

Understanding competition and service offer in museum marketing

Comprensión de la competencia y de la oferta de servicios en el marketing de museos

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Abstract

Purpose – The purpose of this paper is to explore the current role of competition as one of the neglected aspects of museum marketing management. It also aims to discover whether museum professionals consider museums to be market immune and to find out what they think about the role of competition in creating and managing their existing and new services.

Design/methodology/approach – The theoretical part of the paper is based on a review of the literature from the multidisciplinary field of arts and museum marketing management. The exploratory qualitative research included 17 museum professionals and was carried out in 17 museums in one EU emerging market country.

Findings – Museum professionals are not aware of the competition, or they tend to ignore its existence. They consider the preservation of objects (exhibits) to be equally or even more important than providing services. However, additional services become important. Although some museum professionals try to engage visitors in the active creation of museum experience, most are still conservative in such terms.

Research limitations – The primary research limitations are related to intentional, convenience sample and the perspective of one employee (marketing manager or museums' director).

Originality/value – Research findings provide valuable insights for both marketing academics and professionals engaged in the museum marketing management field. The contribution of the paper is also contextual as it helps to bridge the gap existing in museum marketing management research in the context of the emerging markets.

Keywords Museum marketing management, Competition, Services, Emerging market

Paper type Research paper

Resumen

Propósito – El objetivo de este trabajo es explorar el papel actual de la competencia, como uno de los aspectos que ha recibido escasa atención en la gestión del marketing de museos. Además, busca descubrir si los profesionales de museos consideran los museos inmunes al mercado, y conocer cómo reflexionan sobre el papel de la competencia en la creación y la gestión de los servicios existentes y los nuevos.

Diseño/metodología/enfoque – La parte teórica del trabajo se basa en la revisión de la literatura del campo multidisciplinario de la gestión de las artes y del marketing de museos. La investigación cualitativa exploratoria ha incluido 17 profesionales de museos y se ha realizado en 17 museos, en un país emergente de la Unión Europea.

Resultados – Los profesionales de museos no son conscientes de la competencia, o tienden a ignorar su existencia. Consideran la conservación de objetos (exposiciones) igual o incluso más importante que la

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prestación de servicios. Sin embargo, los servicios adicionales están ganando en importancia. Si bien algunos profesionales de museos tratan de involucrar a los visitantes en la creación activa de la experiencia del museo, la mayoría de ellos todavía son conservadores con respecto a esta idea.

Limitaciones de la investigación – Las limitaciones principales de la investigación se refieren a la muestra intencional de conveniencia y el punto de vista de solo un empleado (gerente de marketing o director de museo).

Originalidad/valor – Los resultados de este estudio proporcionan información valiosa tanto para los académicos de marketing como para los profesionales que trabajan en el campo de la gestión de marketing de museos. Además, la contribución de este trabajo es contextual puesto que ayuda a llenar el vacío existente en la investigación de la gestión de marketing de museos en el contexto de los mercados emergentes.

Palabras clave gestión de marketing de museos, competencia, servicios, mercado emergente

Tipo de documento Trabajo de investigación

1. Introduction

Marketing and museums have a long relationship, rife with dilemmas and prejudices about the way in which marketing could (should) be accepted in museums' practice. Some of these dilemmas are due to the specific nature of arts, which has led to vivid debates between museum professionals (curators, marketing managers, directors) and scholars. Also, more recently, tensions have been evident in the western world regarding the purpose of museums (Lehman, 2009). Balloffet *et al.* (2014, p. 4) have stressed that "radical changes are currently taking place in heritage institutions" such as traditional museums, but also in institutions like planetariums, historical monuments, nature parks, and the like. Fear exists, and it has increased by tremendous changes, which occurred in a museum environment and forced museums to embrace marketing as part of the solution.

The fact is that the museum profession does not universally accept marketing (Lehman, 2009) and some scepticism and confusion is present. Cole (2008) points out two major forces leading museum professionals to embrace marketing more actively. First is the need to generate higher numbers of visitors, so that museums can justify their financial (in) dependence from the government. Second is the desire to become people-oriented (i.e. visitor-oriented) and to place public service at the core of the museum's (educational) mission.

Obviously, museums' "relationship with marketing thought and practice is complex and contested" (Neilson, 2003, p. 17). Museums "need marketing because they face substantial competition in the leisure-time marketplace" (Kotler *et al.*, 2008, p. 21). Nowadays, museums pursue commercial goals, as they offer visitors an alternative leisure activity, in order to achieve financial goals (e.g. increased number of visitors and their revenue) (Camarero and Garrido, 2012). As pointed out by Hughes and Luksetich (2004, p. 203), "because of increased competition and government cutbacks, non-profits will be forced to place more reliance on commercial ventures." Also, in many countries, the government has shed its role as a key financier and in some cases, museums have become independent (Van Aalst and Boogaarts, 2002).

