is that there is a difference in the ethos of not for profit organisations in the arts and cultural arena, which can mean that the terms and descriptions seen in the literature in relation to market orientation do not accurately reflect the sector. As well, while market or customer orientation has been discussed in relation to not for profit arts organisations (Gainer & Padanyi, 2002; SorJonen & Uusitalo, 2003; Voss and Voss, 2000), the application of market orientation theories to the museum sector have been rare (although, see Rentschler and Geursen (2003) for one example). The second difference is that there has been a time lag between the point at which the private business sector began incorporating marketing and the concept of customer value into its philosophy, and the point at which museums did the same. 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). These differences mean that it is useful to view the market orientation concept through a ‘museum lens’.

This section of the chapter considers 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 suggests that the role of marketing within individual Australian museums varies in organisational significance, and that individual museums can be placed on a continuum which can then be used to link the location of the marketing function to the museum’s marketing management orientation. First, the three orientations will be outlined within a museum context—through the ‘museum lens’ noted above.
Basic (product) orientation

The earliest concepts of marketing centred around the product. At the turn of the twentieth century many innovations and inventions provided an increased range of goods available for purchase. In addition the general public had a higher amount of disposable income with which to purchase. The product orientation dominated business thinking from the beginning of capitalism to the mid 1950s, with business concerning itself primarily with production, manufacturing, and efficiency issues. 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—the ‘build a better mousetrap, and the world will beat a path to your door’ argument (Kotler et al., 2004). This approach can lead to what Levitt (1975) originally termed ‘marketing myopia’. Marketing myopia is the failure to define an organisation's purpose in terms of its function from the customer’s perspective. For instance, Levitt (1975) used the example of railway companies, who defined their markets in terms of trains, rather than transportation, consequently failing to recognize the challenge of competition from cars, airlines, and buses. To avoid marketing myopia it is necessary to consider the needs and wants of the consumer in more general terms rather than product-specific terms.

Symptomatic of an arts organisation with a product orientation is the tendency for managers to be “caught up in a love affair” (Kotler & Scheff, 1997: 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 (2002a) 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 2002a: 5), where the organisation does not consider marketing as integral to its strategic planning, and therefore does not have a ‘market’ focus. At its simplest then, the museum following this basic orientation may be more interested in its collection—its product—than its audience. The curator might
‘blame’ low attendance figures on the ignorance of the consumer rather than any problem with the product (Tobelem, 1998).

**Functional (sales) orientation**

In general, organisations exhibiting a sales orientation believe that consumers exhibit buying inertia or resistance and need to be persuaded to purchase. The rise of this orientation within business philosophy led to the increased significance of advertising and personal selling as part of the marketing mix (Kotler & Scheff, 2003). This is because the focus is “on creating sales transactions rather than on building long-term, profitable relationships with customers” (Kotler et al., 2004: 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, and that they will like it enough to purchase again. It also assumes that there will not be any negative repercussions stemming from their *not* liking the product, for example, their telling friends and colleagues of their dissatisfaction. This is also incorrect, for as Farber and Wycoff (1991) have suggested, the average satisfied customer tells three others about their positive experiences, while the average dissatisfied customer tells 10 others of their negative experiences.

While it has been noted above that there is an evolutionary process in relation to the role of marketing in the private sector, a sales orientation can still be seen in many modern organisations. Typically these organisations believe that it is possible to increase the size of their market by selling. 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, as it is termed here, 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 (2002a) has called an “advertising orientation” (2002a: 5).

In other words, marketing is a function necessary to achieve an objective, such as increasing revenue. 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 negative implications (Museums and Galleries Foundation of NSW, 2004).

**Strategic (market) orientation**

It was noted above that an organisation exhibiting a product orientation aims to sell what they produce, as opposed to producing what their market wants. Similarly, the sales orientation approach ignores customer needs and wants, instead focussing on “customer conquest—getting short term sales with little concern about who buys or why” (Kotler et al., 2004: 20).

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 (Byrnes, 2003). According to the Smithsonian Institution (2002a), the museums that are the most successful in attracting large audiences tend to have a “marketing orientation” (2002a: 5), where marketing is a senior level position that participates in strategic planning. They focus on the market and this informs their overall strategies. The term used here to categorise the orientation of such institutions is ‘strategic’.

