Relationship marketing in the subsidised arts: the key to a strategic marketing focus?

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Abstract

Purpose – The purpose of this paper is to consider whether successful subsidised arts organisations are more likely to apply a relationship rather than transactional marketing approach to overcome the tendency of not-for-profit organisations generally, and subsidised arts organisations particularly, to use marketing for short-term, tactical purposes.

Design/methodology/approach – Research was undertaken to identify whether "successful" subsidised performing arts organisations were indeed more strategic in their focus, whether they had applied a relationship marketing approach and whether such an approach had been influential in the development of their "success". Preliminary research led to the production of a conceptual framework that identifies major partnerships and specific stakeholder types that need to be considered by a subsidised performing arts organisation if an effective relationship marketing approach is to be developed. This was used as the basis for subsequent research involving a multiple case study approach studying two "successful" theatres and one "unsuccessful" theatre in depth. The strengths of relationship between the various key stakeholder roles and artistic directors within the three theatres were analysed.

Findings – Although this research is limited to a case study analysis of three theatres, it does seem to provide evidence to suggest that building strong relationships with stakeholders other than end users can be advantageous to subsidised performing arts organisations.

Practical implications – It is likely that this approach could be successful for the subsidised arts generally and indeed for all those organisations in the not-for-profit sector where those who pay do not necessarily receive the service.

Originality/value – This article provides a discussion on successful subsidised arts organisations.

Keywords Relationship marketing, Non-profit organizations, Subsidies, Performing arts, Strategic marketing

Paper type Research paper

Introduction

Effective marketing management can be a way of overcoming the threat to survival of subsidised arts organisations (Gainer and Padanyi, 2002) and segmentation of audiences can play an important role. There is the "primary audience" who experiences or intends to experience art who are influenced by a wide variety of social, personal and psychological factors (Verwey, 1991; Bennett and Frow, 1991; McLean, 1997; Hill *et al.*, 2003) and the "secondary audience" with whom an organisation communicates such as funding bodies, sponsors etc. Segmentation, however, can either be undertaken for social rather than economic reasons with minority groups being specifically targeted or to

create a wider appeal that can spread resources too thinly (Davies, 1994) producing conflicts between excellence and accessibility (Rentschler, 1999; Jones, 2000).

Effective segmentation, targeting and positioning require effective information systems but despite the increasing use of computer systems, there still tends to be a lack of primary marketing research in this sector (Yorke and Jones, 1984; Lovelock and Weinberg, 1988; Davies, 1994; Lewis, 1995). This may be because market research is seen as too expensive or because customers' wants are "already known" (Permut, 1980; Hill *et al.*, 2003). Alternatively, market research implies a populist objective that is not wanted amongst some within the profession. Most arts administrators are not trained as managers but are artists, performers etc. who manage by chance and can be so enamoured with their organisation's programmes and services that they believe these must be what the public wants or needs (Lovelock and Weinberg, 1988). Because of this and the difficulty in measuring outputs (Hill *et al.*, 2003) there is likely to be internal disagreement on how ambiguous goals and objectives are to be achieved most effectively (McLean, 1997).

A good deal of the literature on arts marketing tends to reflect the view that there is an over-emphasis on tactical marketing (Hill *et al.*, 2003) with the focus being on its promotional role (Permut, 1980; Dibb and Simkin, 1993; McLean, 1997; Lewis, 1995). This could be because marketing expertise is likely to be brought in initially at the tactical level in order to improve subscriptions/memberships, development, promotion and pricing (Dibb and Simkin, 1993). The understanding of marketing tends to be a narrow one with little involvement in wider marketing strategy issues. This is compounded by an often narrow definition of competition and vague understanding of customers (Dibb and Simkin, 1993; Copley and Robson, 1997). Applying a relationship marketing perspective is a possible way of overcoming this tactical focus (Hyde and Lovelock, 1980; Conway, 1997; Hill *et al.*, 1997; Rentschler, 1999; Rentschler *et al.*, 2002).

Relationship marketing involves the development of continuous relationships between parties that are usually long-term (Copulsky and Wolf, 1990; Holmlund and Törnroos, 1997) and dynamic where relationship participants perform activities based on a set of resources that tie the parties together (Håkansson and Snehota, 1995). Such an approach can be applied to various kinds of relationship (Boedeker, 1997) and the choice of which organisations with whom to develop a relationship, depends on the actions and expectations of the other parties, the nature of what is offered and of the surrounding network (Möller and Wilson, 1995). Managers make decisions about the sort of the relationships they would like to have and how to achieve them. In this context, they have to think strategically (Ford, 1998).

Greater Manchester is one of the many provincial areas in the UK that has seen growth in the subsidised arts. In 1994, it achieved the status of "City of Drama" and it has the highest density of theatre seats per head of the population outside London (Hemisphere, 2000).

In general terms, apart from cinema attendance, plays take the lion's share of audiences with 24 per cent of the adult population visiting in 2003 (Arts Council of England, 2003; HMSO, 2004; TGI, 2004).

In view of this growth and importance, research was conducted with a focus on whether "successful" subsidised performing arts organisations were more strategic in nature, whether they had applied a relationship marketing approach and whether such an approach had been influential in the development of "success".

Preliminary research

Initially, there was a need to identify what was meant by, and key criteria for, "success". Subsidised arts organisations have multiple objectives and indeed, some of these may be conflicting. The motives for existence can be very different depending on whose views are being sought: management, artists, audience, funders, regulators, sponsors etc. It would, however, seem to be possible to recognise intuitively, "successful" subsidised arts organisations. If a number of different stakeholder types are asked to identify what they consider to be successful subsidised arts organisations, it is possible for the same organisations to be identified by many of the respondents. Whether each respondent uses the same criteria for "success" may be another matter.

In order to identify the criteria used by performing arts organisations to define "success", an initial study was undertaken which sought to examine the criteria used by senior managers for measuring success in subsidised theatres in the North West of England. The aim was to identify principal themes, patterns and links which could be used as a basis for a more detailed study of the relationships that exist between stakeholders in the "successful" theatre. This preliminary study focused on the meaning of senior managers' experiences of the concept of "success". Ideas that helped such an understanding, were developed through induction of data (Seale, 1998, Easterby-Smith *et al.*, 1997) aimed at identifying the key issues which impacted on the perceived definition of "success" and its achievement.