Apart from affiliating to the non-profit sector, museums are part of the service sector and tourism. Many cities, regions and countries compete to attract visitors and investors by building an image of the desirable destination, and they frequently rely on their heritage and cultural activities in that process (Altınbaşak and Yalçın, 2010). Museums provide different services to visitors (domestic and foreign) and deliver experiences. Nevertheless, many museum professionals still fear that an experiential approach will contradict museums' objectives as educational institutions (Ober-Heilig and Bekmeier-Feuerhahn, 2014).

Some of the biggest museums' concerns were and still are related to the sources of their funding and to the potential threat that will force them to change and compromise their mission and goals. Often museums do not see the opportunity of shifting their focus from "products and collections" to "services and visitors." Furthermore, museums are often not prepared to compete with other museums and heritage institutions and certainly not ready to enter the experience economy in the twenty-first Century.

Due to the importance of more closely addressing the specifics of competition in the new, changing and demanding environment of the museum business, our general research question is whether museum professionals are still immune to marketing when deciding about museum orientation (visitor or/and custodial) and market (economic) performance. More precisely, we seek for answers to two research questions:

- RQ1.* What is the role of competition in marketing management of museum products and services?
- RQ2.* How are the creation and marketing management processes of the new and existing museum services carried out?

Our aim is to improve the understanding of the contemporary marketing management in the context of the particular arts marketing field (museums) and market (EU emerging market country).

The structure of the paper is as follows: after the introduction, we discuss theoretical contributions about museum marketing management, museums' changing environment related to institutional transformations, rising competition and the emergence of contemporary trends in cultural and entertainment fields. The following section describes the research methodology and findings of an exploratory qualitative research. Finally, we present the conclusions, research limitations, and recommendations.

2. Theoretical framework

2.1 *Museum (marketing) management*

In the marketing literature, museums are usually studied as a part of the non-profit and service sectors (McLean, 1994; Gilmore and Rentschler, 2002; Kotler *et al.*, 2008; Altınbaşak and Yalçın, 2010; O'Reilly, 2011). From a theoretical point of view, they are different from other services and non-profit organizations. As "museums operate at various levels within the non-profit/public sector (national, state/provincial and local/municipal) and serve various audiences (e.g. museum patrons, the general public, internal audiences, and their political masters) they strive to accomplish multiple roles (e.g. education, research, exhibition)" (Neilson, 2003, p. 17). Historically, museums were object-focused, and their directors had a custodial role (Lehman, 2009). Today, the visitor focus has gained increasing attention in museums. To attract more visitors, satisfy their expectations and adapt to market demands, museums have begun managing the existing services and introducing new ones.

Museums are different from other services because the interaction is more complex (McLean, 1994). The service often called "museum product" or even "museum service product" is a complex concept for museums and their managers. The product orientation, however, is backed up by its arts marketing theory, while practitioners views may provide clues as to their primary sympathy toward the products (Lee, 2005); i.e., objects or exhibitions. Lee (2005, p. 290) explains how there is a "romantic belief in the value of arts and "product authority" over the consumer." Traditionally, museums have placed their emphasis on caring for their collections, giving little attention to serving the needs of customers (Harrison and Shaw, 2004). According to Ober-Heilig and Bekmeier-Feuerhahn (2014), the core service of a museum is to exhibit cultural objects and to impart knowledge. Museum professionals often consider education to be central to the entire museum service experience (Komarac *et al.*, 2014). The museum "service product" is delivered in a physical environment or site, encompassing land or building space, shape, lighting, means of directing or orientating the visitor, and methods of stimulating interest and involvement (Gilmore, 2003). Hill *et al.* (2000) suggested four levels of product-service experience in arts: core benefit (i.e. esthetic, emotion); central experience (i.e. atmosphere, venue, staff);

extended experience (i.e. ancillary products, sponsorships, catering); and potential experience (i.e. touring promotion, volunteer). There is no doubt that a museum experience has to be much more than the core product. It should embrace many aspects of museum service: covering services, its programs, facilities, and safety (Conway and Leighton, 2012). Lehman (2009) points out how interdepartmental cooperation is necessary to deliver an excellent museum service. "The effectiveness and quality of museum service offering depend on the attention to detail of all aspects. These dimensions of museum service delivery can be expanded and adapted to suit different museum service situations and contexts, depending on the nature and purpose of the museum" (Gilmore and Rentschler, 2002, p. 749). Colbert (2014) stresses the fact that chief curators or artistic directors are professionals who decide on the institution's program. Consequently, the head of marketing has no control over the product because this variable is (completely) out of his reach.

