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(Editor)

Museum and visual art markets

HELSINGIN KAUPPAKORKEAKOULU
HELSINKI SCHOOL OF ECONOMICS

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PREFACE

Liisa Uusitalo

This book deals with the management and consumer studies of museums and other visual arts organizations. The idea for this research started in the end of 1980's, when my research took a cultural turn. During the previous ten years I had been involved mainly with another collective good, environment, and studied the impact of consumer decisions on the environmental problems – very much inspired of my research years in West-Berlin in the beginning of 1980's. However, for the time being, environmental issues were not yet very popular in the scientific community whether in the United States or Europe, and in marketing and consumer research conferences, my topics usually remained a curiosity. I wanted to turn to a new topic – consumption and marketing of cultural products – which, however, also proved to be rather unknown within economic and management studies. Later on, it has become a rather popular field, and many arts management programs and research projects have been started, especially in European universities.

In the end of 1980's I had learned to know the cultural sociologist Katarina Eskola, who wanted to establish a research centre for contemporary culture at the University of Jyväskylä to encourage sociological research on culture. To speed up the new unit, we decided to start together a multidisciplinary research project on the production and consumption of culture. My share at the Helsinki School of Economics was to take care of the 'economic' side of research, in other words, to lead the marketing and management oriented studies of cultural organizations as well as apply consumer theory to the study of cultural consumption (called ECOCULT-project). Katarina Eskola at the Research Centre for Contemporary Culture at the University of Jyväskylä, concentrated on the reception of cultural products, especially in the field of literature. The first years of the project were financed by the Academy of Finland, and the results were published in the series of both universities, the majority, however, in the new series of contemporary culture at Jyväskylä. At that time, edited university series were still considered a proper way to publish empirical research, especially since the cultural turn had not yet fully come true in social sciences, and there were only few publishing forums for interdisciplinary cultural research.

The present book is a continuation of that collaborated work, and it displays some interesting pieces of marketing and consumer studies of culture which have not been published elsewhere, with the exception of the papers published in the proceedings of AIMAC (International Association of Management of Arts & Culture) or ACE (Association for Cultural Economics).

The collection also includes some papers which are closely connected with the later published dissertations of the authors in this research group (Jyrämä 1999; Taalas 1995; Linko 1998; Sorjonen 2005; Ahola 2007; Addis 2002). The authors perhaps feel somewhat uncomfortable to see their first, 'explorative' papers on the topic published after the dissertation. However, these short papers often take up the most relevant aspects of the topic in question. The majority of the research and papers in this book come from the last ten years, with a couple of exceptions from some years earlier.

The articles cover empirical research of museums and other visual arts organizations and art consumers in Finland. The book is divided in four parts. The first part describes the changes in the social role of the museum and art field. The second part looks more closely at the art fields' problems and alternative strategies from the management point of view. The third part studies how art and museum consumers see and experience the various forms of art supply and distribution channels. The fourth, final part goes into the questions of economic efficiency and performance and their measurement difficulties in museums and other art organizations.

Although we deal with marketing and management problems of cultural organizations, our approach is more or less interdisciplinary, and references are made both to management and cultural studies. The data and method parts of the articles are very briefly described, and the main emphasis is given to interpreting the results. In this sense the articles differ from typical journal research articles. Since the research is mostly explorative, our results and conclusions remain tentative. However, hopefully they give ideas and encourage to further studies in the expanding field of cultural management and consumption studies.

We also hope that this collection of interdisciplinary research work will inspire many new cooperative research efforts in the new *Aalto University* starting its activity in 2009. Aalto University is a composite of three well-known universities in the Helsinki area: Helsinki School of Economics, Helsinki University of Technology, and University of Art and Design. Interdisciplinary cross-fertilization between ideas from management, arts and technology

has been a leading motive behind this merger. The authors of this report have worked together in a very similar spirit.

We gratefully acknowledge the financial support for this book by the Jenny and Antti Wihuri foundation and the Helsinki School of Economics Foundation. Warm thanks go also to Kirsti Biese, Kevin Kaime, and Heli Vänskä at the Department of marketing and management for their patient and skilful help during the several rounds of editing and re-editing the texts.

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I THE CHANGING ROLE OF ART MUSEUMS

1 THE ROLES OF ART MUSEUMS – CHALLENGES TO THEIR MARKETING

Liisa Uusitalo

Introduction

This chapter examines some basic conflicts in the activity of art museums and the ways these are dealt with by the museums. The discussion is based on previous research and on interviews with the managers of six European museums of modern and contemporary art.

The museum sector is very much a field of activity typical of Western culture. Although the word "mouseion" (a holy place for muses) goes back to antiquity, museums in the modern sense were originally a product of the Renaissance, during which period an interest grew in humanly produced artifacts and the scientific systematization and classification of artworks (e.g. the Medici collections in Florence).

However, it was only after the French revolution that private collections, previously owned only by the aristocracy, were opened to the public. Several public museums sprang up in nineteenth century Europe; the Louvre (Musée Napoleon), the Altes Museum in Berlin and the Prado in Madrid were among the first ones. In the spirit of the Enlightenment, their idea was to build a comprehensive collection of artworks which should represent all possible epochs and cultures (Gadamer 1975). The artworks of other cultures were looked at through the mirror of European tradition. This objective of a holistic assemblage deviated from the objectives of the private collections which often revealed the taste of the owner and contained works of the same "school" (Negrin 1993). In economic terms, from their very beginning, museums often became "generalists", in contrast to private collections and galleries which more often specialized in some particular epoch or style.

