How small charities formulate marketing responses to major reductions in income

A study of nonprofit contemporary dance companies

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Abstract

Purpose – The purpose of the study was to examine how heads of small charitable performing arts organisations who did not possess backgrounds or qualifications in marketing interpreted the implications, for future marketing activities, of significant cuts in government funding and how their views on the value of marketing changed consequent to the cuts.

Design/methodology/approach – Dervin's sensemaking interview method was employed to explore the processes, whereby the heads of 26 small nonprofit contemporary dance companies made sense of the marketing demands of newly constrained funding situations.

Findings – Three groups of respondents were identified, respectively, labelled as marketing reductionists, knowledge seekers, and marketing activists. Many of the respondents did not distinguish between marketing and human resource management functions. Major confusions existed *vis-à-vis* pricing policies and how to evaluate returns on marketing expenditures.

Research limitations/implications – The study covered a single sector in just one country. Replication of the study in other sectors and countries would be worthwhile, as would the comparison of how small arts companies deal with various other types of financial crisis.

Practical implications – National bodies that award performing arts qualifications need to include marketing in their curricula and syllabuses. Arts marketing associations should make available on their web sites instructional materials relating to marketing. The government should encourage the formation of marketing co-operatives among small performing arts companies.

Originality/value – The study applied a qualitative interview technique unfamiliar to most researchers in the marketing field. It was the first to investigate the impact of cutbacks in government funding on the interpretations of marketing held by heads of small arts organisations.

Keywords Sensemaking, Arts marketing, Charities, Dance companies

Paper type Research paper

Introduction

In October 2010 the British Government cut the budget of its National Arts Council by 29.6 per cent (Higgins, 2010). Concomitantly, central government funding of local government authorities (which subsidised large numbers of regional arts organisations, especially small arts organisations) was reduced by 30 per cent. Local government expenditure on the arts fell by 7.25 per cent in both 2010/2011 and 2011/2012, with similar reductions scheduled for the following two years (Smith, 2011). Hundreds of arts organisations collapsed as a result of these cuts, with hundreds more hovering on the brink of survival (Higgins and Brown, 2011). The consequences of the cuts were debilitating considering how, according to a House of Commons Committee

on Culture, Media and Sport (2011), the sudden and substantial withdrawal of central or local government support to an arts organisation typically resulted in reductions in its artistic output; leading to reduced ticket sales, lower public visibility, fewer commercial sponsorships and less philanthropic donations. This in turn caused further falls in income and hence even smaller numbers of new productions.

To survive, an arts organisation confronted with an abrupt and severe withdrawal of state funding must revise and improve its marketing efforts. Unfortunately, small arts organisations rarely possess marketing resources or expertise, and typically cannot afford to employ dedicated marketing specialists. Often therefore the marketing function in these circumstances is undertaken by an organisation's chief executive (e.g. an artistic director), or by a senior manager who has an arts or educational background but little knowledge of marketing. This person must rapidly formulate a marketing response to a major funding reduction. The organisation must increase its income from ticket or product sales, acquire corporate grants or sponsorships, raise more funds from individual supporters, sell extra merchandise, or obtain additional revenue from educational activities (e.g. tuition fees from arts classes). An individual without a marketing background will quickly have to develop an understanding of what, in marketing terms, needs to be done in the new financially constrained world.

The cognitive mechanisms whereby the managers of small arts organisations come to take decisions in the abovementioned situation are a matter of considerable interest for both arts marketing and micro marketing theory. Small arts organisations frequently lack resources, are often run by people who are ignorant of marketing principles, and routinely operate in environments characterised by imperfect knowledge. Thus, according to Fillis (2006), the managers of such organisations are likely to make extensive use of personal judgement when determining marketing policies and strategies. Little is known however about the processes whereby these personal judgements are created, particularly in relation to the levels of formality involved. Fillis (2002b) drew attention to the limitations of the application of the conventional marketing concept to the explanation of the marketing behaviour of micro enterprises. Research has shown, Fillis (2002b) continued, that theories of networking, opportunity recognition and word of mouth communications may be more valid than formal models of marketing planning for understanding the marketing activities of micro enterprises. Fillis (2002a, p. 384) argued moreover that resource constraints could in part be overcome by "exploiting competencies grounded in creativity". This was because the managers of small arts enterprises exerted direct control over critical marketing decisions were flexible, imaginative, and able "to see new ways of applying past experiences and constructing alternative solutions" (p. 386). Hence, change could be effected quickly and fundamentally to match current circumstances (Fillis, 2000, 2006). Clearly, it is necessary for marketing researchers to understand the manners whereby attitudes and motivations towards marketing within micro arts enterprises are formed and then translated into practice.