Different authors propose a different approach to the concept of the marketing mix for museum services. McLean (1994) is among the first authors who proposed 7Ps for museum services (i.e. product, price, place/distribution, promotion, people, process, and physical support). She also pointed out how services marketing theory cannot be generalized to all services, especially not to museums. Later, Rentschler (2002) suggested the eighth element (P) called "persistence" – referring to audience research which identifies how visitors are encouraged to visit more often. However, Kotler *et al.* (2008) proposed 5Ps, by adding "people" to traditional 4Ps. No matter their choice of different elements from the museums marketing mix, all the authors mentioned above agree that museums need to manage the entire marketing mix, to deliver better services and experiences to visitors.

2.2 Institutional transformation of museums and competition in museum environment

Museums were for a long time traditional organizations, ruled by their values, regardless of changing market conditions. Their resistance to change was partially due to their nature and government cultural policy. Governments all over the world started to change their cultural policies in the 1980s. New cultural policies were increasingly pushing museums toward markets (so-called marketisation policy) (Lee, 2005). Also, at the same time, many governments started with administrative reforms and rhetoric to embrace the global paradigm of New Public Management. The aim was to redesign public museums in many countries with an emphasis on efficiency and continuous improvement (Herguner, 2015). The changing of cultural policies has put additional political pressure on the arts sector (Lee, 2005), especially for publicly financed museums which have traditionally been less exposed to market principles (Kawashima, 1999).

Two main strands of policy influence museums and create additional pressure on museums to generate more funds on their own: the role of public funding and the regulatory role of governments (Johnson and Thomas, 1998). As pointed out by Gilmore and Rentschler (2002), governments ask for greater accountability for the money they grant to museums. The reconstruction of the museum public sector in some countries, began long ago (e.g. Great Britain, USA), while in other countries (e.g. Croatia), it has not even began. Examples from Great Britain show how public policy played a significant role in shaping the environment by setting rules and regulations and providing funding (Lee, 2005), leading to museum sector modernization. Other examples of countries like Turkey show how, despite intensive administrative and legal reforms in the last three decades, the museum public sector is still highly fragmented and centralized (Herguner, 2015).

More recently, International Council of Museums (ICOM) has informed how the economic crisis produced dramatic effects on cultural activities and museums in many countries in Europe and the European Union (ICOM Croatia, 2016). In ICOMs' appeal to the European

Parliament and Commission in 2013 they presented three action priorities to be addressed for the sustainable management of museums and cultural heritage:

- (1) the global economic crisis produced dramatic effects manifested as a dramatic decrease in public and private financial support;
- (2) museums are unique resources for economic development and society; and
- (3) the economic crisis and the new, significantly changed role of museums in many countries.

Many museums around the world “have been struggling to cope with a shift in their basic operating philosophy from the publicly supported cultural repository to the market-oriented private sector entertainment/tourism industry” (Neilson, 2003, p. 17). One of the main problems is that non-profit organizations like museums “tend to ignore the competition in a manner indicative of naively adopting new behavior instead of applying true marketing” (Kotler and Kotler, 1998, in McNichol, 2005, p. 241). But, “the increased intensity of competition and changing visitor behavior have forced museums to seek new sources of competitive advantage” (Evans *et al.*, 2012, p. 1472). Therefore, museum management is under changing pressure because it leads (in some way) to the conflict in the primacy of museum function (Hume and Mills, 2011).

Managing competition in a museum environment is a very challenging endeavor, especially for museum professionals who decided to ignore its existence in the education-entertainment arena. “As many consumers are cutting back on their discretionary expenses, finding new ways to attract patrons to attend an exhibition becomes an imperative for museums and art establishment” (Gofman *et al.*, 2011, p. 602). Museum competition is diverse and extent, e.g., museums compete with “aquariums for family outings and with books and educational TV for art appreciation and with movies and restaurants as places to socialize” (Andreasen and Kotler, 2002, p. 49). Also, museums compete for museum-going public, as well as for some special exhibitions (Van Aalst and Boogaarts, 2002), for example, from world famous painters (like Picasso, Rembrandt, Miró, and the like). d’Astous *et al.* (2008) stress that many artistic and cultural products are in fact global products, which implies the global competition for museums (e.g. especially in the tourism domain where low costs and the Internet enabled people to compare museums easier and faster).

Kotler *et al.* (2008, p. 55) define four major types of competitive pressure:

- (1) enterprise competitors (e.g. visiting a major downtown art museum rather than visiting a smaller neighborhood art museum or going to a theme park);
- (2) desire competitors (e.g. traveling, reading, and watching TV);
- (3) generic competitors (e.g. learning something by attending a university course instead of participating in a museum lecture); and
- (4) form competitors (e.g. viewing a museum’s art collection on the Internet; viewing it in a commercial gallery).