In the last twenty or thirty years of the 20th century a boom has again taken place as the number of new museums has grown rapidly. Along with this increase in the number of art museums, differentiation of them has taken place. Many new museums are not in the first place meant to be comprehensive but rather to concentrate on certain epochs or schools (impressionism, expressionism etc.), or seek to be complementary to the generalist museums by displaying contemporary art.

The reasons behind the last growth period of the museum sector are perhaps not the same as earlier. In the present development national identity and the transformation of cultural heritage are being less emphasized. Instead, the new boom especially of museums of modern and contemporary art more or less reflects the modernization tendencies in society: the fragmentation of life spheres and the general aestheticization of everyday life. With the help of new technologies, visual images are reproduced at a rapid pace, and this brings art and art museums in closer competition with the cultural industries - maybe even entertainment industries - than was the situation in earlier times when high and popular culture were strictly differentiated.

Art and art museums have also increasingly become fields of cultural competence and distinction, not only for the elite but for the new educated middle classes. The typical exclusive segment who regularly attend present-day modern art museums is broader than the old connoisseur-collector group and it consists of intellectuals, professional or semi-professional artists, students, and critics, along with gallery, media, design and advertizing people and the like.

Moreover, several museums are also more and more interested in broadening their customer base to include the average citizen. Instead of the acquisition of art, the acquisition of attendance has become a major activity and criterion for the evaluation of museum performance. Another new feature is the increasing dependency of museums on the economic world and its fluctuations, for example in the form of shifts of interest in large-scale sponsorship and corporate art investments (e.g. Uusitalo & Jyrämä 1992).

In the following, I will examine these changes and discuss the many conflicting roles and tasks of modern art museums. An indication will also be given as to what these changes could mean for the marketing practices of museums.

In addition to previous literature, data was collected from interviews with managers of six European museums of modern or contemporary art, concerning their opinions of the museum's goals, practices and future (Mandelin 1992). The museums included in the interview were:

- Centre national d'art et de culture Georges Pompidou, Paris
- Stedelijk museum, Amsterdam
- Moderna museet (Museum of modern art), Stockholm
- Nykytaiteen museo (Museum of contemporary art), Helsinki
- Sara Hildén museum, Tampere (Finland)

- Porin taidemuseo (Pori art museum), Pori (Finland).

Major conflicts in the museum field today

The differentiation of art from everyday life

In a way, the whole idea of the "museification" of art is a sign of the ongoing fragmentation of modern life, that is, rationalization. Art is separated from the everyday life world and turned from a driving force into an academic subject matter or a commodity. As Negrin (1993) proposes, art, after ending up in the museum, has visitors, but it does not have followers. The experiencing of art has become a marketable cultural service, and the art experience is comparable to any other form of aesthetic or hedonistic consumption.

The first conflict within the museum field thus emerges from this basic distinction between 'art system' and 'life world' as well as from the differentiation of art from other life spheres. Museums have developed into administrative systems with an increasing degree of professionalization, which is measured both by the quality of collections and research and by the degree of education and marketing. In museums, art has become commoditized and subjected to a certain system control.

Personal contacts between the museum managers, curators and the artists are more and more being replaced by contacts with the financiers: the government and corporations. Non-hierarchical networks have been substituted by hierarchies typical of the popular culture industries (including a system of intermediary agents). Also marketing departments, performance measurement and other forms of systematic management come into the picture. In this development, art museums follow the model of other cultural industries, such as the publishing and recording industries, in which the rationalization process started earlier.

Much of the recent critique against museums can be understood as critique of the bureaucratization and economization of a field which was previously perceived as protected by the autonomy of the arts. Despite their criticism of the museum as a bureaucratic institution (e.g. Grimp 1990), even the most critical modernist and postmodernist artists and other professionals need the museums in order to redefine art against the background of what has existed before. The existence of museums then, far from being an impediment to the development of art, can actually be seen as a

necessary precondition of it. Modern art is simultaneously dependent on, and critical of, the museum as an institution (Negrin 1993).

Thus far, museums and museum activity have often been identified with the museum building, although modern technologies have actually given the possibility to realize the idea of a museum without walls. As Malraux (1954) has pointed out, the term museum does not necessarily refer to a physical entity. Rather, the museum can be conceived as a set of guiding principles which determine the way of collecting and displaying art.

To further develop this idea may be a way to overcome some consequences of the gap between art and other life spheres. By way of publications, videos, and television programs, and the Internet, art collections could come closer to everyday life. As a consequence of this, more space in the museum building would be devoted to these content production activities, libraries and research. An important role of museums is the activation of this afterlife of artworks after they have been ripped from their original creative surroundings (Proust, quoted in Negrin 1993). In the museum, works of art decay and are destroyed in order to come to life again in interaction with the audience (Hauser 1982).

Some writers thus advocate the idea that artworks will be returned to their original surroundings in everyday life, for example with the help of technology and reproduction (e.g. Benjamin 1979). Contrary to this, it is also proposed that the alienation of art from its original function in life is an irrevocable process which cannot be reversed by artificial means. It is feared that when art is returned to everyday surroundings, it will easily be degraded from being the main target of the spectator's interest to some kind of decorative element or background noise (e.g. Adorno 1967).

New styles in modern art, such as pop art, also exemplify an opposite tendency; when brought to the museum, many normal things to which we first have been accustomed in everyday surroundings, are displayed and perceived differently - now as artworks. In the era of the postmodern plurality of art and the pastiche of high and popular culture, the concept of what is art and what is not is often defined by the museum.