The present study sought to examine how a sample of heads of small nonprofit arts organisations who did not have marketing backgrounds, and whose central or local government grants had been cut by significant amounts, came to "make sense" of the marketing implications of their new resource constrained situations. It addressed relevant issues in a sector, contemporary dance, wherein companies are small

(usually with less than eight permanent full-time employees (Deller, 2010)), are usually registered as nonprofit charities, and have powerful artistic identities (Legum and George, 1981) and complex missions. A qualitative research methodology was adopted, based on an adaptation of Dervin's (1992) situational interviewing method. Although contemporary dance is a minority interest among the performing arts community (normally accounting for less than ten per cent of all UK adults who attend dance performances annually (Mintel, 2010)) and attracts audiences drawn overwhelmingly from higher social classes, the outcomes to the investigation should be of great interest to researchers concerned with several other art genres, including music groups (choirs, operatic societies, etc.), fringe theatre companies, and craft and painters' collectives. At the theoretical level the research contributes to the micro marketing/ entrepreneurship interface literature that has attempted to:

> [. . .] help explain idiosyncratic behaviour whereby some small organisations carry out business via highly informal, unstructured, reactive mechanisms while others develop a proactive and skilled approach grounded in the identification of opportunities (Fillis, 2006, p. 198).

Contemporary dance companies
The term "contemporary dance" refers to a series of dance styles that embrace modern dance and its predecessor free dance, post modern dance, expressive dance and several other dance philosophies (Brown *et al.*, 1998). It is characterised by natural movement, improvisation and free expression, interpretation (rather than structured steps) and the use of moods and emotions to design routines (Reynolds and McCormick, 2003). Often, routines recount personal narratives, allegories or commentaries on society. Dance audiences, according to Hirschman and Holbrook (1982), undergo a hedonic consumption experience that involves imagination constructions of reality when watching a production. The audiences themselves are "extremely homogeneous in their needs, wants, tastes and values" (Holbrook and Hulbert, 2002, p. 716). A national system of examinations exists for candidates in children grades through to people seeking professional teaching qualifications. The dominant influence within a contemporary dance company is its artistic director, who largely determines the organisation's creative vision and chooses:

- the style of dance to be presented;
- the choreographers engaged to deliver the style; and
- the repertoire (Dance Consortium, 2009).

Until 2010, around 40 per cent of the income of an average "regularly funded" nonprofit dance organisation came from the British Arts Council (Mintel, 2010).

Contemporary dance companies represented an excellent medium for completing the present research, for a number of reasons. First, these companies are usually very small, so that responsibility for marketing is likely to be assumed by a company's artistic director, or by a "general manager" who looks after marketing alongside many other duties. Business is likely to be carried out in an informal and unstructured manner that is influenced by the motivations of a single person (Storey, 2006). An examination of the web sites of 100 UK nonprofit contemporary dance companies chosen at random from the Guidestar database (see below) revealed that just ten had an employee with a job title that included the word marketing. Six had an events manager

or a customer services manager, six had an administration manager, 20 had a general manager, while the remaining 58 did not employ a person overtly connected with management, marketing or administration at all. On average these companies had seven full time members of staff including the artistic director. It appeared that the companies' marketing and administration were undertaken mainly by people whose main interest was in dance and who possessed degrees, diplomas and other qualifications in performing arts or arts education.

Second, contemporary dance companies frequently have strong "artistic identities" (Voss and Voss, 2000; Bennett and Kottasz, 2001), multiple missions (artistic, education, community-related, commercial) and priorities far removed from the marketing domain. Indeed, according to Gainer and Pandayi (2002, p. 183), many arts organisations are "precisely in the business of not responding to market forces" because they regard artistic excellence, personal fulfilment innovation and peer recognition as their primary objectives. Managers of small arts organisations may be unwilling to provide the public with what the mass market wants, but instead may attempt to create demand for their existing products (Fillis, 2002a). Profit need not be the main motivation driving the form of a dance company's activities; management may wish only to obtain and maintain a certain minimum level of income (Storey, 2006). In these circumstances the marketing function might be reduced simply to selling the organisation's mission to outside world (Thomas *et al.*, 2009, p. 739). (A survey completed by Fillis (2002b, p. 132) found that few small arts organisations had "progressed beyond the marketing as advertising or promotion stage", and that marketing activities were largely concerned with publicity or public relations). Artistic directors, etc. acclimatised to this type of marketing environment may find it difficult to adapt to a world where marketing is a critical activity. The observation of how such people react is highly instructive and has many implications for other types of small nonprofit organisation.

Third, many (possibly most) contemporary dance companies are registered as charities. In 2011 the Guidestar database of British charities (www.guidestar.org/uk) listed 2,496 dance companies (including 981 modern or contemporary dance companies) that had registered as charitable organisations (thus enjoying the tax and other benefits of registered charity status). Registration of these organisations as charities was possible because of their educational and community involvement activities. Typical statements in the "primary objectives" of the companies are "advance the education of the public at large in dance"; "educate in dance practice"; "increase community access to dance"; and "develop community outreach programmes". Educational activities include the provision of (fee-charging) dance classes both for the general public and for students seeking national dance qualifications and the preparation of leaflets and other materials on the histories of particular genres of production. Community involvement activities extend to visiting local schools, providing regular in-house classes in schools, organising or participating in local dance festivals, and assisting with mobility rehabilitation courses in local hospitals and medical centres. Charity registration involves the submission of annual accounts to the government's Charity Commission, which immediately puts them in the public domain. Hence, summary information on these organisations was readily available.