However, there are two criticisms that can be levelled at the usefulness of the customer orientation generally, and in the context of the museum sector particularly. The first is that a stated marketing orientation does not necessarily mean that there is a customer focus. That is, it needs to be recognised that there could be a significant gap between the ‘official’ policies and the actions of organisations. The second criticism is that a market orientation is not necessarily appropriate for the arts or creative sector. Kotler and Scheff (1997) have said that a “purely market-centered philosophy is inconsistent with what the concept of art is all about” (1997: 17). By this they mean that part of motivation for art—modern museums have the same underlying aims—is to provoke
and challenge. The question is how an organisation that constantly challenges the ‘status quo’ can simultaneously exhibit a customer focus.

In the not for profit theatre industry in the USA Voss and Voss (2000) found that customer orientation is associated negatively with firm performance. But they did note that the not for profit theatre sector exhibited one set of industry conditions that may not be favourable to a customer orientation, that is:

- not for profit goals; high rates of intangible and artistic innovation; customers who may not be able to articulate their preferences; and lead [first adopter] customers who rely on the product experience of the artist to inform and challenge them (Voss & Voss, 2000: 78).

The implication is that other ‘sets’ may be favourable. This would be the case for other industry sectors within the general artistic and cultural sector. So, while museums exhibit some of the above conditions—not for profit goals, and perhaps customers who may not be able to articulate their preferences, the sector is sufficiently different as to benefit from a customer orientation.

**The orientation evolution**

It is worth repeating Weil’s (1994) point noted earlier: museums have moved in recent years 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) (1994: 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 by promoting exhibitions. For the museum with a strategic orientation, marketing is integral to planning and informs the culture of the organisation and its staff, and will be linked to objectives such as visitor impact.

An evolution through various stages of marketing awareness within museums and performing arts organisations has been considered by Rentschler (1998; 2002) in a
study of marketing articles in seven major international journals, which discovered periods of development, where marketing was viewed in different ways over time. In the foundation period (1975–1984), museums and performing arts organisations did not consider marketing in any holistic sense and concentrated on promotional activities. The professionalisation period (1985–1994) had marketing playing a limited role in organisational strategy. The most recent period covered, the discovery period (1995–2000), found marketing to be now included in the arts organisations’ “standard operating procedures” (Rentschler, 2002: 13). Gilmore and Rentschler (2002) have also considered the changes in museum management from a custodial to a marketing emphasis, reflecting an evolution from product to customer.

The evolution through these orientations within the museum sector has also been evident in the increase in visitor studies since the 1980s. As was noted in Chapter 2, 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” (Neilson, 2003: 23). As suggested above, however, the museum sector has been slower than the private business sector to recognise the potential uses of marketing. Casey and Wehner (2001) consider that in Australia the increasing profile of the marketing profession in the 1960s did impact on the way museums viewed visitors. However, as they also note, it was not until 1991 that the Australia museum sector saw its first permanent evaluation and visitor research coordinator, employed by the Powerhouse Museum in Sydney (Casey & Wehner, 2001).

Nonetheless, from the 1960s onwards Australian visitor research was seen as a vital tool in the development of strategies and policies that would better enable museums to tailor their programs to not only their current audiences, but also to non-visitors (Casey & Wehner, 2001). Subsequently, and as has been noted previously, there has been a significant increase in visitor studies since the 1980s. This is evidence of the evolution from a product to a sales to a market orientation within the museum sector, as there has with for profit businesses and organisations, as understanding your target market is at the heart of a marketing. A lack of interest in visitor studies—the basic data for market
research—is, therefore, indicative of a lack of interest in marketing itself (Kawashima, 1997).

A further complication comes with the understanding that not only are there visitors, the ‘external’ target market/audience, but that there is an ‘internal’ audience as well (McLean, 1993), and these publics are a complex phenomenon requiring strategic management. The next section will look at the numerous and diverse publics that museums now need to satisfy, and of course, market to. The fact there are various publics to market to makes the concept of integrating marketing communications, which will be introduced in Chapter 4, vital for the management of a museum.

**Marketing to the museums’ publics**

The concept of an organisation having various ‘publics’, to which they have to either simultaneously or at different times market to, has been addressed in the general marketing literature. For example, Kotler et al. (2004) state that: “a public is any group that has an actual or potential interest in, or an impact on, an organisation’s ability to achieve its objectives” (2004: 168) and lists seven such groups that all organisations are involved with. It is useful to outline these here:

*Financial:* Financial publics are those entities that influence an organisation’s ability to raise funds, such as banks, investment firms and shareholders.