Comprehensiveness vs. innovativeness

In their selection of art styles, museums (and gatekeeper galleries) have not been particularly innovative in introducing very recent styles and non-established artists. The innovativeness, however, would be important not only in the view of possible audiences,

but also to the artists. Besides galleries, museums are an essential part of the art trade and, consequently, they are important gatekeepers in the artists' careers. The economic success of artists is strongly correlated with whether their works have been accepted by the few top key galleries and bought by museums (Crane 1987). The museum's role is important also in strengthening of the acquired reputation.

The innovative, introducing function in contemporary art has largely stayed with the regional museums and experimental galleries. The lack of innovativeness in endeavoring in new art is not, however, related to museum bureaucracy; the small museums, at least in an American study, were not found to be more innovative than the big ones (Crane 1987).

It seems likely that the generalist role adopted by most major museums has prevented them from making risky experiments, and they have relied on well-established styles and artists even where modern and contemporary art is concerned. As in other cultural industries, innovators tend to come from the competitive fringe rather than from the oligopolistic core (major museums) which act in the role of generalists (Peterson & Berger 1975; Uusitalo & Oksanen 1989).

There has been a surprisingly low number of contemporary art styles accepted by the modern art museums which were founded after the 1930's and second world war, and the majority of whose collections stem mainly from the first periods of their existence. This fact has increased the importance of commercial galleries. It has also contributed to the emergence of several post-modern museums - museums of contemporary art.

Although being innovative and experimental in their selection of exhibitions, the museums of contemporary art also seem to emphasize the cultural exclusiveness of the museum. They do not seek large audiences but rather focus on the small segment of intellectuals, scholars, and art students interested in the newest art styles. Exclusiveness, specialization and focusing strategy are thus used as the main marketing strategies. Comprehensive traditional museums, in turn, use differentiation strategies, and try to have something for everybody and to cover as many segments as possible. Museums of contemporary art thus differ from the more traditional museums in being more radical in their selection of art. However, they cannot be characterized as belonging to popular culture because they, too, still remain and wish to remain part of the exclusive high culture.

Consequently, for the museum field to be innovative it seems that variation and new innovations also in the institutional structure of the field are required. This makes it easier to understand the emergence of museums of modern art, and later on, museums of contemporary art.

Maximizing quality vs. maximizing attendance

Some new museums have also been founded which are not so much based on new art styles than on changes in the main target audience. This has taken place along with the shift from curator/scholar-centered activity toward serving broader audiences with the help of more customer-oriented settings and marketing methods (e.g. Centre Pompidou).

This development shows us something about the most often mentioned conflict in the museum field. It is the continuing tension in the museum's mission between the conflicting roles of collecting and transforming *cultural heritage* and functioning as a *disseminator and educator* of art perception and experience. In this dilemma, the museum faces the same problem as many other culture-producing organizations which at the present time are trying to find some kind of a balance between cultural quality and market success.

DiMaggio (1991) has described this process as the major structural crisis of the whole museum field. He claims that only a few conflicts between these two goals have actually occurred inside the organizations. It is rather that in criticizing the traditional heritage-conserving goal of museums, professionals have attacked the whole field, while at the same time remaining conservative in their own role inside an organization (DiMaggio 1991, 268).

However, one finds it hard to believe that there were no such conflicts within the organizations. Especially in countries where the government has had a significant impact as a provider of finance and where ideas of the democratization of art have been strongly emphasized (e.g. the Nordic countries), museum managers seem to have a constant need to legitimate the museum by claiming to show **both** high quality of collections/exhibitions **and** market success in the form of high attendance.

Strategic choices of the museums

Finances are one reason for the fact that museums have turned their attention from the growth of collections toward the growth of audiences. For example, the demand for and

the prices of art increase strongly during the economic expansion periods (e.g. the second half of the 1980's). Museums were forced to cut down their art acquisitions while not being able to meet the high market prices. This was reflected in a growing interest in displaying those collections that the museums already had.

In periods of recession, again, the threat that the public financing of museums will be cut down is an important factor. It is not so much compensatory revenues from the audiences in the form of membership and admission fees that museums are striving for, but rather they wish to legitimate continued public financing by showing that high demand still exists for the museums' services.

The underlying fact seems to be that museum managers obviously feel that they have to show some kind of growth (either in collections or in audiences) in order to prove their performative quality. This ideology of continuous growth is familiar from other parts of society and exemplifies the domination of the economic sphere over other spheres and other performance criteria in society. Some economists have also criticized the museums' high interest in large collections (usually only one to ten per cent of the artworks can be hung up at any one time), as well as their reluctance to sell any of the earlier acquired artworks (Frey & Pommerehne 1989; Grampp 1989). However, in the light of the still prevailing museum concept of comprehensiveness, it is relatively easy to understand the reasoning behind the museums' behavior.

For large museums, growth in size of collections or audiences can seem to be an attractive aim. However, the ultimate objective of striving for leadership in the market could also be oriented toward scholarly and quality leadership which has not necessarily anything to do with the size of the museum or audience. Competition about distinctive scholarly positions is far more common among the commercial galleries than museums.

Economics and finances are not the only explanation of the basic conflict between the cultural-heritage objective and the audience objective of the museum. The differences between the two alternative models of art museums are presented in Table 1. Part of the ideas in the table are based on DiMaggio (1991), part of them have been developed by the author.

Neither of the two ideal types in Table 1, "quality maximizer" and "audience maximizer", can as such be found in practice with any frequency. Of the museums evaluated in this study in 1990's, Stedelijk (the Netherlands) and the Museum of Contemporary Art (Helsinki) were perhaps closest to the "quality maximizer", and Centre Pompidou in Paris

and Moderna museet in Stockholm closest to the "audience maximizer". Afterwards at least the museum of Contemporary Art in Helsinki has moved towards the direction of broad audiences.