Making sense of the marketing implications of cuts in government subsidy
Sensemaking is the process whereby a person acquires, interprets and acts upon information about the meaning and implications of a situation (Weick, 1995). It involves behaviour intended to allow the individual to construct an understanding of an event (Neill and Rose, 2006) and to build, verify and modify opinions in an unfamiliar situation (Schwenk, 1988). Sensemaking fits data into mental models and creates mental models to fit data (Klein *et al.*, 2006). It affects people's thoughts about an organisation's activities, central goals, identity and the meanings of specific events (Weick, 1995). The motivation to engage in sensemaking in organisational scenarios often arises from a major external shock that leads to a critical self-evaluation of an existing world view (Moller, 2010, p. 366). A sudden and serious withdrawal of government funding from a small nonprofit organisation represents such a shock.

A serious shock can lead an individual to recognise the inadequacy of his or her current understanding of events and hence to initiate a set of processes that will help the person make sense of current happenings (Klein *et al.*, 2006). The facts of a situation might not fit into existing mental models, which in consequence might be reconsidered or revised. Sensemaking has been found to be particularly important in situations which people find ambiguous (Eckel and Kezar, 2003), given that ambiguity creates perplexity, doubt and confusion and hence the need for information in order to make decisions (Neill *et al.*, 2007).

Sensemaking activities
Dialogue with others is a key activity that influences the sense that an individual makes of a situation (Weick, 1995). Often, this entails formal and informal interactions with people inside and outside an organisation, "noticing, and the social process of talking and conversation" (Weick, 1995, p. 91). Discourse helps an individual to contextualise an issue and creates, in the words of Kurtz and Snowden (2003, p. 471), "a narrative database comprising oral histories, collected anecdotes, etc. ". Activities connected with sensemaking include casual discussions with peers, internal meetings, attendance at conferences and workshops, and undertaking training (Eckel and Kezar, 2003). Plausible stories and ideas will be exchanged at such events (Maitlis, 2005), with participants contributing their various perspectives to create shared understandings (Eckel and Kezar, 2003), to correct inaccuracies in knowledge (Thurlow and Mills, 2009) and to frame current experiences in meaningful ways (Dunford and Jones, 2000). Neill and Rose (2006, p. 1) suggested that sensemaking will be improved through "tapping into multiple domains and synthesising the demands of each of these domains in response to changes in the environment". Thus, according to Collins *et al.* (1988), the wider the range of occupational specialisms involved in discussions the better, as there is likely to be a broader consideration of ideas and possibilities and since differing perceptions, values and world views will be applied to issues (Neill *et al.*, 2007). Dialogue with people outside an organisation is valuable because external parties will be more willing to challenge pre-existing beliefs (Thurlow and Mills, 2009). Discourse with heterogeneous outsiders can result in the past and current experiences of other organisations being used to help make better sense of complex and perplexing situations (Kurtz and Snowden, 2003; Moller, 2010).

The study
The study was completed among organizations:

- that did not employ a person specially to manage their marketing and where marketing management was undertaken by individuals possessing only artistic or other non-business qualifications; and

- that had experienced reductions in central or local government funding of at least 15 per cent in the period October 2010 to November 2011.

Two hundred and fifty contemporary dance companies listed as registered charities in the Guidestar database and whose web sites indicated that they did not employ a marketing or management specialist were selected (from a sampling frame of 781 organisations) and were then contacted by e-mail and asked who was responsible for their marketing. The person named in each of the organisations that replied was e-mailed and:

- asked whether the funding of his or her charity had been cut by 15 per cent or more over the given period; and

- whether the individual would participate in the investigation.

Fifty-eight individuals stated that their organisations had experienced income reductions of the magnitude specified (23 per cent of all those approached). Twenty-six of the 58 people agreed to participate.

Summary details of the respondents and their organisations are given in Table I. Annual income and public support figures were obtained from 2010/2011 published accounts; the other elements of the table were self-reported. Interviews lasting for about one hour were completed with each of the respondents. Overwhelmingly the participants possessed academic qualifications in performing arts or art in general; none had backgrounds or qualifications in business studies. Two-thirds of the companies were located in London and the South East of England. Fifteen of the interviews were undertaken face to face; the remainder via Skype or telephone (due to long travelling distances between the participants and the author's home university).

Job title (% of respondents)	
Artistic director	56%
General manager/chief executive	39%
Other (e.g. finance officer)	5%
Qualifications (% of respondents)	
Degree/diploma in dance or performing arts	68%
Arts degree or diploma	21%
Humanities degree	11%
Male gender (% of respondents)	72%
Average number of employees in the company (range 3-9)	4.6
Average number of dancers (range 6-13)	7.8
Average annual income £000 (range 185-479)	210
Average percentage of income derived from public support (range 9-42%)	19%
Average percentage of income obtained from ticket sales (range 22-59%)	42%
Average percentage of income obtained from educational activities (e.g. dance classes) (range 9-44%)	30%

Table I.
Respondent and company
characteristics

The study was completed in 2011, i.e. after the implementation of the large cutbacks in government subsidy to the arts announced in October 2010.