Also, nowadays, museums compete with other non-profits for donations and government grants. The online survey of non-profit art organizations conducted by Kim and Van Ryzin (2014) reveals that non-profit art organizations with public funding received fewer donations than those without government funding (in average 25 percent less). They pointed out that this is crucial to understand, especially at a time of financial crisis, which typically affects art funding. One of the successful examples of actively engaging visitors, potential visitors, and the general public is The Conservation Project of The Winged Victory of Samothrace in which The Louvre tried and succeeded to collect 4 million euro for the restoration. More than 6,700 individuals took part in the project and have become museum patrons, spreading the word and encouraging others to join (The Louvre, 2015).

In the unstable competitive environment, museums cannot continue to ignore changes, and they have to try to find alternative possibilities, which are more “natural” to them. For instance, Van Aalst and Boogaarts (2002, p. 197) emphasize the fact that “museums, by virtue of their concentration, are able to cooperate more in both the substance and the organization of their work.” According to them, “museum clusters” can handle the marketing of the museum more efficiently (both individually and collectively) and sometimes even at larger scale. Some superstar museums have started to develop museum networks, which allow them to lend their holdings to other museums (Frey, 1998). Museums need to cooperate with local authorities, tourist agencies and organizations in order to create the local museum networks (Siano *et al.*, 2010). Prentice (2001) concludes that museums need to define their position in the market. They can be potential competitors or collaborators of non-institutional facilitators of experiences, as well as those usually recognized.

2.3 New trends – experiential marketing and edutainment

For a museum to be successful, it can offer “a series of services with an aim of attracting an audience and/or facilitate the consumption of cultural services” (Tubillejas *et al.*, 2011, p. 363). Kotler *et al.* (2008), distinguish museum exhibitions according to different degrees of involvement and engagement they are offering, from the simple display of objects to complex and interactive immersive experiences.

Experiential marketing advocated by Pine and Gilmore (1999) explains the need to shift from services to experiences because museums need to deliver memorable experiences to achieve customer satisfaction and competitive advantage. Marketers need to search for opportunities that go beyond direct sensory stimuli (i.e. provision of food, drink, music, visual decoration, and even fragrance) which contribute to overall museum experience (Petkus, 2004).

Frey (1998) points out that, in contrast to the traditional notion of museums as preservers of the past, they are providers of a total experience. According to Goulding (2000), the museum service experience is mediated by sociocultural, cognitive, psychological orientation and also by physical and environmental conditions; these conditions should be interrelated if a museum is aiming to provide a quality experience.

However, Ober-Heilig and Bekmeier-Feuerhahn (2014) warn about scepticism among museum professionals in adopting experiential marketing, because it is not in line with museums mission and goals. By conducting an experiment involving visitors and non-visitors by creating a computer simulation of experiential and non-experiential museum design, they discovered how experiential museum design can help improve museums’ market and societal position.

Mencarelli *et al.* (2010, p. 330) posit “the environment (especially the competitive environment) in which cultural institutions find themselves, should urge them to take account of changes in modes of cultural consumption.” Research conducted by Lagier and De Barnier (2013, p. 6) shows that cultural institutions “want to remain educational and non-commercial institutions,” but at the same time “they have to take economic and marketing pressure into account.” Consequently, many museums gradually shift toward the search for intelligent entertainment, as they find ways of making a visit more of an experience (Van Aalst and Boogaarts, 2002, in Mencarelli and Pullh, 2012).

According to Addis (2005), the consumption of art and culture can be interpreted as a form of edutainment because the visitors can learn and enjoy themselves at the same time. Edutainment, as the convergence of education and entertainment, becomes more and more influential, pushing museums into the entertainment arena. This trend evokes strong sentiments and opinions among museum professionals.

Hughes and Luksetich (2004, p. 204) stress that “non-profits may subjugate their missions in pursuit of commercial ventures, or they may become more business savvy to

support better their unfinanced public endeavors.” Also, Brunel (2006, in Balloffet *et al.*, 2014, p. 4) warns “in their eagerness to boost attendance; museums risk falling into to trap of ‘Disneyfication.’” However, Evans *et al.* (2012) point out that there are misconceptions about museums providing a “Disneyfied” experience. There are, of course, museums that prefer to exhibit their displays in a more conventional manner because they find the Disneyfication of culture dreadful (Camarero *et al.*, 2015). Research conducted by Camarero *et al.* (2015), involving a sample of 491 European museums shows that a more cultural, research-based approach may satisfy one segment of the museum public (e.g. those who are elitist in cultural terms) but not the general public. This lack of visitor orientation can lead to the reduced revenues or even museums’ inability to attract new audiences. Nevertheless, authors such as Rentschler and Hede (2007) advise caution in developing museum offerings for a mass audience.