Appointments were sought and semi-structured interviews undertaken with the most senior employees within a number of subsidised theatres as, in general terms, it is usually those in the most senior of positions that tend to perform strategic roles. Initially, four subsidised theatres (A, B, C, and D) in the Greater Manchester region were chosen for the study based on informal discussions with delegates at the National Arts Marketing Association Conference and on those generally considered to be "successful" by the North West mass media. Respondents' perceptions of the meaning of "success" and of the factors that could influence it, needed to be interpreted and in addition, each respondent was asked to identify examples of "successful" and "unsuccessful" subsidised performing arts organisations in the geographical region (the North West of England). There seemed to be agreement amongst respondents from each of the four theatres that each other's organisations could be considered as "successful". Further, all identified theatre X and theatre Y as examples of "unsuccessful" organisations. As a result, it seemed appropriate to also interview senior managers in these two organisations.

The managers of the six organisations had different visions for their future and different perceptions of their organisations's product. Two organisations were targeting a narrow audience segment compared to a more general target for the others. All theatres had a variety of funding sources. Table I summarises these key features.

An analysis of the findings indicates that it is possible to identify some common indicators of "success" amongst the subsidised performing arts (Table II).

All saw the box office and quality of work as key indicators of success. Theatres A, C and Y saw a link between quality of work and an increase in audience size. Only X and Y saw external funding as additional indicators of success. Findings do confirm that there is general agreement on what can be considered to be a "successful" and an "unsuccessful" theatre. Two theatres particularly (A and B) were considered successful by all respondents and all (including the X and Y respondents) saw X and Y as unsuccessful.

Key aspects	Theatre A	Theatre B	Theatre C	Theatre D	Theatre X	Theatre Y
Organisation vision/mission	"The new"	Young people's theatre	To be inclusive	Maintain core audience (older age range) and try to acquire new younger audience	Too early to say given the degree of proposed change	Flagship for the arts in the region
Organisation "product"	Standard productions New productions Studio	Productions The environment Development of new work/artists	Standard productions New productions "Intimate drama space"	Standard productions	Likely to change. At present: productions, pre and post-production events	Standard productions, new productions, productions in the park, cinema
Audience type	Wide	Narrow	Wide	Narrow	Wide	Wide
Funding; sources	North West Regional Arts Board (NWAB), Association of Greater Manchester Authorities (AGMA), box office, catering, sponsorship	NWAB, AGMA, Local Authority (LA), University, box office	Box office, LA, sponsorship	NWAB, LA, AGMA, box office, season tickets	LA, NWAB, sponsorship, box office	LA, NWAB, box office

Table I.
The six theatres

Key aspects	Theatre A	Theatre B	Theatre	Theatre C	Theatre D	Theatre X	Theatre Y
Key "customers"/beneficiaries	Audience	Young people		Audience	Audience	Funders	Funders
Indicators of success	Quality of work, box office	Quality of experience, full houses, exceptional work		Quality of work leading to increasing audience but limited capacity	Lack of deficit	Acquiring external funding, quality of work, box office, high public profile	Acquiring external funding, audience growth
Examples of successful organisations	B, C, and D	New to the area		A, B, and D	A, B, and C	A and B	A and B
Examples of unsuccessful organisations	X, Y	New to the area		X, Y	X, Y	X, Y	X, Y

Table II.
Initial Indicators of
theatre success of the 6
theatres in the
preliminary study

All respondents highlighted box office revenue and external funding as important but those that saw external funding as an indicator of success (X and Y) tended to be the most unsuccessful organisations. This could indicate an overemphasis on the "tactical", short term acquisition of funds.

The study also highlighted the fact that although respondents held the most senior administrative positions in each of the six theatres, there was the existence of an artistic director who performed the key strategic role as well as being the creative driving force. The artistic director is thus seen as the key representative of the individual theatre's strategic marketing effort. This is different to that which tends to occur in the commercial sector where senior administrators rather than those with "technical expertise" perform this role.

All respondents were aware of different stakeholders. A, B, C, and D theatres saw the audience as the key priority whereas X and Y saw funders as the most important customer grouping. The respondents from theatres A and B, particularly, highlighted the importance of collaboration with a variety of stakeholders whereas only collaboration linked specifically to audience segments was noted by X and Y. The greater the appreciation of a broader, stakeholder approach, the greater the possibility of a strategic perspective (Christopher *et al.*, 1991; Morgan and Hunt, 1994; Conway, 1997) and thus at this early stage in the research, there seemed to be a linkage between the application of a strategic perspective and organisational success.

These findings indicated that the application of a relationship marketing perspective might lead to a more strategic focus and consequently enhance the effectiveness of subsidised performing arts organisations. Based on work by Morgan and Hunt (1994), a conceptual model was constructed which identifies the major partnerships and the specific stakeholder types within these partnerships that need to be considered by a subsidised performing arts organisation if an effective relationship marketing approach is to be developed (Conway and Whitelock, 2004). The artistic director is placed in the centre of the model representing the key strategic driving force behind the theatre. Figure 1 displays this conceptual model.

The main research: methodology

The research aimed to assess whether the conceptual model provided an accurate description of the types of relationship existing between the relevant parties. There was therefore a need to identify the features of successful and unsuccessful organisations, analyse whether successful organisations were more strategic in focus and assess whether such a focus was a result of the application of a relationship marketing perspective.

The following were the key research questions:

- What features were found in "successful" theatres as compared to "unsuccessful" ones?

- Did "successful" theatres have a more strategic marketing perspective than "unsuccessful" ones?