Interview method

Interviews were undertaken using Dervin's situational interviewing method (Dervin, 1992), which presupposes that sensemaking occurs as a result of interrelated experiences arising within a troublesome "situation". According to Dervin (1992), a situation is the context wherein sense is constructed and how events are perceived at the time. In the present investigation, situations involve serious losses of national or local government support. Dervin (1992) originally devised the method to analyse how individual's made sense of unexpected and life changing (sometimes personally devastating) events such as being diagnosed with a serious illness (cancer for example), losing a spouse, or experiencing a dramatic reduction in income or wealth. (For further information on the theory underlying the method see Dervin (1999)). Additionally the approach has been applied to range of organisational issues, focusing on:

> […] what questions people had in important troublesome situations, what strategies they used to get answers, what kind of help they wanted, and what barriers they saw as standing between themselves and getting help (Savolainen, 1993, p. 15).

The underlying link is the presumption that a significant "discounting condition" will motivate a person to "take steps to construct sense in a changing situation" (Savolainen, 1993, p. 16). Fundamentally, Dervin's approach belongs to the "critical incident" genre of research methodology (Flanagan, 1954), with critical incidents defined in the present study as organisation-threatening withdrawals of state support. The analysis of critical incidents involves the use of a set of focused prompts designed to elicit an individual's interpretation of an event and its meaning and implications for the person or his or her organisation (Arthur, 2001). Dervin's method is appropriate for application to the present study as it uncovers the processes used by the respondents to gain an understanding of what marketing activities they needed to undertake to compensate for lost revenues (Arthur, 2001).

Dervin (1992) and Dervin *et al.* (2003) suggested that the sensemaking process involved the analysis by an individual not only of a situation but also of "gaps" in knowledge and the "uses" made of various sources of information. Gaps relate to the person's perception of the information needs that have to be satisfied in order to make sense of a disturbing situation. A gap in knowledge that a person regards as a block to his or her understanding of a situation is likely to give rise to a search for information. Hence, a "bridge" will be constructed to traverse the gap, using helpful aides and sources of assistance. Uses are the processes whereby information and help are obtained in order to achieve a better understanding of a situation. Interviews that employ Dervin's approach explore the nature and details of a person's behaviour when the individual meets a gap in his or her understanding and must decide what to do to bridge this gap and hence make sense of what is happening. The technique is especially concerned with examining the dialogues that take place within a situation with actors who have various understandings of the meaning of the situation. Actors relevant to the present study include managers in other arts organisations facing the same situation, trustees, supporters with knowledge of business and marketing,

friends or relatives with business experience, venue owners, or contacts in educational establishments. Interviews are structured yet sufficiently open-ended to allow participants to report issues and events from their own perspectives. According to Strom (2006) the Dervin technique quickly exposes the biggest problems experienced by people implementing a business function, including important issues that may at first sight appear to have little to do with the function. The interview schedule used for the present study is summarised in the Appendix to the paper.

Following introductory queries concerning the history and organisation of a company, the interviewee was asked to discuss the things the person had believed to be most significant for the company as a result of a serious loss in funding; the participant's perceptions of the major challenges arising from the cut, and of the role of marketing in meeting these challenges; and the priorities the person had established. Discussion then progressed to the examination of gaps and uses, under the sub-divisions shown in the Appendix.

Findings
1.The situation
The situation reported to have arisen from the sudden withdrawal of central or local government funding frequently related to the recognition of previously ignored organisational weaknesses in the sample companies' marketing (mentioned in some way or other 20 of the 26 interviews) and to the dearth of opportunities to market a dance company in new areas or ways that credibly would help it make good a shortfall (17 mentions). All the respondents stated that the situation threatened the survival of their organisation. When asked what they had felt they wanted to accomplish immediately following news of their funding cut (Appendix 2 (b)), most of the participants spoke of the needs:

- to maintain ticket sales (16 cases) and attendances at dance classes (12 cases); and
- to preserve good relationships with venue owners (nine cases).

The problem typically described by the interviewees was that reductions in grants (which ranged in magnitude from 20 per cent (nine cases) to 100 per cent (two cases)) meant the laying off of some of the company's dancers; resulting in fewer and lower quality productions, reduced capacity to staff dance classes, and having to cancel prearranged bookings at venues.

Other salient issues discussed by the interviewees when discussing the new situation were lack of support from outsiders (sponsors, venue owners, agencies, etc.), and the high cost of marketing (especially advertising). Interestingly, interviewees talked at length about human resources or human relations issues even though the respondents had been asked to focus on matters to do with marketing. This occurred in 21 of the interviews. Human resources management policies, particularly regarding wage payments or redundancies resulting from marketing difficulties, were often viewed as being closely connected with marketing. Topics that were not generally mentioned were branding (discussed in just four cases), image building and customer service.