Mencarelli and Pulh (2012) point out the emergence of a new sector among cultural institutions) and scientific parks, which are called museoparks. According to them, museoparks are becoming new temples of edutainment, because of their design which focuses on the thematisation, spatialization, and scenarization of the experience. Newer reports, such as the one from The Themed Entertainment Association, vividly illustrate changing museums’ position in today’s marketplace. Comparing visits to the museum superstar, The Louvre (with 9 million visitors in 2013), with visits paid to the most commonly visited theme park in the world, Magic Kingdom (with 18.6 million visitors), suggests “people prefer Mickey to Michelangelo” (*The Economist*, 2014). This trend clearly shows that people prefer more experiences in edutainment. At the same time, many museums are “trying to cling to their history and their traditional managerial behaviour” (Addis, 2005, p. 734).

Furthermore, and as suggested by Siu *et al.* (2013), new product development in a museum means both new services and new exhibits. Many museums today offer additional (augmented) services such as cafés and restaurants. Their development has been evident since the 1980s, when, by chance or not, museums have been pressured to attract larger and more diverse audiences (Goulding, 2000). These services have become a visible part of contemporary visitor’s demands and therefore the design of the museum experience (McIntyre, 2008). Lee (2005) points out the possibility (often mentioned in the literature) of applying customer orientation for additional services while keeping the core product intact. For example, according to the study by McIntyre (2010): visitors consider museum shop space to be an integral part of experience during a museum visit, rather than purely as souvenir shops which will generate memories after the visit, and museum cafés and restaurants can be crucial in providing the complete museum experience.

In line with all the above, Colbert and St-James (2014, p. 568) advocate the development of a richer understanding of important issues for arts marketers “whose responsibilities do not encompass the artistic product at the core of aesthetic experience,” but also the service activities surrounding and influencing the core experience. It is evident that museum marketing management becomes more and more challenging, because of the complexity of museum offerings, curators’ pressure and museum marketing managers’ limited influence on museums’ (yearly) programs. Prentice (2001) points out that museums can compete better if they offer authenticity, which is an additional reason for synergy between the curator, the visitor, and the marketing staff.

3. Methodology

The literature review presented served as a theoretical framework for the exploratory research conducted to investigate the role of competition in a museum environment and also to inquire into the process of creating new products and services and managing the existing ones. The aim was to gain insights into the current situation by unveiling museum

(marketing) practices. The overall purpose of the research was to offer valuable suggestions, both theoretical and practical, for scholars and museum professionals, which could help them to better understand the potential opportunities, and as well as threats, in cultural and entertainment environments.

An exploratory qualitative research was carried out in Croatia, which became independent in 1991. First, we conducted a secondary research to ensure that Croatia (European Union member, emerging market country) is suitable for our study. “Although museum legislation existed earlier, in 1998 a uniform legal system was introduced which stipulated museums as independent units, and for the first time provided precise definitions of institutions that could work as museums and care for the movable cultural heritage.” (Museum Documentation Centre (MDC), 2016).

Unlike the USA, where the conventional museum type is a mix of private and public (so-called hybridization, which is a result of the privatization of the cultural institutions (Schuster, 1998), Central and Eastern European (CEE) countries still consider the privatization of the cultural sector. Therefore, museums are either private or public. In Croatia, all museums are public and non-profit, except just one which is private, opened in 2002.

The basis for primary research involved finding data on active museums classified by ICOM. The Report on Museum Visits was provided by the Museum Documentation Centre and included official data on visits per museum, per year. For the purpose of sampling, the Report on Museum Visits from 2011 was used.

Out of 147 museums in Croatia, a convenient sample of 17, all located in the capital city (Zagreb), was chosen. The City of Zagreb was selected due to the fact it has the largest numbers of museums in Croatia, i.e., 44 museums and collections (MDC, 2016). Also, Zagreb is known as the “city of art” (Zagreb Tourist Board, 2016) and the “city of museums” supposedly being the city with the most museums per square meter in the world (*The Local*, 2016). Ten out of 17 museums from the sample were among the 50 most visited museums in the country. All 17 museums together accounted for approximately 30 percent of a total number of visits in 2011. The sample characteristics, according to the classification of museums by the European Group on Museum Statistics were as follows: all 17 museums were public – eight founded by the government, four city museums, and five other public museums. According to type, eight of them were art, archaeology and history museums; four were science, technology and ethnology museums, and five other different museums. Table I provides a detailed breakdown.