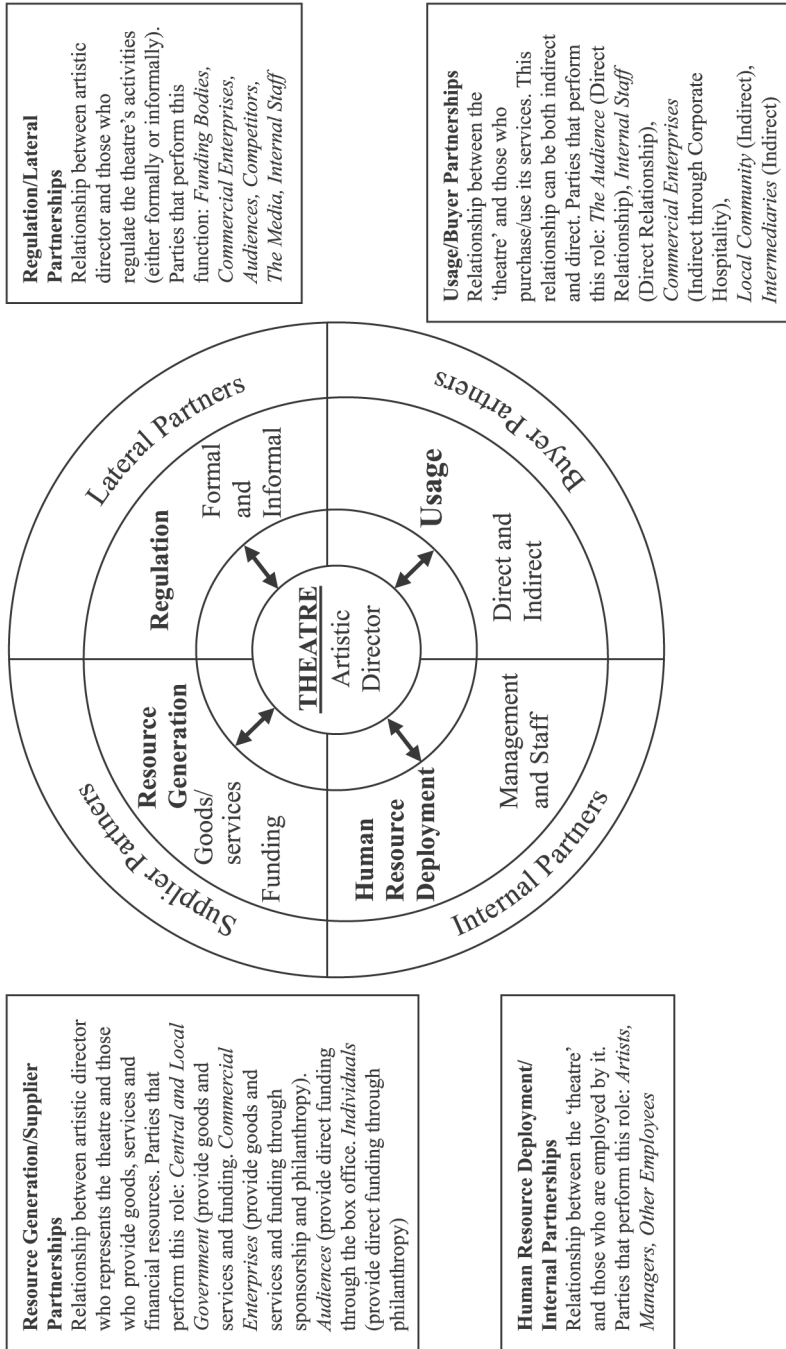- Was a strategic marketing perspective the result of a relationship marketing approach?

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Regulation/Lateral Partnerships
Relationship between artistic director and those who regulate the theatre's activities (either formally or informally). Parties that perform this function: *Funding Bodies, Commercial Enterprises, Audiences, Competitors, The Media, Internal Staff*

Usage/Buyer Partnerships
Relationship between the 'theatre' and those who purchase/use its services. This relationship can be both indirect and direct. Parties that perform this role: *The Audience* (Direct Relationship), *Internal Staff* (Direct Relationship), *Commercial Enterprises* (Indirect through Corporate Hospitality), *Local Community* (Indirect), *Intermediaries* (Indirect)

Resource Generation/Supplier Partnerships
Relationship between artistic director who represents the theatre and those who provide goods, services and financial resources. Parties that perform this role: *Central and Local Government* (provide goods and services and funding. *Commercial Enterprises* (provide goods and services and funding through sponsorship and philanthropy). *Audiences* (provide direct funding through the box office. *Individuals* (provide direct funding through philanthropy)

Human Resource Deployment/Internal Partnerships
Relationship between the 'theatre' and those who are employed by it. Parties that perform this role: *Artists, Managers, Other Employees*

Figure 1.
Relationship marketing approach to the subsidised arts

Research design
This qualitative piece of research used a case study approach to identify the key issues which impacted on the perceived definition of "success" and its achievement and to utilise findings to construct explanations and theories about what was observed (Gill and Johnson, 1997). The aim was to ascertain whether a relationship marketing approach was more likely to lead to a strategic focus and thus ensure theatre "success". Representatives of the various key stakeholder roles and their relationships with artistic directors within a theatre (Figure 1) were therefore the units of analysis.

Two "successful" theatres from the preliminary study, A and B, and one "unsuccessful" theatre, Y, were studied in more detail. Theatres A and B were both considered successful by all respondents in the preliminary study and theatre Y was considered unsuccessful by all respondents, including the interviewee from theatre Y herself. All three theatres had experienced dramatic changes within the past few years and had attempted to respond accordingly. Vignettes of the three theatres are shown below:

> Originally established in 1968 as one of three live theatres in Manchester, theatre A established itself as one of the most important regional theatres in the UK over the next 25 years. As well as producing over 200 productions in Manchester (with many being transferred to London), the theatre also presents touring productions throughout the UK in its mobile theatre. The theatre has a commitment to new writing and producing world premieres. In 1998 it opened a studio as a space for experiment, training and innovation for writers, directors, actors and designers. An education department also co-ordinates a year-round programme of workshops, projects and learning resources for all ages. Theatre A's mission involves innovation and new art although the general public's image of the theatre seems to be that of performing the "classics" well. It is predominantly funded by the Arts Council, although funding is received from the Association of Greater Manchester Authorities (AGMA). Other revenue comes from box office receipts, catering and sponsorship. As a result, 60 per cent of revenue is earned income with 40 per cent coming from various subsidies.

> Originally a university theatre predominantly funded and controlled by the local university, theatre B was totally refurbished and re-opened in 1998 with a different mission and governance structure. The vision of the new theatre is that of a "young people's theatre" (target ages being 13 to 30). Its programme combines a mix of productions and touring projects ranging from theatre, dance, participatory projects, education initiatives, music and clubs. It receives the largest source of its finance from the North West Arts Board. In addition, the Association of Greater Manchester Authorities (AGMA) and Manchester City Council provide funds for specific types of work and there is still some support from the local university (cash and in kind).

> Based in the centre of a university city in the North West of England, theatre Y is a theatre that offers repertory and outdoor specific site work. It is also a regional film theatre. Although there are still some links with the university, the theatre is now a charity run by a board that consists of representatives of the city and county council and other professionals. During the last two decades, the theatre has struggled financially and has had its share of management problems with various artistic directors and senior managers leaving. Since 1998, a structure has developed where there is now a stable senior management team comprising the chief executive, the artistic director, and the production and marketing manager. Theatre Y sees its vision as that of the "flagship for the arts in the region". There is a vibrant arts community in the region and the theatre is considered to be a vehicle for bringing these together. Theatre Y is predominantly funded by the local authority with some funding being received from the NWAB.