1.1. Challenges. Participants were requested to describe the specific things they found most challenging consequent to the reduction in funding. Often the responses

involved having to tell others that staffing and production cuts were inevitable (and how to do this with dignity) (14 cases), the need to take decisions in uncertain environments (12 cases), the necessity of diversifying income streams in order to minimise vulnerability (ten cases), and the need to raise money (from sponsors, tickets sales and donations) at very short notice (ten cases).

1.2. Feelings. Asked what they felt about the situation at the time, many participants described shock (16 cases), indignation (ten cases), personal inadequacy (15 cases), and "fear and/or guilt" (12 cases). "I felt I was letting people down, even though there was nothing I could do", one person stated. Another interviewee reported that she "felt utterly lost and lacking control, certainly in relation to possibilities for doing more marketing". Typically, individuals claimed they had been led to these feelings through their being the victims of unforeseeable external events, rather than having previously failed to market their companies in ways designed to diversify income flow and hence reduce their reliance on state funding. In 17 cases the participants claimed that in the past their aim had been to market their products in ways that would benefit the dance community as a whole (e.g. pricing at break even, organising events at local schools free of charge, offering very low cost tuition to dance students). However, they were now prevented from doing so by lack of government support. Feelings of anger were common. "I was angry and upset", one person stated "because it was all so new to me and difficult and I didn't understand what was going on". Few respondents recalled having thought a great deal about how marketing could help them cope with funding reductions (just two of the interviewees indicated that this was the case). Thereafter however marketing was often reported to figure more prominently in their thoughts (12 mentions). For most of the participants, marketing had, in the words of one interviewee, been "taken for granted" prior to the income cut and had not been seen as a priority. There was no evidence within the sample of hostility towards marketing. Rather, marketing appeared to have been regarded as a routine and mechanical activity.

1.3.What was prioritised? Cost cutting following the withdrawal of government funding was a major priority, mentioned in 16 cases. Faced with the loss of government grants the participants frequently reported attempts at reducing expenditures, e.g. by downsizing the administrative side of the organisation and making people redundant, as opposed to trying to stimulate ticket sales and other revenue streams via the initiation of fresh marketing activities. In eight cases, interviewees claimed that government agencies would be impressed by the stringent application of cost cutting measures and would thereafter be more likely to restore funding. However, the respondents were keen to retain their best dancers (mentioned by 12 of the interviewees) and to maintain their companies' educational roles (ten mentions). The respondents did not discuss measures for developing new audience market segments as alternatives to downsizing and reducing staffing expenditures.

2.Gaps
2.1.Understanding of marketing. The respondents were asked about their understanding of marketing at the time of a cut and how marketing might help a company make good the shortfall in its income. Thirteen of the 26 participants mentioned without prompt that their knowledge of marketing was inadequate. Seven of the interviewees spoke of their inability to understand marketing jargon.

Their exposure to the language of marketing often occurred in contacts with venue owners and with sellers of advertising space in local newspapers, and this resulted in confusion. "I'd never heard these (marketing related) words before in my life", one person asserted. media employees were regarded as particularly guilty in this respect. As one of the interviewees put it:

> I just wanted to have some advertisements produced and distributed and they kept using words like "segment penetration", "reach awareness diagnosis" and "all sorts of other meaningless rubbish". Further causes of lack of understanding of marketing cited by the respondents were "not having experience to call on", the "ruthlessness" of the marketing environment, and the difficulty of "seeing the wood from the trees" where marketing was concerned.

2.2.Specific confusions. Numerous confusions about marketing were cited during the interviews. Pricing was a major cause of concern. A third of the participants reported a lack of confidence in knowing how much to charge for tickets, tuition fees and the provision of other services. Break-even approaches to pricing were generally preferred (nine cases). Also several of the interviewees confessed to being unclear as to which of the company's publics should receive priority treatment where low pricing was concerned (audiences, dance pupils or the beneficiaries of community outreach programmes), as it was accepted that not all groups could be subsidised via low prices. Another issue was how much to spend on marketing and the circumstances wherein spending should rise or fall. A quarter of the participants were unclear as to how the returns from marketing activities ought to be measured. Additionally there were doubts among the interviewees regarding "what marketing is". "Does marketing control people or do people control marketing?" one participant queried. "Is marketing a world view or just humdrum things you do?" asked another. The absence of obvious connections between marketing activities and dancing was mentioned by a quarter of the respondents.

2.3. Barriers. Apart from inadequate knowledge of marketing, the main barriers to helping resolve a funding crisis by using marketing were identified as "fear of the unknown" (mentioned by a fifth of the participants), lack of expert staff (15 mentions), the dearth of resources in general to devote to marketing (nine of the respondents), and lack of support and sympathy from venue managers and government funding agencies (seven mentions). Hostility towards marketing among a company's staff and/or trustees was noted by seven of the 26 respondents, although the interviewees themselves did not express animosity towards marketing. In reply to the query "what would you have liked to have had if you had a magic wand?" 16 of the interviewees specified "more staff" (especially dedicated marketing employees), access to on-line help (eight cases), and better hard copy electronic instructional manuals (five mentions). Six of the participants believed that some form of collaborative arrangement with other companies (e.g. in the form of a marketing co-operative) would be extremely useful.