Given the research topic, we decided to conduct interviews as a standard methodological approach and use a qualitative research technique (Berg, 2004). Guided by the research questions, the aim was to interview marketing managers (if an employee had that job description) or museum directors. The choice of marketing managers or museum directors as key informants stemmed from their role and ability to provide insights into the research topics. Although the interviewing method is heavily based on the opinions, perspectives and the recollections of respondents, it still allows an in-depth examination of phenomena (Snow and Thomas, 1994). A combined approach of structured and open-ended questions (from more general to specific ones) was chosen for primary data gathering.

Ownership/Museums according to type of collection	Art, archeology and history museums	Science and technology museums, ethnology museums	Other museums
State-owned museums	M03, M06, M08, M10, M15	M01	M09, M16
Local, regionally owned museums	M05	M04, M17	M12
Other public-owned museums	M02, M07	M11	M13, M14

Source: Authors, according to the classification of museums by European Group on Museum Statistics (EGMUS)

Table I.
Characteristics
of the sample

We interviewed seven museum marketing managers and ten museum directors. A semi-structured interview guide – created based on the literature review – was used. Each interview consisted of two parts. The first set of questions was related to the role of competition and the second to the process of museum products and/or services creation and management. Interviewees were asked to give their opinion regarding research related topics but they were also free to initiate other topics.

All the interviews were carried out face-to-face, audio-recorded and then transcribed for further analysis (as recommended by e.g. Denzin and Lincoln, 2005). The interviews lasted an average of one hour. Respondents were interviewed at their place of work.

The quotes used in the results have been anonymized as was guaranteed to the respondents before the interview started. The majority of the respondents showed us their place of work, museum, and some of the museum's services. The study was enriched by combining the observational data with the additional information collected from Internet sources and museums internal materials. This helped to provide a valid characterization of the research problem (Eisenhard, 1989, in Snow and Thomas, 1994). The field research was conducted during September and October 2013.

4. Results and discussion

In order to identify how museum professionals employ marketing management in dealing with important strategic business decisions, we separately analyzed findings related to the topics covered in our research.

4.1 *The role of competition in the marketing management of museum products and services*

Respondents were asked a series of questions regarding the existence and intensity of competition, ways of tracking competitors' strategies and potential influence of competitors' action on the creation of new services. Four different types of approaches to competition were found:

- (1) ignorance of competition existence;
- (2) partial competition awareness;
- (3) competition awareness and acknowledgment; and
- (4) cooperation, not competition.

The characteristics of the four types are presented in Table II.

The findings were quite interesting. The biggest group of respondents ignores competition (Type 1) and describes their market position as unique. As showed in Table II, this group encompasses almost all types of museums (state-owned, local and other public museums). These respondents stated "[...] we do not have any competition" (M04). "We are the only one of this kind in the country" (M11; M17). Some of the respondents were even surprised with the question about their competition. They were quite convinced and categorically claimed that museums could not compete with each other, let alone with organizations/institutions in a wider cultural and entertainment environment. This finding is not in line with contemporary museum marketing literature which stresses the existence of intense competition in the wider cultural environment (e.g. Kotler *et al.*, 2008; Andreasen and Kotler, 2002; Mencarelli *et al.*, 2010; McNichol, 2005; Evans *et al.*, 2012). Their views on competition are rather conservative and "old-fashioned." Furthermore, they reject the idea of generating more revenues on their own, because this means accepting the need to compete.

The second group of respondents is aware of competition to some extent, but claims it does not affect their museums (Type 2). This group is represented by four respondents (state-owned and other public museums), usually stating "Yes, competition exists, but not for

Table II.
Characteristics of
competition
approaches in
museums

Type	Main characteristics	Museum type
1. Ignorance of the existence of competition: "old-fashioned museums"	A belief that competition does not exist at all; A museum is perceived as unique in the city/country	M04 local museum, STEM M06 state-owned, AAH M08 state-owned, AAH M11 other public, STEM M12 local museum, OM M14 other public, OM M16 state-owned, OM M17 local museum, STEM
2. Partial awareness of competition	A belief that competition exists to some extent, but it does not affect a particular museum	M01 state-owned, STEM M03 state-owned, AAH M07 other public, AAH M09 state-owned, OM
3. Awareness of competition and acknowledgment	A belief that different types of competition exist, and that they have a big effect on a particular museum	M02 other public, AAH M10 state-owned, AAH M13 other public, OM
4. Cooperation, not competition	A belief that there is no need to compete with other museums/attractions, but to cooperate	M05 local museum, AAH M15 state-owned, AAH

Notes: AAH: art, archeology and history museum; STEM: science and technology, ethnology museum; OM: other museum
Source: Research

our museum" (M07). One respondent points out "Our competitors are those museums with bigger budgets, which receive more money and generate their own income [...]. We cannot compete with that" (M09). Respondents' facial expressions and gestures imply their discontent with this situation, followed with statements such as "[...] Borrowed Rembrandt, millions of visitors, that is all wonderful. Not to mention Picasso [...] I cannot afford it" (M01). Overall the respondents believe that competition is something not desirable for museums in general, because it does not benefit anyone. This contrasts the contemporary notion that museums compete not only for visitors but also for financial resources from donors and governments (Hughes and Luksetich, 2004; Gofman *et al.*, 2011; Camarero and Garrido, 2012).