The research involved in-depth semi-structured interviews with the artistic directors of the three theatres addressing issues of organisation structure, management, strategic direction and the role that marketing was perceived to have within each theatre. The interviews with artistic directors also attempted to ascertain their views on the strength and effectiveness of their relationship with those involved in resource generation, regulation, usage and with staff members. In addition, in-depth semi-structured interviews were undertaken with the other parties highlighted in the conceptual model, namely representatives of funding bodies (North West Arts Board-NWAB, Association of Greater Manchester Authorities – AGMA and Theatre Y's City Council), commercial enterprises and theatre staff.

The paying audience (both existing and potential) was a central driving force for all theatres and as the research aimed to describe and understand respondents' perceptions and meanings they gave to the relationships they had with a particular theatre, qualitative research techniques were likely to be more appropriate. Unfortunately, Theatre B representatives felt that communicating with the audience directly would be unhelpful and counterproductive to the theatre's image and were not prepared to allow such work to be undertaken. Theatres A and Y had themselves recently commissioned research into the attitudes and perceptions of their audiences and were unwilling to allow any additional research to be undertaken. However, both theatres offered the data from their research to be used in this particular research project. There were potential problems regarding the extent to which the data was up to date and whether all the data met the specific needs of the particular situation being analysed but despite these problems, this secondary data did offer the opportunity to present interpretations, conclusions or knowledge additional to, or different from, those presented in the first reports (Hakim, 1982). There was still the major omission, however, of the lack of information on audience attitudes towards and perceptions of theatre B.

In addition to the use of the primary interview data and the secondary research data, content analysis of each theatre's promotional literature was undertaken as an additional data collection method. Content analysis is a research technique that makes replicable and valid inferences from data to their context (Krippendorff, 1980) and involves the analysis of the data through the process of category generation involving the noting of regularities and recurring ideas/themes in the setting (Burns, 2000). How a theatre's programme of events was communicated in terms of its overall physical presentation, style and presentation of text was of interest as was the use of words and phrases, spelling, photographs and upper or lower case. A particular tone was interpreted from this information and the degree to which such a tone indicated one or two-way relationships were identified. This analysis was validated through using a second coder and inter-coder reliability tests were conducted between two researchers, producing a satisfactory reliability level. Publications sent to regular attendees and those publications available for general consumption were analysed and compared.

All research data were analysed via QSR:NUD*IST, a qualitative software package.

It was important to assess the perceived strength of relationships that each artistic director had with resource generators, regulators, users and staff. Experience, trust, commitment and customer orientation seem to be important components in most relationships (Conway and Swift, 2000). Each individual interview, therefore, needed to address issues of perceived experience, trust, commitment and customer orientation in

relation to each of the partnership roles: resource generation, regulation, usage and human resource deployment.

Main research findings

The following presents an analysis of the findings with a view to identifying any differences between the three theatres in terms of perceptions of organisational issues, level of success and degree of strategic orientation. Further, it seeks to identify whether a relationship marketing approach is being followed by any of the three theatres studied in detail. A relationship audit of each theatre's relationships with its various "customer" groupings was undertaken for this purpose.

Perceptions of organisational issues

There was a consistency of perceptions on all organisational issues for theatre B but there were differences in perceptions amongst internal and/or external parties on a number of issues for both theatres A and Y. Examples of these are shown in Table III.

Measurement of success

Table IV presents the variety of indicators of success proposed by the various respondents.

If those indicators agreed upon by all theatres and those agreed upon by formal regulators are used, four criteria are identified: quality of work, box office, social inclusion and effective board ("high profile" was an indicator offered by the commercial sponsor but as not all theatres have sponsorship, this indicator was not used). Each theatre's performance on these can be mapped according to interview responses. Figure 2 displays the results of this exercise.

Although such interpretations need to be treated with caution, Figure 2 suggests that Theatre B could be considered to be the most successful, followed by A and Y.

Based on the conceptual model proposed, theatre B should be more strategically oriented and pursue a greater relationship marketing approach than the other two theatres. In order to assess whether this is indeed the case, the findings from the research on the relationships each theatre has with its various "customers" were further analysed. A number of key elements that researchers have found to exist in successful relationships have been highlighted: customer empathy/orientation (Palmer, 1997; Williams, 1998), experience/satisfaction (Rusbult and Buunk, 1993; Ganesan, 1994), trust/commitment (Miettila and Möller, 1990; Morgan and Hunt, 1994; Takala and Uusitalo, 1996) and effective two-way communication (Holmlund and Törnroos, 1997; Selnes, 1998). The degree to which these were found to exist for each theatre with its various stakeholders were assessed.

Interviews with internal and external respondents were analysed to ascertain whether one-way or two-way relationships existed between each theatre and its stakeholder types and the strength of the relationship elements between a theatre and stakeholders were interpreted. The secondary empirical research was analysed to interpret the strength of these relationship elements for each theatre with its theatre attendees and the content analysis was used to assess the type of communication (one-way or two-way) used by each theatre in its communication with regular and potential attendees.

	Theatre A	Theatre Y
Differing perceptions of organisation	"We see ourselves as a management team" (A's Artistic Director) and "there is still a homely, family feel to the place for both staff and audiences" (A's Theatre Manager) but "the organisation structure is loose and flat with a large senior management team" (Marketing Director) and "theatre A's organisation is driven by the artistic team and Board and tends to be complacent when things are going well and extremely conservative when things are going badly" (Representative of the NWAB)	"We have a successful partnership at the top" (Chief Executive and Artistic Director) but "we need to see more of a working partnership" (Representative of the City Council)
Differing perceptions of mission/vision	"We want be more forward thinking and emphasise the 'new'" (Artistic Director) and "Our mission involves innovation and new art" (Executive Director) but "Theatre A looks like an old-fashioned repertory company with an old fashioned repertory Board. The programme has for short periods been more ambitious and experimental but it has now returned to its old position with a traditional repertoire" (Representative of NWAB)	"Our vision has changed towards meeting the needs of a bigger core audience for funding purposes" (Chief Executive) and "our vision relates to quality and diversity" (Artistic Director) but "the theatre had tended to be rather 'self-absorbed' and artistic director driven" (Box Office Manager) "in reality, the theatre's mission is about survival" (Representative from City Council)
Differing indicators of success	"High quality of work and box office" (Executive Director) "income targets are important" (Marketing Director) "our direction should not be compromised to satisfy funding criteria" (Artistic Director) "success depends on building successful relationships with staff, actors and the audience" (Theatre Manager) "impact on the community" (AGMA representative)	"Audience growth and development" and "good quality will lead to an increase in audiences" (Chief Executive) but "ticket sales are not evidence of quality" (Artistic Director) "if people enjoy the performance (which is a measure of quality), more audiences will attend in the future" (Box Office Manager) "survival is the key issue so satisfying funding bodies is our major indicator of success" (Marketing Manager)
Differing perceptions of audience development	Consistent perceptions amongst respondents: "Acquiring new audiences and retaining present audiences"	"There's a need for a balance of present and new audiences" (Artistic Director and Chief Executive) "audience development is a bureaucratic concept used by funders and isn't appropriate to us" (Marketing Manager)