3.Uses

Eight of the 26 participants stated that following the funding cut they had discussed hardly anything about marketing issues or opportunities with other people. Among the rest the most common contacts for dialogue were employees (15 respondents), venue owners (13), other artistic directors or dance company managers (13), printers or

newspaper space sellers (12), friends or relatives with business experience (12), people in schools (ten), parents of dance pupils or pupils themselves (eight), trustees or supporters (eight), sponsors (seven), and officials in government agencies (seven). These discussions did not always provide solutions, some of the respondents opined, but the actors involved did offer sympathy and emotional support and directed the interviewees towards helpful sources of information. The great majority (22) of the participants stated that they used the internet to obtain information about marketing and the demands of particular situations. Eight of the interviewees reported buying and reading popular "how to do it" books on marketing methods. A third of the respondents claimed that they felt very strongly that they needed to obtain information about and assistance with marketing. Sources of help seemed to have been chosen predominately for their convenience rather than for any claims of expertise. All the interviewees admitted that they were not capable of ranking the contacts with which they discussed marketing situations in terms of levels of expertise.

3.1.Information sought. The information that the participants had sought to obtain from their contacts with others and from their reading of internet and hard copy materials focused on how to select media and evaluate returns on promotional materials (posters, advertisements, leaflets, etc.) (16 mentions); whether it was worth advertising in the first instance as opposed to relying on word-of-mouth (eight mentions); how to set prices (15 mentions); how to use direct marketing effectively (six mentions); where to go to acquire marketing skills (five mentions) and how to learn more about how government funding agencies operate (five mentions).

3.2.Lessons learned and connections with previous thoughts about marketing. Two thirds of the participants observed that their experience of dealing with a funding cut had caused them to treat the marketing function with much greater respect than previously. "I learnt that you can't afford to make mistakes in marketing" one respondent commented. "It showed me our vulnerability to the big outside world" said another. In general, the interviewees appeared to have begun to understand that marketing was vital for a dance company's financial survival, although not all the respondents had acted on their new understanding. A quarter of the interviewees commented that, because business and marketing environments are so complex and fast moving, the participants were not able to cope with marketing issues and thus were inclined to ignore them. The interviewees' overall awareness of marketing in wider settings had also increased as a result of their experience of having to cope with a significant cut in income. Examples of statements made in this regard were: "I started to notice that there is some sort of marketing display in almost everything we see"; "I became very aware of how other organisations do their selling"; "advertising seems to be very effective, we are surrounded by ads", and "I now know how important it is to keep sponsors happy". However, audience development (as opposed to selling tickets) was hardly ever mentioned. It was generally assumed that audiences existed in sufficient volume and that all that was needed was to find effective ways of reminding people to attend performances. Perceptions of powerful links between marketing and personnel issues emerged in this division of the interviews to the same extents as had occurred in previous sections. Marketing was often seen as a way of keeping people in jobs, i.e. as a device for generating sufficient cash to enable a company to continue mounting artistic productions.

Eight respondents indicated that their marketing response to a cut focused predominantly on seeking to compensate for lost revenue via increased ticket sales. Ten participants concentrated their main post-cutback fundraising efforts on appeals to major donors (corporate sponsors and/or specific individuals) and pre-existing supporters. The remaining eight did not appear to have executed any substantial marketing responses to their grant reductions at all. Another schism was apparent between nine individuals who seemed to prioritise the conservation of a company's cultural identity and tradition following the cutback, and nine who apparently wanted to project their companies' cultural identities and traditions as a means of publicising their companies' activities. The former group were more inclined to retrench their operations than the latter, e.g. by quickly laying off staff and dancers and by cancelling productions and performances and outreach programmes.

Eleven of the respondents reported (to varying degrees) that, in the words of one of the individuals, they had adopted "less simplistic marketing strategies" following their grant reductions. However, work, information overload and lack of time to consider alternatives' had prevented the consideration of multiple marketing approaches, one of the interviewees stated. There were "too many options and not enough information", she continued. Today, the person (together with some other members of the sample) recognised the dangers of not addressing different market sectors, because "different people need different things" and "things now change all the time". Another interviewee noted how, in the new situation, compromises between (artistic and commercial) priorities had to be established. It was no longer possible to have "a simple restricted goal". Her company now needed to achieve several objectives where marketing was concerned. Nevertheless, some respondents continued to resist the adaptation of marketing approaches that many would regard as consistent with the demands of a severely resource constrained situation. One such interviewee insisted that "in no circumstances will we compromise our artistic mission just to make a production sell better". A couple of others indicated that they were interested in marketing only to the extent that it could be used to seek financial support for established productions and activities, regardless of public demand. It was assumed in these companies that box office success would automatically result from a highly creative and artistically excellent production. Financial cutbacks had impelled these respondents to be prepared to vary the marketing messages and methods their companies employed to communicate with disparate stakeholders, though without altering the productions on offer.