Table 1 The museum's basic dilemma

	Quality maximizer	Audience maximizer
Task	Quality of collection	Audience education
Main activities	Conservation research	Display of collections
Concepts of art	Experimental or exclusive exhibitions	Blockbuster exhibitions
Target segments	Art as such Rare Genuine	Art inseparable from social context Genuine and reproductions
Patrons, legitimating	Scholars, critics, donors	Government Corporations Public opinion
Strategy	Specialist Focusing Improvements of collections Involvement of audience	Generalist Differentiation Growth of audience Entertainment of audience
Segmentation	One, focused segment Taste segmentation	None, or many segments Demographic segmentation
Building and atmosphere	"Palace" or "Mansion" or new architecture	Museum complex "Factory" architecture
Other activities	Only a few Classical concerts	Many Cinema, popular concerts, children's programming

In most of the museums interviewed the objectives are not clearly defined, and it is difficult to classify them on this dimension. On the one hand, the museums claimed to have quite exclusive audiences and they had small communication budgets. On the other hand, they had also adopted children's education programs, and they expressed a wish to increase the breadth of attendance (Mandelin 1992).

Of the museums under study, Centre Pompidou is the only one in which the Bourdieu-type of criticism toward museums as distinctive holy places has produced a full reaction. According to some writers, Centre Pompidou has become a culturally legitimated "amusement park" or "Art-Disneyland" (Heinich 1988). Access to the Centre is free, and you pay an admission fee only if you want to enter the museum. Especially young people

under 30 years of age have adopted the Centre as their meeting place (less than 20 per cent of the 25 000 daily visitors actually enter the museum facilities).

Among the museum people, it is a common fear that a too far reaching emphasis on audience growth will lead to difficulties in controlling the activity and to an over commercialization of museums (van der Gucht 1991). For example, Moderna museet in Stockholm tried in the 1960's to introduce new methods for reaching the average citizen. It placed the museum in a central location and tried to introduce the idea of a "walk-through" museum. It conceived the museum as a market place for the dissemination of cultural trends which visitors would "shop" by walking through the museum building. However, by the end of the 1980's the museum had returned to a more traditional concept of the museum as an institution for collecting and displaying artworks (Sandberg 1991).

Segmentation practices of museums

Art markets have grown rapidly due to the increase in the number of consumers who hold educational competences. Also the number of art styles is proliferating. This gives possibilities not only for new types of museums to emerge, but also for more differentiated product planning within existing museums. However, a planned differentiation of exhibitions for various audience segments is still rare. Accordingly, performance measurement (for audience-oriented museums) usually takes the form of counting the absolute total number of visitors - and not measuring relative success among targeted segments.

The basic understanding of segmentation is very weak. Children, retired and handicapped are mentioned as major target segments; in other words, some kind of a demographic segmentation seems to take place. However, it is far from clear whether demographic segmentation makes any sense at all in art museums (except that there is probably a need for some special programs for children and specific facilities for the old/handicapped). A more sensible idea could be, instead, to segment according to the two missions of the museums (the intellectual segment vs. the general public), according to visitors' taste differences or art preferences, or according to the benefits searched for in the museums (art experience, art education, social experience).

Museums can also define their target market in terms of geographical area; whether they are aiming primarily at the local, regional, national or international market. With the exception of Centre Pompidou (especially its Musée d'art modern) and Moderna Museet

(whose international reputation lies principally within Scandinavia), most of the museums interviewed in this study were national or regional in character.

Specific marketing programs should be planned that suite the different segments, and various product-market strategies should be considered. For example, whether to develop new products and increase the involvement and visiting frequency of existing customer segments, or whether to try to sell old products to completely new customer groups (Weinberg 1980; Laczniac 1980). Blattberg and Broderick (1991) suggest that the museum could even be divided into profit units serving different audience segments. This could be difficult with small personnel resources, but some degree of specialization, let us say in contacts with customer or interest groups, might be possible.

Museums are generally unaware of this type of product development thinking and marketing planning. The only marketing area which has gained some importance is communication. To increase public awareness and the museum's visibility in the market, the larger museums have a department responsible for communications.

In their product planning, museums systematically seem to ignore developing the marketing of other product groups beside the core collection and exhibition activities, such as, for example, professional conservation, art evaluation, research, and library and photography services. Moreover, insufficient attention is paid to the professional quality of side-services such as a book store and cafeteria. When government budget practices change in favor of the museums' independence in monetary decisions, these new product areas could be utilized for increasing revenues that can be used for the museums' own purposes.

Moreover, as in the case of other cultural organizations, museums do not market themselves only to different consumer groups; an equally important factor is "backwards marketing". This means relationship or network marketing in order to get money from financiers, political decision makers etc., to get art donations. Also it means building good relationships with artists and the art world in general. Museum managers and curators with a high level of cultural competence or "symbolic capital" (Bourdieu 1984) often have a central place as the symbolic figureheads of their organizations (Uusitalo & Korhonen 1986).

The competitors of museums

So far museums have not defined their own profile very clearly, which is reflected in the diffuse view they take in positioning themselves among competitors. Competition is understood in very general terms, including other leisure interests which "compete" for the time use of consumers. Other forms of cultural activity (theater, concerts, movies) are usually not perceived as competitors but instead - due to the accumulation of cultural activities - as inspiring and supporting the interest in art museums. No examples of their natural competitors, that is, other museums (for example, competing for the same artworks and exhibitions) and commercial galleries, were named, although museums usually know which of the other museums have a similar profile.