In contrast to the two previous groups, a few museum professionals have recognized and acknowledged the existence of competition (Type 3). This trend is evident in bigger museums which usually have a marketing manager. Only three respondents acknowledged the true meaning of the existence of competition. These museums consider competition as positive for museum industry, saying "We should fight for the best [artists][...] It is a good thing for museums because museum professionals tend to lead a pleasant life and stay in the same museum forever. They should work harder" (M02). Also, "competition among us is very intense [...] It is hard, very hard to fight for your position" (M10). One respondent points out "competition is something we should not be afraid of [...]. We can learn something from those who are successful, because they are pulling us all forward" (M13). These results corroborate the findings in the museum marketing literature about the various and intense types of competition museums face nowadays (Kotler *et al.*, 2008; Andreasen and Kotler, 2002; Mencarelli *et al.*, 2010; McNichol, 2005; Evans *et al.*, 2012).

Only two respondents believe that museums are not competing with each other or with other attractions, but cooperating and creating synergy (Type 4): "I believe that a good cultural destination is not made of one great and significant museum, but the synergy of the cultural offer and good program" (M05). One respondent adds "We need to collaborate more. We are not against each other" (M15). This could be explained by different perceptions of competition among respondents, e.g.: "Even though the number of museums is very high,

the number of museum professionals is very low. We all know each other. There is collegiality among us" (M15). It can be concluded that museum professionals generally consider competition as a potential threat to their relationships. Museum cooperation could be seen as a bridge between two extremes: ignorance of competition and fierce competition. This finding is in line with those by Van Aalst and Boogaarts (2002) and Frey (1998), who stress the benefits of museum networks and collaboration. This leads to the conclusion that museums need to cooperate more. For example, museums can cooperate on a promotional level to attract more visitors. Museums can compete and cooperate for the attention of and financial resources from visitors, donors, the media, and governments.

Our overall results related to *RQ1* show that although museum professionals did not have formal ways of tracking competition, many of their activities were driven by the competitors' actions. Respondents were not willing to admit this because it would imply their acceptance of the existence of the competition: "I do not consider (other museums, theaters, concerts and other forms of entertainment) to be my competitors because I was never obsessed with who my competitor is" (M08). Additionally, respondents believe that tracking competitors' actions is unnecessary, since they can easily find out who is doing what (M02). The informal way of tracking competitors is using them as benchmarks: "We cooperate with museums in the region, with museum networks, where we compare and exchange our experiences" (M05). Furthermore, museums learn by following activities of well-known world museums – museum superstars such as The Louvre, MoMA, Pompidou, Guggenheim, and Bilbao Museum. These successful museums serve as role models.

Regarding *RQ2* respondents were asked a series of questions about creating and managing their services (the core services and additional services). We found three approaches (Table III):

- (1) the museum is predominantly object-oriented (collections);
- (2) the museum is equally service- and object-oriented; and
- (3) the museum is predominantly service-oriented.

Type	Main characteristics	Museum type
1. The museum is predominantly object-oriented (collections)	Collections are perceived as the most important factor; Additional services exist, but they are not in the museum's focus	M12 local museum, OM M05 local museum, AAH M09 state-owned, OM M15 state-owned, AAH
2. The museum is equally service- and object-oriented	Collection and services are perceived as equally important; Services are more strongly emphasized than in Type 1	M01 state-owned, STEM M02 other public, AAH M03 state-owned, AAH M04 local museum, STEM M06 state-owned, AAH M07 other public, AAH M08 state-owned, AAH M10 state-owned, AAH M13 other public, OM M14 other public, OM M16 state-owned, OM M17 local museum, STEM
3. The museum is predominantly service-oriented	Services are the focus of museum's value proposition	M11 other public, STEM

Notes: AAH: art, archaeology and history museum; STEM: science and technology, ethnology museum; OM: other museum
Source: Research

Table III.
Approaches to museum orientation (objects vs services)

Four respondents consider collections more valuable than services (Type 1). This was somehow expected because their education backgrounds were exclusively in the arts. They emphasized their mission to preserve collections exclusively. One respondent explains “collections are more important than people, and it is useless to pose that kind of question” (M12). Furthermore, “collections must be the most important thing” (M05), because museums “don’t even need to have any additional activities. The museum will exist as long as it has its collections” (M09).