*Media:* The media publics include the print and broadcast media, and are the group that can be influential in carrying news, features and editorial comment.

*Government:* All organisations can be influenced by government decisions, regulations or legislation, relating to such diverse issues as trade tariffs and public safety.

*Citizen-action:* These publics include consumer groups, environmental groups such as Greenpeace as well as industry lobby groups.

*Local:* Local publics can include community groups and resident groups, that might influence organisations to be ‘good local citizens’.

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4 This section formed the basis of a refereed conference paper: Lehman, K. (2006).
**General:** The general public’s attitude to an organisation can have significant influence on its strategies.

**Internal:** Internal publics in the case of a ‘general’ organisation includes its salaried workforce, managers, and boards of directors. (Kotler et al., 2004: 168)

These groups provide a sound overview of how the business sector organisation interacts with its publics. However, in relation to the not for profit sector, the concept that the organisational goals are inherently different to a profit making organisation has been widely recognised (Hudson, 2003), as outlined in the previous ‘Museums as not for profit organisations’ section. Along with these differences in organisational goals comes a different, and sometimes more significant, set of relationships between publics than those evident in the profit making business sector (Andreasen & Kotler, 2003). Sargeant (2005) proposes that the concept of multiple “constituencies” (2005: 27) makes the division between attracting resources and allocating resources in not for profit organisations much more complex. Andreasen and Kotler (2003) have also considered publics in the not for profit sector generally. They have viewed the not for profit organisation as a “resource conversion machine”, where *Input Publics* supply the resources that are converted by *Internal Publics* into useful products that are delivered by *Partner Publics* to the organisation’s *Consuming Publics* (Andreasen & Kotler, 2003: 76). Kotler and Scheff (1997) proposed a similar model for the performing arts sector. The actual groups are similar to the general model but they give a clearer outline of the not for profit sector when arranged according to their functional relationship to the organisation. Table 3.2 sets out a resource conversion model of museum’s publics, where equivalent additional groups within each public relevant to museums have been added.

Some groups not evident in the profit making sector are extremely significant in the not for profit sector. Though public companies may have a board of directors that exercise control, the governing body of a not for profit organisation such as a museum can have considerably more influence over policy and strategy (McLean, 1997). While they are frequently meant to be representative of sectors of society, perhaps to represent stakeholders, they can be inclined to have their own agendas and interfere in the daily operations of the museum. This is of particular concern to the museum profession in
relation to the perceived increase in the politicisation of museum boards, where the board may be subject to pressure from government (Museums and Galleries Foundation of NSW, 2004).

Table 3.2
A resource conversion model of museums’ publics
(Adapted from Andreasen & Kotler, 2003; Kotler & Scheff, 1997)

<table>
<thead>
<tr>
<th>Public Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input Publics</td>
<td>donors, funding bodies, regulators, sponsors, lending museums</td>
</tr>
<tr>
<td>Internal Publics</td>
<td>senior management, curators, government departments, boards of management, trusts, staff, volunteers</td>
</tr>
<tr>
<td>Partner Publics</td>
<td>other museums, exhibition promoters, government agencies, marketing firms, advertising agencies</td>
</tr>
<tr>
<td>Consuming Publics</td>
<td>clients/customers, educational institutions, research community, local citizens, activists, the general public, the media.</td>
</tr>
</tbody>
</table>

Another significant group in the not for profit sector are the volunteers, included in Table 3.2 in the Internal Publics section. Volunteers are an increasingly scarce and invaluable resource in the not for profit sector (Bussell & Forbes, 2002). In Australian museums volunteer management is considered to be an integral part of human resource management, and is increasingly professional (Van Tienan, 2001). As a recent Australian Bureau of Statistics (2005a) publication showed, volunteers outnumbered paid employees by a ratio of almost 3:1 in the years 2003–2004, indicating that Australian museums rely on volunteers for a considerable percentage of their labour force. It is vital that such ‘support’ publics as the board of directors and volunteers are
considered by museums, as not for profit organisations, particularly when their marketing strategies involve their donative activities (Andreasen & Kotler, 2003).