According to their own opinion, the non-profit art museums as a whole seem to have no competitors at all. However, in reality, the whole museum field has exploded in the last twenty or thirty years: new science museums, historical museums, folk tradition and artists' home museums, crafts museums, open-air museums, tradition centers and so on, have been opened. We can already speak of a whole "heritage industry" (Hewison 1987).

Many of these heritage museums have been criticized for their unauthenticity and emphasis on romantic nostalgia (Lumley 1988). However, it is possibly just because of this romanticized view of the past that they have become so popular. Their popularity shows that often museums are not visited so much for the purpose of learning something (as the Enlightenment ideology used to think), but rather, they are part of the hedonistic consumer behavior of today. In traditional hedonism, visual and other senses are important in enjoying the true object (e.g. art), whereas postmodern hedonism is somewhat different, mainly consisting of imaginary consumption. As Campbell (1987) proposes, it relies on joyful play with images and narratives constructed in the interplay of displays and consumers' interpretation of them. In Baudrillard's (1988) terms, these "simulacra" have to a great extent come to substitute for real experience.

Researchers claim that, for example in Great Britain, people tend to consume images from a glorified or romanticized past, partly because of the present anomic situation and break up of traditional values. According to these studies, museums serve as places of rescue from the everyday world. There are national differences, however. For example in Finland, heritage museums do not present the life of the past in such a nostalgic and romantic way. Rather, they remind people of how modestly and on what slender resources people used to live in earlier times, and thus tend to encourage the faith in development and the future (Linko 1993).

Art museums and other art experiences probably diverge from the romantic heritage industry in that they appeal more to the intellect than to escape and romanticism. For example, in a study of the perception of theater performances, aesthetic experience was clearly correlated with the intellectual function, and not with the entertaining function of the performance (Kerttula 1989). This would mean that the aesthetic experience of art consumers is never totally independent from higher intellectual interest in the art form, the artist, and the social context of creation.

However, art museums seem to think that they cannot easily compete with the heritage industry because they supply only aesthetic experiences. Maybe this is a reason why several audience-oriented museums have started to supplement their core services by bringing in narrative elements modeled after the romantic heritage industry, or by building social happenings around the exhibitions. The examples of Centre Pompidou and Moderna museet in Stockholm show that, if taken to the extreme, this can endanger the existence of the core product, that is to say, the aesthetic experience.

Conclusions

As a consequence of the general modernization and rationalization process, art museums, too, have become subject to pressures aroused by it. The differentiation of art from other life spheres has turned it into academic subject matter and a consumer commodity. In the future, the museum will be understood not so much as a physical institution but as constituted by the guiding principles of how to conceptualize and classify the art heritage. By way of new technologies, the imaginative museum is perhaps again coming closer to everyday life.

The structure of the museum field shows that whenever new art styles have emerged, the museum field has answered by differentiation, by introducing new types of organizations to the art field instead of modifying the old ones. Commercial galleries and regional museums have perhaps been more innovative in the sense that they show contemporary, unknown artists and styles, but the major museums win in matters of quality, exclusiveness and their ability to differentiate their products and in that way catch larger audiences.

Museums are dependent on the market, but they are also active players that influence the art market. Museums are very much dependent on economic cycles and public financing. They often work in symbiosis with the commercial art market which acts as

their acquisition agent. Moreover, museums have an important gatekeeper role for artists' careers.

The basic idea of the museum used to be to collect as comprehensive a collection as possible. Sometimes, maximizing the size of the collection has prevailed over the task of maximizing its quality. Museums are still very reluctant to specialize and to give up any part of their collections. Specialization takes place mainly through the emergence of new museums only.

Financial pressures and legitimating for getting public support have turned museums' interest more than before toward exhibition activity and the acquisition of larger audiences instead of acquiring new artworks. Museums are seeking for a balance between the two, partly conflicting, objectives; quality maximization and exclusiveness on the one hand, and maximization of audiences on the other. With some exceptions, museums have not clearly specified their position on this dimension, and neither have they anything more than very vague ideas about their target segments.

Museums are usually not aware of different segmentation criteria, such as the involvement and competence of the audience, taste/preference differences, perceived benefits, or the size of the geographical target market. A largely unknown idea is also relationship or network marketing, though this would be needed in order to build up contacts both with the art world and financiers. Museums have not paid much attention to analyzing their competitors in the field, although they are competing for the same artworks, finances and audiences.

Also, outside the art museums new competitors are found. The museum field has been proliferating; a number of new museums are now forming a whole heritage industry. With their nostalgic and romantic narratives of the past, they attract people to consuming of images in a postmodern spirit, whereas art museums traditionally have believed more in the modern Enlightenment ideology. They still believe in the appeal of the art works as such, through the aesthetic, sensory experience they give, or in art education that increases general competences to enjoy art.

Some art museums which have become audience maximizers have supplemented their core services by borrowing carnivalistic elements from popular culture. However, when museums are turned into department stores or amusement parks, there is also a danger of too much framing, that the original product will be entertained to death.

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2 ART MUSEUM IMAGE – AN INTERPLAY OF CONSUMER AND MUSEUM CHARACTERISTICS

Eeva-Katri Ahola

Introduction

The purpose of this paper is to discuss the role of art museum audience in the image formation and discuss the concept of art museum image. The paper takes up the following questions: What factors affect the image of art museum when we look it from the visitor's point of view? What are the components of an art museum image? And finally, why is image important for cultural organizations?