Cluster analysis
In an attempt to relate differences in the participants' perception of, on the one hand, their situations, gaps in knowledge and modes of information search, and on the other the manners in which companies had responded to their situations, the components of the interview transcripts were coded in terms of words and phrases relevant to each of the headings in the Appendix. Codes for the interviewees' comments were generated via the constant comparison technique, i.e. provisional codes were allocated during the analysis of the first transcript and the remarks of the second and subsequent respondents were then allotted to these codes whenever possible (Flick, 2006). New codes were created for emerging sub-categories and, where appropriate, existing codes were adjusted or combined. Table II indicates the dimensions where disparities

Reductionists (n = 10)	Knowledge seekers (n = 8)	Passives (n = 8)
Perceptions of situation	*Perceptions of situation*	*Perceptions of situation*
Maintenance of ticket sales specified as the dominant objective (7)	Previous failures to take marketing seriously recognised as a major issue (5)	Lack of support seen as a major issue (4)
Uncertainty specified as the main challenge (7)	Avoidance of dismissing staff seen as the major challenge (4)	Lack of opportunities for marketing in new areas seen as a major issue (4)
		Difficulties with marketing attributed to external influences and events (4)
Perceived gaps	*Perceived gaps*	*Perceived gaps*
Related to inadequate understanding of marketing	Related to inadequate understanding of marketing	Related to inadequate understanding of marketing
Uses	*Uses*	*Uses*
Discussions mainly with insiders (7)	Discussed issues with many groups (7)	Few discussions of issues with insiders or outsiders (6)
Did not look elsewhere for information (6)	Sought information from numerous sources (7)	Did not look anywhere else for information about marketing (4)
Employees seen as the most important source of information (5)	Several information sources regarded as important (5)	Did not regard any particular source of information as important (5)
Limited attempts at finding out more about marketing (6)	Curious about marketing and wanted to find out more (5)	Did not try to find out about marketing (4)
	Recognised the need to explore many marketing options (5)	
Responses	*Responses*	*Responses*
Applied simple solutions to marketing issues (8)	Segmented markets; employed different methods for different audiences (4)	Very little change to marketing methods following the funding cut (5)
Applied a single approach when marketing to different publics (6)	Analysed marketing issues and opportunities (4)	Focused on dealing with immediate crises (4)
Copied the marketing activities of other dance companies (4)	Engaged in marketing planning (4)	Did not engage in marketing planning (6)
Did not engage in marketing planning (6)	Intended to undertake more marketing activities (6)	Limited application of marketing strategies or procedures (5)
		Little awareness of how marketing could help develop the organisation (5)

Table II.
An emerging model

could be distinguished. Three groupings of companies emerged, the largest of which (with ten cases) is labelled "reductionists". Several members of this group specified the maintenance (rather than the expansion) of ticket sales as the goal they most wanted to accomplish when confronted with a major cut in state funding. (The number of companies in the group exhibiting each of the characteristics listed in Table II is shown in parentheses.) Many participants in the group felt deeply challenged by the uncertainty created by their new situation. As in both of the other groupings, the respondents reported significant inadequacies in their understanding of marketing. Their attempts to bridge gaps in knowledge and understanding normally involved discussions with people within the organisation, and little attempt to look elsewhere. Members of the group appeared to favour simple and straightforward marketing policies, employing the same approach and methods irrespective of the target audience or stakeholder. Sometimes the approach adopted was copied from one observed in other dance companies. Only a minority (40 per cent) of the members of this group practised any form of marketing planning.

The second group is referred to as "knowledge seekers" ($n = 8$). Members of this group typically recognised that past inadequacies in their companies' marketing had impeded their capacities to cope with large and unexpected revenue reductions. Half of the individuals in the group were preoccupied with using marketing to raise enough money to avoid having to dismiss staff. These participants were curious about marketing and sought information about it from multiple sources. Consequently, many of them analysed marketing issues and opportunities, engaged in marketing planning, segmented markets and applied different marketing methods to disparate segments. Group three contains companies with "passive" inclinations in the marketing sphere. Half the members of the group attributed to external factors all the difficulties they had experienced in relation to marketing, failed to recognise the existence of any opportunities made possible through marketing, and complained of lack of support from venue owners, etc. They tended not to discuss marketing with actors inside or outside their organisations and frequently did not seek information about marketing from other sources. Few members of the group engaged in marketing planning. Half of the "passive" respondents concentrated on "putting out fires". Most of the participants in the group had not altered their companies' marketing methods to any substantial extent consequent to a funding cut. In the words of one member of the passive group, it was assumed that "something would happen" and that eventually "things will work out for the best".