Table III.
Perceptions of organisational issues

| Criterion	Source
Quality of work	Theatres A, B, and Y
Gaining committed staff	Theatres A and B
Box office	Theatres A, B, and Y
Quality of experience	Theatre B
Audience satisfaction	Theatres B and Y
Popularity	Theatres B and Y
Financial success overall	Theatre Y
Gaining external funding:	Theatre Y
Social inclusion	NWAB, local authorities
Effective board	NWAB, local authorities
High profile	Commercial sponsor

Table IV.
More detailed indicators
of theatre success
(theatres A, B, and Y)
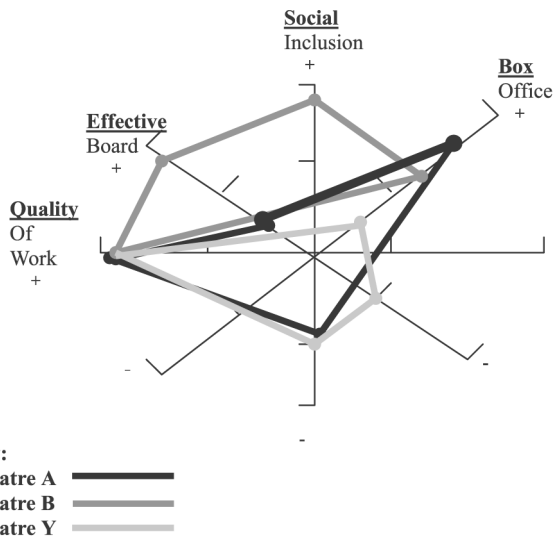
Figure 2.
Each theatre's position on
four common success
criteria

Relationships with the audience

Interpretations were made about the constituent elements of relationships each theatre has with its attendees. Two main categories are used: "theatre to audience" which refers to the relationship between the theatre and its audience (in all cases findings from interviews and content analysis of theatre publicity are summarised) and "audience to theatre" which refers to audience perceptions of the relationship.

Findings indicated that although theatre A interviewees believed that attendees had a positive experience and were satisfied with the theatre, there seemed to be little engagement with those other than a small group of regular attendees. Theatre Y respondents displayed a one-way approach which was rather conventional and impersonal. In contrast, theatre B findings indicated more of a two-way relationship between the theatre and its audience.

Tables V, VI and VII summarise the overall findings regarding the relationship elements for theatres A, B and Y respectively and their audience where "audience to theatre" findings on the part of theatres A and Y are interpreted from their own empirical research.

Table VIII attempts to summarise the above findings further. The three theatres are compared based on a judgement of the strength of each of the various relationship elements: customer empathy/orientation, experience/ satisfaction and trust/commitment. An interpretation of the predominant type of communication between each theatre and its audience is also suggested.

Relationships with the funders/regulators
Interviews with representatives of the theatres and their regulators indicated that the relationship between both theatres A and Y and their respective regulators were characterised by low customer empathy on the part of the theatre, poor experience and low satisfaction on the part of regulators, low mutual trust/commitment and one-way communication. In contrast, theatre B's relationship was characterised by high customer empathy on the part of the theatre, positive experiences and high levels of

Theatre to audience	Interviewees believed that attenders had a positive experience and were satisfied with the theatre "We need to bring the audience along with us through offering a mixed repertoire and we are doing this" (Artistic Director) "We have good links with schools and other educational institutions" (Executive Director) "We show consideration for our audience without patronising them" (Theatre Manager) However, the tone of theatre A's communications could be interpreted as being of a reserved, formal and informative nature: "hello" rather than a personalised greeting "you and your guest are invited to" rather than "we invite you" "renew", "order", "book", "don't forget" There seemed to be little engagement with those other than those who were older and well educated: "eclectic", "irascible" "our education programme invites you to …" Therefore communication tended to be one-way (from interviews and confirmed by content analysis), formal and targeted at well educated professionals
Audience to theatre:	Lack of customer empathy in terms of understanding general attender motives Perception of what the theatre does is unclear but generally overall satisfaction with what the theatre provides The theatre was most successful with those who had a long-term relationship and was not attracting many new members There seemed to be a high degree of commitment to regular attendance (with an emotional bond) Some new members gained information from word of mouth suggesting a degree of trust on their part Respondents were generally satisfied with the theatre but there were indications that some were concerned over the controversial nature of some of the productions

Table V.
Theatre A's relationship with its audience overall

Theatre to audience	All internal interviewees speak of two-way relationships and the importance of evaluation and feedback from the audience (forums and informal feedback via staff and evaluation of publicity): "Many different types of people have contact with us and so quality of experience is important" and "relationship development and collaboration are important" (Chief Executive/Artistic Director) "Effective communication with the audience is vital in developing relationships" (Head of Marketing and Public Affairs) "The relationship with the audience is important to ensure 'participation'" within the theatre" (Customer Services Manager) The general view is that the theatre should be seen as a quality theatre for young people by young people The content, tone and style of publicity material seemed to reinforce this Uses "for you/r" more than any other theatre Tone and style clearly attempt to engage the reader: "we have news for you!", "bring your friends", "experience", "express yourself and work with ...", "get involved ..." "fun and inspirational" Abundant use of question marks, usage of capital letters and colloquial words and phrases: "get into ...", "info, movin, tryin, provin, raisin" Emphasis on the social/relationship: "young people like you", "... would like to collaborate ..."
Audience to theatre	Customer empathy/ orientation is high Audience experience is positive Satisfaction is high Two-way communication between the theatre and its audience Levels of trust and commitment are difficult to assess

Table VI.
Theatre B's relationship
with its audience overall

Theatre to audience	Theatre Y respondents display a one-way perspective. There is little reference to relationships and although there is some indication of the need to understand the audience, this is merely to target them for communications rather than build relationships "Different communications for different segment" (Chief Executive) "We simply need to inform people of what is happening" (Artistic Director) Content, tone and style of the publicity was very conventional and impersonal: "invitation to" rather than "you are invited to ..." "please join us", "kindly" and language used was more likely to appeal to an educated audience: "contemporary", "relevant" Publicity was targeted at older educated professionals and emphasised funding issues: "witty and provocative insights into life and the human condition", "funded by the national lottery", "the successful bid to the arts council"
Audience to theatre	Positive experience/satisfaction but low trust in terms of choice of productions offered Expectations were rarely exceeded Communication and customer service were both seen as areas for improvement

Table VII.
Theatre Y's relationship
with its audience overall

satisfaction on the part of the regulators, high levels of mutual trust/commitment and two-way communications.