In today's society images have an increasing importance for consumers. Researchers claim that symbolic images are becoming more central than reality and the border between fact and fiction, reality and imagination has become blurry or unnecessary (Baudrillard 1987; Featherstone 1991, 15; Lash 1992). In fact, postmodern consumption is ultimately consumption of images, rather than consumption of products or services that in many cases only serve as vehicles for image transportation. In marketing literature, researchers have lively discussed the nature of images and their importance for individual consumers, companies, organizations and even societies. Consumer studies dealing with images have mainly concentrated on consumer perception of products or brands as well as retail or service outlets. These studies show clearly that image factors are a powerful tool in the competition for customers. However, image studies provide very little information on the nature and role of images for cultural organizations and especially for art museums. In this paper, we will discuss the role of image in the process of consuming art museum services.

The concept of image

The concept of image is originally coined by cognitive psychologists and has since then been used in various social sciences including also marketing. However, the concept of image has been used rather loosely in past research and it has been confused with various other concepts. In the following, a brief discussion of the image aims at highlighting the nature of the concept.

In general, images have to be related to a wider framework of cognitive concepts and their role in human thought. This broader framework can be called cognitive

organization, which refers to all aspects and processes of human thought. Images are part of this system (Törnroos & Ranta 1993). The importance of images was discovered within cognitive science that deals with the relations between stimulation and response variation. In cognitive science the analysis of the relationships between stimulus and response variation focuses on information. The interest in stimulus focuses on its properties as a signal, an object that contains information. This approach emphasizes the importance of subjective information or knowledge the image represents to an individual.

Probably the most commonly used definition for image in marketing literature is the following: *Image is the net result of the interaction of all the experiences, beliefs, feelings, knowledge and impressions that people have about an object* (cf. Bernstein 1984, 40; Dowling 1986; Chajet 1989; Törnroos & Ranta 1993). In other words, image can be seen as consisting of several symbolic associations which refer to the feelings and impressions that rise into the mind of the observer while thinking about certain object (Reynolds & Gutman 1984; Poiesz 1989; Aaker 1991; Zikmund & d'Amico 1995). Dowling (1986) sees image as an illusory concept or group of meanings from which a certain object is known. Dichter (1985) reinforces the idea that image refers to a global or overall impression. Together these definitions suggest that image is comprised of distinct dimensions and is greater than the sum of its parts.

An image of an object held by a customer can reflect the objective qualities of the object but it can also represent a totally opposite idea (Plummer 1984/1985; Poiesz 1989; Aaker 1991, 110; Keller 1993). It is important to note that in contrast to image the concept of *identity* (of the person, product or organization) refers to the sum of all the ways with which an organization or a person chooses to identify itself to its public audiences. Image, again, is how the organization or person is perceived by these publics. In terms of communication theory, identity is related to the sender and image to the receiver. Based on this notion, an organization alone cannot construct its image. Audiences will create the final image, which means that they consciously and unconsciously select the impressions on which they base their image of the object.

Museum visiting as image consumption

In the art museum field, as well as in other fields of services, the production and consumption are intermingling with each other. This means that during a visit in an art museum, the audience and the museum together provide the service experience. Art museum visiting is an activity in which imaginary aspects of production and consumption have a central role. While visiting an art museum the consumer produces images of art

styles, artists, other visitors and museum services. Images are audience's perceptions of the organization and its services. However, it is also possible that a person develops an image of a museum without ever visiting it, for instance, by reading newspaper articles about activities arranged in that museum. Then the image formation is mainly based on the visitor's previous experiences of art. Viewing the artworks can also be seen as consumption of images. The consumer buys art and 'consumes' experiences in which images serve as vehicles of contemplation or self-construction.

Art museum visitors can more subjectively choose among the artworks what to see and experience during a visit in a museum than, for example, theatre or concert audience (Zolberg 1980). Audiences' quality evaluation of a visit is heavily based on individual art taste, competence and motivational factors. These factors influence the visitor perception of the performance of various museum activities and finally also the overall image of the museum. Thus, art museum image is the outcome of *perception*. In the following, we will discuss more closely visitors' motives, competence and taste and their role in visitors' art consumption and in the formation of art museum image.

Diversified motives and image formation

In consumer behavior literature, motivation is a power that directs consumer to search objects that satisfy aroused needs (Williams 1982, 81; Engel & Blackwell & Miniard 1990, 252; Wilkie 1990, 173). Consumer is motivated by the different benefits that the consumption of certain products gives (Engel, Blackwell & Miniard 1990, 253; Keller 1993, 4). In the consumption of art museum services the visiting motives can be divided into three categories: *knowledge motivation*, *aesthetic-hedonistic motivation* and *social motivation* (Uusitalo & Ahola 1994). However, it is also possible that consumers emphasize simultaneously several different motives during their visit in an art museum. The motivation and the benefits received from consumption affect the evaluation of the overall performance of the art museum and also the museum's image formation in the minds of the visitors. In the following, I shortly describe some possible ways in which a museum can be perceived by visitors as based on the different motivations.

Firstly, visitors can perceive the art museum as a *place of knowledge*. A consumer who is motivated to seek more knowledge on art emphasizes the intellectual stimulation and evaluates museum's activities according to the ability of a museum to fulfill visitor's informational needs. In a recent study, improving art knowledge was found to be an important visiting motive for the visitors of Finnish National Gallery (Uusitalo & Ahola 1994). Consumers want to find out more about art styles and also learn to know better

oneself and one's own culture. However, the need for knowledge acquisition and the type of knowledge can vary according to the visitor's background. According to a study done among the theatre visitors (Kerttula 1988), the information seeking motivation varied according to the education level of theatre visitor. Knowledge acquisition was important to visitors with higher education level whereas the visitors with lower education level searched more for entertainment. Moreover, the more experienced art consumers often seek more specified knowledge of art and artists than less experienced art consumers.