The model depicted in Table 3.2 includes the numerous and diverse publics that museums need to satisfy. As an alternative, McLean (1993), writing specifically on museum marketing, notes that museum’s “constituencies” (1993: 14) can be divided into two broad groups, that is, the visitors and the funders. McLean (1993) recognises that the issue is more complex than simply dividing the constituencies into two. For example, she points out that in some circumstances the visitors—read the general public—are the funders, if they either pay an entrance fee, or contribute to the museum’s upkeep through taxes, which may certainly be the case for many local museums. Similarly, the funding bodies themselves provide more that financial support. Museum boards and trusts can have a wide range of responsibilities, including the provision of sound governance. Publics can, then, play more than one role, and do not act in isolation from each other—facts that can make museum management more difficult than for profit business management (Kawashima, 1997).

Nonetheless, such broad groupings of publics do not illustrate the complexities of the current twenty first century environment in which museums find themselves. For example, museums have developed a role as economic development engines within communities, as tourist destinations in cultural precincts driving income and employment (Kotler & Kotler, 2000). Similarly, local and regional governments are increasingly using clusters or hubs of museums and other cultural institutions as the impetus for the redevelopment of public space (van Aalst & Boogaarts, 2002): for example, New York’s ‘Museum Mile’ and Berlin’s ‘Museum Island’. Such roles mean the days of museums having a narrow constituency base—collection, research and professional activities—is long gone. Similarly, while McLean’s (1993) ‘funders’ do fit into the Input Publics mentioned above, in the contemporary context the group needs to be widened to include ‘potential’ funders. This has particular relevance in the Australian museum sector. That is, in light of the changes to the funding model for museums generally, there needs to be marketing strategies within museums directed at attracting continuing support. Corporate sponsors then become a legitimate public for the modern
museum, as does the potential donor or benefactor. Donations can be particularly important for new acquisitions (Crisp, 2005), with personal philanthropy on the rise in both the UK and Australia (Crisp, 2006). As well, museums do need to consider, for instance, a marketing program to attract bequests as part of individuals’ wills. They need to consider commercial opportunities where appropriate. In short, museums need to consider marketing strategies that take account of the realities of the twenty-first century environment if the museum sector is to prosper.

Conclusion

This chapter has examined a number of factors that have influenced recent developments within the museum sector, and the impact those factors have had on the role of marketing within the organisational structures of museums. The first section looked at the rise of a business philosophy within the museum sector, and noted three issues that have directly affected museum management and marketing. The first, the museum as a not for profit organisation, showed that the characteristics of the not for profit sector have shaped museums, and therefore, the way in which museums have had to market themselves. As part of this, museums have had to adopt professional management practices from the business sector, which was the second issue considered. Thirdly, along with the increase in the professionalism of the sector came an inevitable tension between the roles of manager and curator, which is at least partly indicative of the increased specialisation in museums.

The second section began by discussing the move to make not for profit organisations such as museums more accountable. It then considered the new income models evident in the museum sector. Essentially, despite relatively high levels of government funding there is significant pressure on museums to expand their revenue streams either by developing new audiences, seeking new funding sources, exploiting commercial opportunities, or attracting sponsorship (Rentschler, 2004). The result of these new models, and the rise of the business philosophy noted in the first section, is that
museums have had to change their organisational strategies, as well as the role marketing plays in them.

The next section discussed the place of the marketing function in the museum sector with particular emphasis on the case study museums. An analysis of the concept of market orientation and how that can be applied to the museum sector followed. It then considered the role of marketing within the case museums and proposed that an evolutionary process is evident in the way museums have accepted marketing as a means of achieving organisational objectives. Marketing has moved from the periphery to be more central in museum manager’s concerns, but it still does not necessarily play a strategic role in all museums. At a minimum, marketing was seen as a tool for ‘reaching’ the public, but it was pointed out that the visitor is not the only audience and museums need to consider other groups in their marketing strategies.

This chapter, then, concluded with an analysis of the concept of there being various ‘publics’, stakeholders that museums need to satisfy, and consequently market to. It was noted that there are different models that give different interpretations of the publics involved. Further, models that come from the for profit business sector place too little emphasis on publics vital to museums. A modified resource conversion model was shown to have the most utility in understanding the role of publics in the museum sector. Overall though, the concept of the publics demonstrated that museums do need to take into account a broad range of marketing strategies that reflect the changes in environment that the twentieth, and now the twenty-first, century have brought to the museum sector. Museums are now recognising that one blanket marketing strategy will not work for all their publics—individuals, organisations and society are all much more complex, and consumers are much more sophisticated, than they were even twenty years ago. As a consequence, modern museums successfully communicating their value to their publics are using marketing strategies formerly only found in the business sector.