The majority of museums (12) from the sample fall into Type 2; i.e., museums that are equally object- (collections) and service-oriented (such as museum tours, workshops, courses, museum shops). This is in line with the modern approach to museum marketing management. Respondents very clearly emphasized: “The museum is not here to sit, crouch and guard its stuff for whoever” (M01). “Collections would not exist without visitors; they would lose their meaning” (M13).

One respondent considered services as more important than objects (Type 3), since “[...] the market forces museums to be centers of entertainment nowadays” (M11). This approach emphasizes that value proposition for a museum audience is mostly built through its services, and to a lesser extent by the value of collections.

All respondents agree that the core business of a museum is the preservation of heritage for future generations, and education of visitors. In contrast to the findings by Mencarelli and Pulh (2012) which show new museum trends in building value proposition, our research reveals that museums in Croatia (with a few exceptions) remain traditional. The majority of museum directors and curators act as object keepers. By focusing only on the core product, museums overlook the complete museum experience (McIntyre, 2008).

Although the literature review (McIntyre, 2008; Brown, 2013) suggests museum services as an important source of revenue, many museum professionals still ignore their potential. Additional services, as mentioned by the respondents, were workshops, museum shops, venue rental, publishing, library services, specialized museum guides and virtual museum guides. All respondents plan to gradually introduce new services, depending on their resources.

Our research confirms Colbert’s (2014) statement that the museum offer is created by museum professionals, primarily curators. Our respondents, responsible for marketing, had no influence on museum programs and participated modestly in the creation of additional services. Visitors do not co-create museums’ offer (i.e. exhibitions) either. This finding is interesting if compared with Mencarelli *et al.* (2010) who identified a new profile for museum audiences seeking to become active participants. The trend of the active role of visitors is evident in offering and delivering additional services like museums workshops.

5. Implications, conclusions and future research

5.1 Theoretical implications

From the literature review, we identify that marketing in museums evolves rather slowly, and from a purely tactical to a more strategic consumer-centric approach. Furthermore, theoretical evidence shows that although the wider cultural and entertainment environment in which museums operate has changed significantly over the past decades, many museums are not yet comfortable with the idea of competing in the marketplace.

Our study adds to the existing understanding of marketing management in museums contributing to the insights from the context of the emerging CEE (more specifically Croatian) market, where research into this topic has been neglected so far.

Further work needs to be carried out to establish a marketing potential that can turned into a significant agent of change toward a more successful integration of museums into the contemporary cultural and entertainment business environment, characterized by visitors’ rising experiential and edutainment expectations, and the commercial goals of cultural institutions.

5.2 Practical implications

This paper offers several important practical implications. First, successful examples show that museums do not have to compromise the core of their product and service in order to reach commercial goals. They are well aware of the fact that they cannot survive without substantial financial resources. Therefore, to ensure future existence, museums should have same profit goals, too.

Second, scholars and professionals agree that museums can compete and cooperate at the same time. Museum cooperation and interdepartmental cooperation becomes increasingly important.

Furthermore, museum services become the source of competitive advantage. Today's visitors want and demand a high-quality service and memorable experience. Many museums are not yet willing to allow their visitors to be engaged in the co-creation of new museum products and services. However, museums must not ignore visitors because they can easily turn to other sources of education and entertainment.

Our research shows that this theory offers valuable insights for museum marketing management, and although museum marketing professionals recognize best practice examples as possible role models for the future improvement of their activities, they should engage much more in relating the arts (museum) perspective with contemporary marketing knowledge and skills. This particularly includes a proper approach to competition and the extension of their value proposition with additional services and co-creation possibilities.

5.3 Conclusion and future research

Marketing management and more specifically managing competition and new services becomes an even harder task for museum marketers who are still struggling against old dilemmas and prejudices. Some museum professionals are traditionally against the idea of the museum as a market player. Others are inclined to reconsider the idea of the museum, which means that museums need to be more "open-minded" to market and ready to indulge their visitors more.

Our exploratory research shows that marketing, competition, and services are neither understood nor properly applied in Croatian museums, mainly due to the lack of marketing knowledge and skills. Offering new services for visitors is often just wishful thinking or a plan for the future. A possible solution could be museums' collaboration.

It is important to consider the results of this study in the context of research limitations – intentional, convenience sample, and perspective of one employee – marketing manager or director of the museum. However, results are indicative.

Future academic research is needed, for example, in the field of museum cooperation and the exploration of opportunities presented by museum clusters. It would be useful to study museum employees' opinions regarding competition and collaboration, as well as visitors' perceptions of competition in the cultural and entertainment environment.

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