Secondly, art museum can be perceived as a *place of aesthetic stimulation and pleasure*. Today's consumption is characterized by individuality and increasing search for immaterial pleasure (Uusitalo 1990, 26-31). A visitor who wants to satisfy her hedonistic needs, sees the art museum as a place of experiences. It offers something that transforms the visitor's everyday experiences and offers a chance to break weekday routines. Aesthetic-hedonistic motives have proved to be the most significant motives for visiting art museums (Ahola 1995). Thus, they are also powerful factors in forming the museum's image. Nowadays, however, art museum visitors are looking for a many-sided experience which, besides viewing art objects, offers a possibility to stimulate also in other ways (e.g. Burges 1992, 190). This way, also the surroundings of the exhibition such as the interior of the museum become important elements of image.

Thirdly, art museum can be perceived as a *place of sociality*. It can be a place which gives the opportunity to socialize with other people. On the other hand, art museum can be seen as a place of identity building. Nowadays, when social class distinctions have become diffuse, the social identification more or less relies on loose imaginary groups where the connecting matter is an interest in certain art style or admiration of certain artists (Uusitalo & Ahola 1994). If the visitor is a lifestyle experimenter and identity searcher, the art museum as a public place offers a possibility for self-expression. Moreover, art museum can be a social place where a visitor meets friends. In contrast, art museum can also be "free place" of anonymity where it is possible to escape social contacts. In addition, consumers' social motive can be satisfied indirectly. Art collections, exhibitions and museums serve people as tools for social integration by building grounds for the audiences' cultural identification. Famous art works artists and epochs connect people into the society. Moreover, also many art museums like other cultural buildings act as symbols for national cultures and contribute to feelings of shared pride (Uusitalo & Ahola 1994).

Competence and previous art experiences

Competence has a central role in audiences' image formation process. According to Bourdieu and Darbel (1990, 37) a society offers all its members a theoretically similar possibility to enjoy art collections and exhibitions. However, those who have the competences to process art possess wider possibilities. Usually the need for cultural services grows the more one uses them, and a person who does not have cultural activities has not become conscious of them. The idea of true possibilities is based on the competencies that the consumer possesses. With competence it is referred to the knowledge of the means with the help of which the consumer can classify and interpret art. A more experienced, 'cultivated consumer' has background knowledge, which consists of artists' names, art epochs, technical terminology and adjectives used in art interpretation. With the help of this knowledge it is easier for the consumer to define the general impression of an art object or art exhibition (Bourdieu & Darbel 1990; Linko 1992, 17). Consuming of art is a communication process aiming at opening the codes of art works. The art consumer reproduces the artworks based on his/her competence. When the message of an artwork exceeds the limits of the consumer's ability to comprehend it or assimilate it with some earlier experiences or knowledge, consumer often loses interest in the object.

Competences affect how the individual evaluates different art fields and organizations. If the consumer is totally missing means for interpretation and accommodation of certain branches of art, he or she can run into difficulties in forming his/her image of a certain art collection in a museum or even of the whole museum and its activities. This can be seen for instance, as very lively discussions in newspapers when art organizations and artists are appropriated grants. The more the art consumer possesses competence, the more meanings he/she creates and the more (or sometimes less) satisfaction he or she can get out of the visit in an art museum. Cultural competence affects also consumers' expectations. A more competent art museum visitor has a higher level of expectations but on the other hand, well-organized art exhibition can offer her more.

Art taste in the formation of museum image

The concept of taste is closely connected to the concept of competence. The liking or disliking of certain art object is based on consumer ability to interpret the message of an art object. However, in order to have tastes there must exist commodities able to distinct between good and bad tastes, sophisticated and vulgar. According to Bourdieu (1984) the social classes (bourgeoisie, petite bourgeoisie and working class) generate their

different cultural tastes. First, the bourgeois taste is the taste of freedom, which engenders an aesthetic disposition that determines the legitimate culture. Pure, *legitimate taste* defines legitimate cultural products. It also serves as means of distinction. Those representing this taste are usually members of the ruling class which has the highest cultural capital. A second taste class according to Bourdieu is the *petit bourgeoisie taste*, which tends to borrow the outward signs from the legitimate culture. Their taste is directed to less valued cultural products. This type of taste is not as autonomous as the legitimate taste. It is characterized by following the rules set by the legitimate class. Third taste group is the *working classes' taste* constrained by necessities. This taste is directed towards objects that have lost part of their value because of mass production and which do not bear artistic ambition.

It has been claimed that Bourdieu's interpretation of taste underestimates certain sub areas of culture such as folk tradition and popular culture (Uusitalo 1987). It also underestimates the role of the middle class in post-modern society. It has become evident that the direction of the diffusion of taste in society can take place also as an upward movement, instead of being always a trickle-down movement. The upper strata may adopt distinctive features of the lower strata (McCracken 1988, 95).

The role of taste is emphasized in consumption culture. People make their purchase decisions based on their taste. Similarly, a decision to visit art museum is a reflection of consumer's taste. Before making a decision to visit an art museum, the visitor evaluates the exhibitions against her personal taste and forms an image of the supply of the museum.

From the above discussion we notice that there are certain visitor specific factors that direct the expectations and the image of art museums. In the following, we will turn to the art museum image as influenced by the museum's activities that contribute to the overall image of an art museum.