Table IX offers some examples of responses that demonstrate the lack of congruence between the views of theatre A and theatre Y's senior managers and their

	Customer empathy/orientation	Experience/ satisfaction	Trust/ commitment	Communications
Theatre A	High (the theatre knows this audience well)	High (audience generally satisfied with what is produced)	Medium (high commitment to regular attendance, but low commitment in terms of support for the theatre. Concerns shown over controversial plays (i.e. low trust)	One-way
Theatre B	High (clearly identifies with its audience)	High (interpreted from external respondents and attendance)	Difficult to assess due to lack of data	Two-way
Theatre Y	Medium (knows its core audience wants but its attempt to "educate" can alienate)	Medium (happy with productions but little else)	Low (concerns over choice of production)	One-way

Table VIII.
Summary of relationship elements for all three theatres

Theatre A	Theatre B	Theatre Y
"Collaboration should not be forced on organisations" Executive Director "There is a degree of arrogance and insularity. They felt that they did not need or indeed want, to collaborate with other theatres" AGMA representative on A's Board "They see us as more of a distraction rather than as a 'customer'" Representative of the NWAB	"Our goal overall was to reach new audiences within the youth target and this set the tone for our funders" Chief Executive/Artistic Director "We have a healthy relationships with the Board and the Board is very representative of other groups" Representative of the NWAB "It is always responsive to a variety of requests from a variety of stakeholders" AGMA representative on B's Board	"We have a good relationship with the NWAB." Chief Executive "They say that quality is paramount but many do not see the work" and: " I don't know what funders" perceptions of quality are" Artistic Director "The Arts Council are just 'bureaucrats.'" Marketing Manager "There is a need for a balance between artistic vision, what audiences want and what the funder wants" Box Office Manager "We have always put our hands into our pocket to solve the problem rather than questioning the real causes. We have not done the theatre any favours" Representative of the City Council

Table IX.
Example views regarding theatre relationships with funders/regulators

respective funders as well as responses that display the commonality of views for theatre B.

Relationships with employees
Interviews with artistic directors and their employees indicated that relationships between directors and employees for both theatre A and theatre B could be interpreted to involve a high level of customer empathy on the part of the theatres overall, positive experience and general satisfaction on the part of the staff, high levels of mutual trust/commitment and two-way communication.

For theatre Y, however, the relationship would seem to be characterised by low customer empathy on the part of the theatre, poor experience and low levels of satisfaction on the part of staff, low mutual trust/commitment and one-way communication.

Table X offers examples of responses which demonstrate the congruence of perceptions amongst theatre A and B respondents and the incongruence of views that exist within theatre Y.

Discussion
Figure 3 suggests that in terms of success, using a combination of indicators, theatre B is the most successful of the three theatres, followed by theatre A and theatre Y. There is a suggestion that the application of a relationship marketing approach, rather than a transactional one, is more likely to lead to success. A relationship marketing approach attempts to build mutually beneficial relationships with a variety of "customer" or "stakeholder" types. Research data has been analysed in terms of those elements that characterise successful relationships, namely customer empathy, experience/satisfaction, trust/commitment and effective two-way communications. Table XI summarises the findings for all three theatres on these elements for each of

Theatre A	Theatre B	Theatre Y
"Employee pay and conditions are vital" Executive Director "The working environment is more important than pay" Artistic Director "All staff, including the cleaners, feel that they belong. They come and see the shows, and consider themselves to be part of a bigger family" and "The theatre has an induction tour for new staff in which all departments are explained and every three months they have a 'grand tour'" Theatre Manager "The job is self-motivating and that is what working in the arts is all about" The Marketing Director	"I accept that staff are all under a good deal of pressure and I must try to overcome the perception that attendance is a measure of commitment. Success of the organisation should be judged on outcomes rather than inputs" Chief Executive/Artistic Director "We are less departmentalised compared to other theatres" Customer Services Manager "Staff motivation is high due to enthusiasm, a strong team and open communication between departments" Head of Marketing and Public Affairs	"motivation comes from the job itself, (although this is not so in all departments)" and "I respect staff until I lose respect and then I tell them why that is" and "An emotional commitment produces an emotional return but this isn't always the case" Artistic Director "There is no formal system for ensuring motivation and each department maintains its own staff motivation depending on the management of the particular departments" Box Office Manager

Table X.
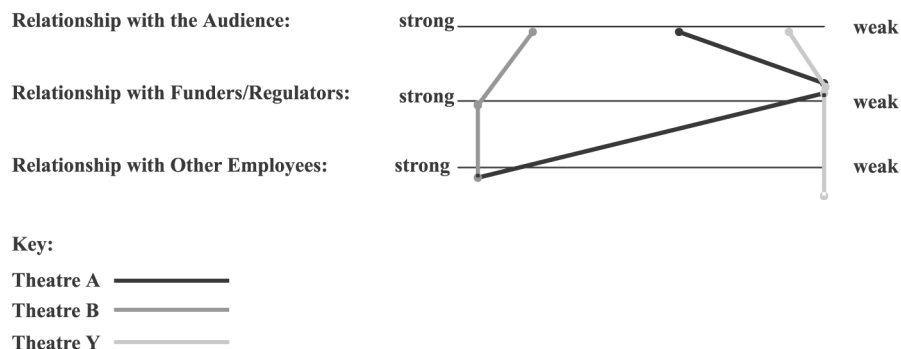Example views regarding theatre relationships with employees

Relationship with the Audience: strong — weak

Relationship with Funders/Regulators: strong — weak

Relationship with Other Employees: strong — weak

Key:

Theatre A ▬▬▬▬▬
Theatre B ▬▬▬▬▬
Theatre Y ▬▬▬▬▬

Figure 3.
Relationships of theatres
A, B and Y with each of
the key stakeholder
groupings

	Customer empathy	Experience/ satisfaction	Trust/ commitment	Communication	Relationship
Theatre A's relationship with its audience	High	High	Medium	One-way	Medium
Theatre A's relationship with funders/regulators	Low	Low	Low	One-way	Weak
Theatre A's relationship with other employees	High	High	High	Two-way	Strong
Theatre B's relationship with its audience	High	High	Lack of empirical data	Two-way	Medium-strong (due to lack of empirical data on trust/commitment)
Theatre B's relationship with funders/regulators	High	High	High	Two-way	Strong
Theatre B's relationship with other employees	High	High	High	Two-way	Strong
Theatre Y's relationship with its audience	Medium	Medium	Low	One-way	Medium-weak
Theatre Y's relationship with funders/regulators	Low	Low	Low	One-way	Weak
Theatre Y's relationship with other employees	Low	Low	Low	One-way	Weak

Table XI.
Strength of relationship
each theatre has with
each stakeholder type

the stakeholder types and for each theatre and each stakeholder type. A judgement as to the strength of each relationship is made. A relationship with a particular stakeholder grouping is designated as "strong" if each element (customer empathy, experience/satisfaction, trust/commitment) is high and where there is two-way communication. A relationship is weak where each element is low and where communication is one-way. The problem arises when attempting to categorise a relationship where there is a combination of high and low elements or when elements are high but there is a tendency for one-way communications.