Conclusion

A majority of the respondents recognised that organisational weaknesses relating to marketing had arisen prior to the funding cuts and that their marketing now needed to improve. Specific areas believed to require attention included pricing, developing an understanding of "marketing jargon", measuring the returns on marketing, knowing when and where to advertise, and being able to recognise possibilities for attracting and developing new audiences as an alternative to cost cutting and implementing staff redundancies. Human resources issues were often mentioned in the same breath as marketing. The latter was frequently seen as the means whereby sufficient funds could be raised to enable the retention of employees. Participants exhibited little understanding of branding, organisational image building, or the critical role of

customer service quality (as opposed to the quality of artistic productions) in attracting, preserving and developing audiences. Concerns appeared to focus on the maintenance of previous (pre-cut) revenue levels rather than on expanding revenue generating activities. Companies' reactions to reductions in government support typically involved cutting costs; the participants did not appear to have responded to the advice given by the British Government's Minister for Culture, Communications and the Creative Industries that small arts organisations should view the cuts as providing them with the opportunity to find adventurous ways of obtaining new revenue streams and broadening their engagement with their wider communities (Brown, 2011). However, the interviewees' comments did reflect the problems noted in a House of Commons Committee on Culture, Media and Sport (2011) select committee report relating to how sudden cutbacks in state funding would often lead to the cancellation of productions and hence to lower ticket sales and to reductions in sponsorship and other sources of revenue.

Although the interviewees' comments concerning the various matters listed in the Appendix were diverse, it was possible to distinguish three broad categories of types respondent: reductionists, knowledge seekers, and passives. The first group (reductions) appeared to want simple solutions to marketing problems, sourced information and advice internally (especially from fellow employees). Knowledge seekers were more flexible in outlook, were interested in marketing and wished to engage in marketing to greater extents. Passives did not see marketing as being particularly important, initiated few discussions or enquiries about marketing, and seemed to deal with marketing issues on an *ad hoc* basis. Overall, the outcomes to the study are consistent with the view that conventional models of marketing planning, control and strategy are not applicable to numerous micro enterprises. Within the arts sector specifically, it may be that models emphasising personal networking, interactions between artistic philosophy and marketing practice, and the influences of social environments, may be more appropriate (Fillis, 2000, 2002a).

Most of the participants had sought information on marketing from various sources. Nearly, all had looked for such information on the internet. This implies that arts management and marketing associations could help artistic directors and others with little knowledge of marketing to develop their marketing skills through the provision of web-based instructional materials, marketing templates, tool kits, etc. free-of-charge or at low access cost on their web sites. Educational institutions that teach performing arts could also assist by including matters relating to marketing in their teaching programmes. National bodies that award qualifications in the dance sphere could incorporate some basic elements of marketing management in their curricula and syllabuses. Venue owners and managers, who themselves are continuously engaged in marketing could provide large amounts of useful marketing support to small nonprofit dance companies. Several participants mentioned during the interviews that they would like to belong to some form of "marketing co-operative". As state funding for the arts diminishes, local and national government agencies might wish to consider encouraging the establishment of co-operatives of this type.

The study established the sample members' perceptions of the role of marketing in coping with funding reductions, but did not examine the antecedents of these perceptions. Future research might explore the characteristics of possible antecedents. A limitation of the study is that it covered just a single sector in a single country.

Replication of the investigation in other performing arts sectors and in other counties would be worthwhile. The research concerned the respondents' reactions to a crisis triggered by a funding cut. It would be interesting to compare the ways in which artistic directors, etc. respond to funding cuts with how they try to cope with other types of crisis.

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Appendix. The interview schedule
1. General

History and ownership of the company. Roles and responsibilities of organisation members. Background of the interviewee. Amount of income reduction experienced.

2. Situations, gaps and uses

Please think back to when you experienced the reduction in funding and the events that followed.
The situation

(a) What were the two or three things that you considered to be the most significant issues you needed to deal with at the time?

(b) Given the new circumstances what did you want to accomplish?

(c) What did you find challenging about the situation?

(d) What were your feelings about marketing at the time? What do you think led to these feelings?

(e) What was prioritised?

Gaps

(f) Did you feel that your understanding of marketing was inadequate or inaccurate? If so please give examples and details.

(g) At the time, what were the major confusions, muddles or questions you had about marketing?

(h) Was there anything in particular that represented a barrier or constraint to your using marketing to help resolve the situation and move forward?

(i) If you could have waved a magic wand, what would have helped?

Uses

(j) With whom did you discuss the funding cut, marketing and prospects for obtaining alternative sources of income? What did the other people think and say?

(k) Where else did you look for the information or help? Why did you choose your sources of help?

(l) How important (seven point scales) were interactions with each of the following groups in helping you to understand your new situation and what, in marketing terms, you needed to do?
Employees, managers in other dance companies, venue managers, contacts in schools or other educational establishments, friends or relatives with business experience, printers, newspapers, advertising space sellers, dance pupils or their parents, people in funding agencies.

How important were (i) internet sources, and (ii) "how to do it" books in helping you to understand the situation?

(m) What did you try to find out?

(n) What did you learn from and how did it influence your marketing behaviour and decisions?

(o) How did the experience influence how you felt abut marketing?

(p) Did you come to any conclusion about the role of marketing as a result of the experience?

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