In the case of theatre A's relationship with its audience, trust/commitment could be said to be medium as there is high commitment to regular attendance, but low commitment in terms of support for the theatre. Concerns were also shown over controversial plays being performed thus affecting audience's trust. There is also evidence from the research that one-way communication tends to be taking place. For these reasons, this relationship is placed in the "medium" category.

Theatre B's relationship with its audience is designated as "medium to strong" as there is a lack of evidence from any objective source regarding the audience's trust and commitment to the theatre. However, all other elements are high and communication would seem to be of a two-way nature. A judgement, therefore, has been made that the relationship overall is likely to be at the "strong" end of the continuum.

Theatre Y's relationship with its audience is designated as at the "medium to weak" end of the continuum as the elements of customer empathy and experience/satisfaction are in the "medium" category and trust/commitment is low. Communication is also of a one-way nature. Customer empathy has been deemed as "medium" because although the theatre knows its core audience's wants, its attempt to "educate" this audience by producing controversial plays may alienate this group. Experience/satisfaction is "medium" as audiences are happy with the quality of productions generally but are happy with little else within the theatre. Trust/commitment has been designated as low as there are concerns over the choice of productions offered.

These composite judgements as to the strength of each theatre's relationships can be mapped onto the three stakeholder dimensions (see Figure 3).

Theatre B overall would seem to have the strongest relationships with its stakeholders, theatre Y has the weakest and theatre A in-between the two. Theatre A's position is due to the poorer relationships it has with its audience and funders/regulators as compared to theatre B.

The "wheel" conceptual model would seem to successfully pictorially represent the relationships that exist between a subsidised theatre and its stakeholders. However, the model was modified as a result of the research and the term "regulation" has been replaced with the term "influence". This term is similar to that used by Christopher et al. (1991) in their consideration of "influencer markets" and incorporates the formal regulation process plus the more informal influence of other parties. The top right cell of the model now displays the relationship between the artistic director and those who influence the theatre's activities (either through formal regulation or informally). The parties that perform this function remain the same as in the original model.

Figures 4, 5 and 6 apply the model to each theatre based on the findings of the research.

The extent to which the three theatres were successful was shown in Figure 2 where theatre B was considered the most successful, theatre Y the least and theatre A

Direction and strength of communication flow
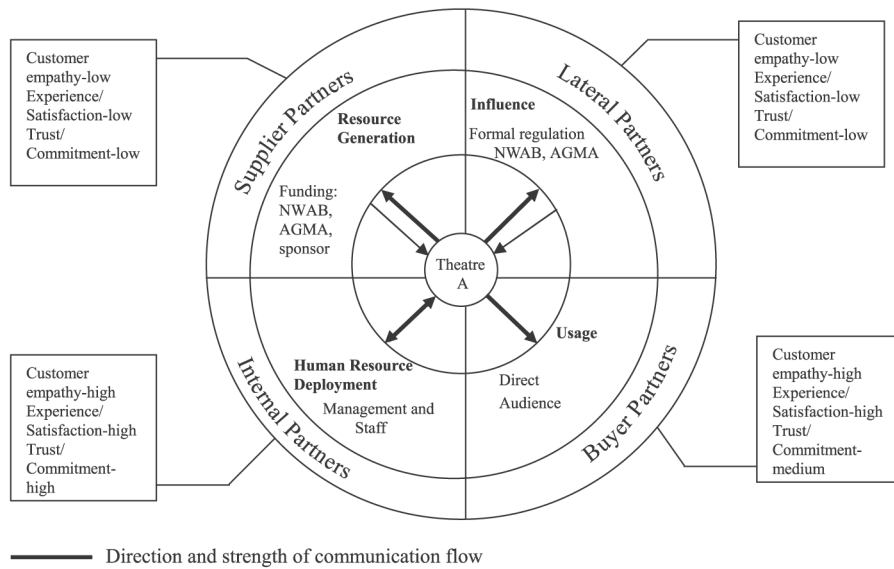
Communication with funders/regulators: one-way for each party with little dialogue between the parties
Communication with other employees: two-way with staff actively being involved
Communication with audience: one-way with little opportunity for engagement

somewhere in-between. The same pattern exists for theatre relationships with stakeholders. This suggests a possible link between relationship marketing and success. The application of a broader relationship marketing approach may lead to theatre success. However, it must be noted that this research does not confirm causality. The proposition for the research was that the more a relationship marketing approach is used, the greater the strategic perspective. This strategic perspective overcomes the over-emphasis on short-term tactical actions (with marketing merely being seen as publicity) and enhances theatre effectiveness. The research findings suggest that theatre Y tends to display a short-term tactical perspective and theatre Y has been assessed as the least successful of the three theatres on the criteria of quality of work, box office, effective board and social inclusion. In contrast, the research findings suggests that theatre B has a strategic long-term perspective in its dealings with all of its stakeholders and has been identified as the most successful on the four criteria. Theatre A seems to be somewhere in-between. Theatre A's problem would seem to be its relatively poor relationship with its funders/regulators. The theatre does have a strategic perspective but there seems to be a great deal of pressure to satisfy its core audience. This audience tends to comprise the more mature professional who may prefer a more traditional repertoire. Given the high profile of the theatre externally and its high status perceived by its internal staff, there is a belief that there is less reliance on external bodies than is the case with other theatres. Theatre A has therefore moved away from its mission of "the new". Such action seems to have affected two of the indicators of success, social inclusion and effective board that are indicators set by external stakeholders. External stakeholders' perceptions of theatre A's performance
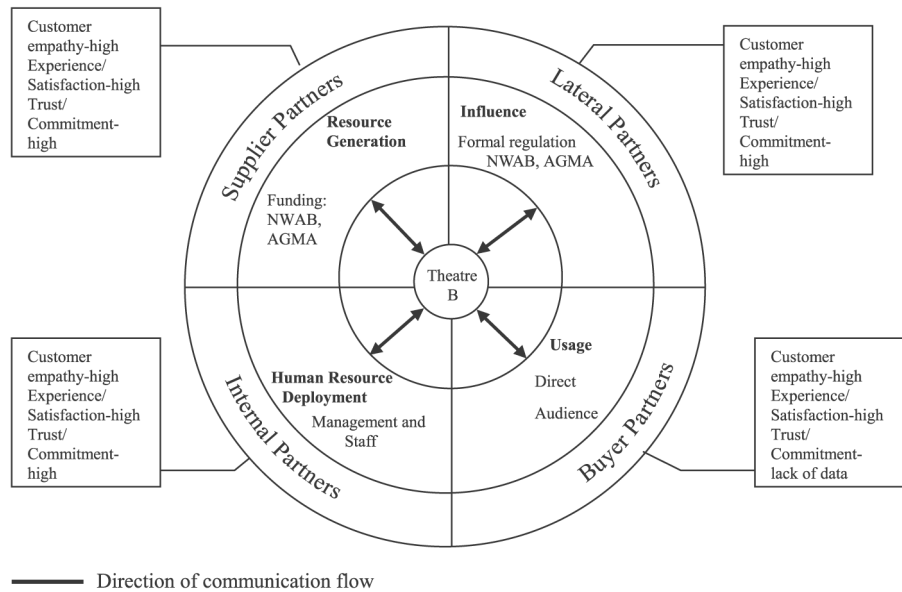
Direction of communication flow

Figure 5.
Theatre B's relationships
with its stakeholders

Communication with funders/regulators: two-way with regular dialogue between the parties

Communication with other employees: two-way with staff actively being involved

Communication with audience: two-way with opportunity for feedback and engagement

using these criteria tend to be negative and thus these are aspects where the theatre could be considered to be under-performing. The indicators of box office and quality of work are not a problem for theatre A at present but it still needs financial support from other agencies and failure in relation to social inclusion and effective board could lead to difficulties for the theatre in the future.

There does, therefore, seem to be a link between having a strategic perspective and theatre success. However, whether strategy leads to success or vice versa is difficult to assess. Similarly, there is a clear link between a strategic orientation and relationship marketing. This is not surprising since the application of relationship marketing must by definition be a strategic approach. Developing and maintaining long-term relationships cannot be short-term and tactical.

The analysis of findings, therefore, does suggest that the theatre that uses a relationship marketing approach is the most strategic and the most successful. The role of the artistic director is clearly important here. In all three cases, it is the artistic director that is the strategic driving force. In the case of theatre B, there seems to be a synergy between the artistic director's role and the theatre's strategic direction. In the case of theatres A and Y, it is clear that compromises have been made between what the artistic director wants to do and what stakeholders require. In such circumstances, theatre success may be compromised.

Although this research is limited to a case study analysis of three theatres, it does seem to provide evidence to suggest that building strong relationships with stakeholders other than end users can be advantageous to subsidised performing arts

Customer empathy-low
Experience/ Satisfaction-low
Trust/ Commitment-low

Supplier Partners

Resource Generation

Influence

Formal regulation NWAB, AGMA

Lateral Partners

Customer empathy-low
Experience/ Satisfaction-low
Trust/ Commitment-low

Funding: NWAB, AGMA, sponsor

Theatre Y

Human Resource Deployment

Management and Staff

Usage

Direct

Audience

Internal Partners

Buyer Partners

Customer empathy-low
Experience/ Satisfaction-low
Trust/ Commitment-low

Customer empathy-medium
Experience/ Satisfaction-medium
Trust/ Commitment-low

—— Direction of communication flow
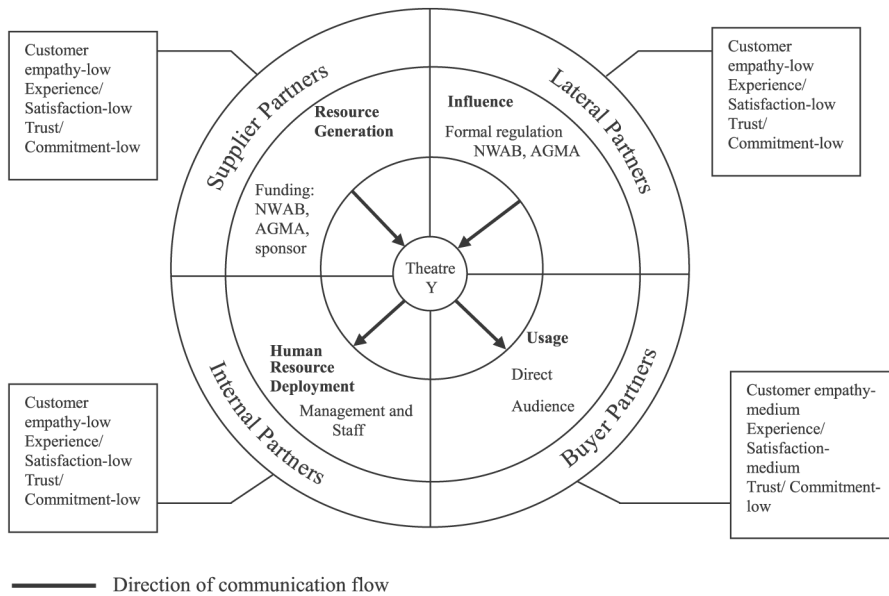
Communication with funders/regulators: one-way with the theatre being strongly influenced by external regulators

Communication with other employees: one-way with little staff involvement

Communication with audience: one-way with little feedback or engagement

Figure 6.
Theatre Y's relationships with its stakeholders

organisations. Producing a clear strategy that takes into consideration end users, funders, regulators and staff would seem to be the way forward for such organisations. Relationship marketing itself is a strategic approach and cannot be a short-term panacea as relationships need to be developed and maintained over a period of time. Seeing marketing as synonymous with promotion is likely to be short-sighted and counter-productive for performing arts organisations where marketing needs to be seen as a means of identifying with whom an organisation wishes to have a relationship and to acquire information on such groupings' needs and requirements. End users are clearly not the only group to be considered as "customers". Other stakeholders should also be considered, attempts made to produce long-term goals that are consistent with a variety of stakeholder types and, through effective two-way communications, relationships should be developed and maintained. It is likely that this approach could be successful for the subsidised arts generally and indeed for all those organisations in the not-for-profit sector where those who pay do not necessarily receive the service.

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