The composition of art museum image

The image of an art museum is the sum of perceptions, impressions and experiences that the observer or visitor has of the museum. A special characteristic for the art museum image, as well as for images of any cultural organization, is the bipartite nature of the image. The two major components of art museum image are *service image* and *cultural image*. The bipartite nature of museum image reflects the two missions of art museums. The service image refers to the museum's mission of art education and the production of

experiences. Simultaneously, the cultural image is influenced by the museum's mission of collecting and transferring art and cultural heritage from one generation to the next.

Art museum visitors formulate the museum image by experiencing the services provided by the art museum. Thus art museum image is an outcome of perceptions of exhibitions and other elements of the service offering. The image of one individual consumer can be very different from images possessed by other consumers, because of different expectations and backgrounds as described above. Images are used as an instrument to compress all the perceptions and to help the consumer to separate similar objects or organizations from each other (Dupois 1973, 33-34). In the following, we discuss the two elements of the art museum image separately: first the museum's service image and then its cultural image. A significant role is devoted to those museum activities with which the audience has a contact and therefore form a ground from which the service and cultural images grow.

Art museum's service image

Service image of an art museum consists of the way its services are perceived by visitors. The effecting power behind art museum's service image is the educative mission. The aim of this mission is to provide visitors with art education and aesthetic pleasure, as well as to develop visitors' art taste. To fulfill this aim museum provides a range of services. Museum provides visitors a service package that contains formal service product and augmented service product (e.g. Lacziak 1980, 125; Mandelin 1992). The *formal core service* is an art exhibition which includes for instance, art works that are displayed in the exhibition, the architecture of the exhibition, the hanging and lighting solutions as well as other devices such as exhibition catalogues and guidance. In addition, art museum provides visitors the augmented service. The *augmented service* (peripheral services) of a museum is the total package of product features made available to the visitor. For instance, the augmented product includes elements such as tickets, sales system, customer clubs, parking space, and brochures. Other elements of the augmented product are also the support services, which are not necessary for the core service but bring additional value to it.

Museum services are weighted subjectively by the consumer which leads to variations in the quality perception of art museum and different service experiences (Lovelock 1984; Normann 1984; Grönroos 1990; Berry 1984; Adams 1992, 117). The perishability of services in turn means that the museum cannot hold its products in stock or rely on the past success. However, it can try to hold visitors loyal and 'in stock' by providing

satisfying experiences. Interaction activities such as contact persons and physical facilities have an important role. Friendliness of the contact persons working in ticket office, wardrobe, cafeteria and bookstore all facilitate the formation of good overall image of the art museum. Enjoyable surroundings such as the museum building and its surroundings also leave a mark on the overall image. In addition, visual appearance of museum's graphical appearance such as museum's name and logo, the colors and quality selected for printing and marketing material and banderols outside the building, and the museum's homepage, all affect the overall image.

As we notice from the discussion above, art museum audience is not only a passive receiver of the services but takes actively part in the service production. This is a challenging task for a museum because a visitor can subjectively control the service experience by selecting what to see and experience in the museum. A critical stage in the consumption of services is usually the evaluation of the product afterwards as means of building experience of the services. Museum service is evaluated on the basis of whether it fulfills the pre-determined need and meets the visitor's expectations about how the need should have been fulfilled. Therefore, visitor interpretation of the art museum service experience is strongly based on the individual motivation background, taste and competence. This emphasizes the individual character of the impressions and images.

Cultural image of an art museum

Cultural image is strongly influenced by museum's capacity to fulfill the mission of transferring art and cultural heritage. Museums activities such as art acquisitions, collection maintenance activities, conservation of art works, the research and publication activities and use of international contacts and networks to construct exclusive exhibitions, all affect the cultural image of an art museum. Because of the immaterial nature of the cultural image, it is often difficult to point out exactly all the influence fields of a cultural image. However, in general, cultural image reflects the perceived prestige of a museum as an art institution both in homeland and abroad.

To the cultural image belongs that the art museum reflects and communicates the social, economic, political and ideological changes of society. Museum transfers its cultural values also to its audience. However, for audiences it is rather difficult to clearly formulate the cultural image of an art museum. The reason for this is that museum visitors seldom come into contact with the activities that mainly affect the cultural image. Impressions of the cultural image are produced mainly through publicity and the atmosphere in the museum. For instance, a museum that emphasizes its cultural image

often presents itself as a quiet place of contemplation rather than an activity center. Exhibition supply tends to concentrate on exclusive, focused art exhibitions.

The consumer builds up the museum's cultural image also with the help of media; by watching television and reading newspapers. A high cultural image helps the art museum to legitimate itself in the eyes of financiers such as government and private companies. For cultural image it is also important to achieve and maintain a certain level of institutional visibility by regularly taking part in public discussion on art. Here museum managers have an important role.

Managerial implications

In image management, in trying to influence the image, museum managers should make a strategic choice of emphasis between the two missions, museums' tasks of preserving cultural heritage, and attracting broad audiences. All museums emphasize both tasks but the question here is which one of them is considered more important for a particular museum. The answer to this question often depends on museum's resources. If a museum has strong resources and competence in preserving art heritage then the key activities are quality of permanent collections, art conservation and research. On the other hand, if museums resources are strong in publicity and art education, or their financing is dependent on the public opinion, then the key areas of activity are art exhibitions that attract large audiences and organizing additional services related to them.

Museum managers have not systematically profiled their services. As result of this, visitors perceive museums as being very similar to each other (Ahola 1995). It is not enough to make strategic choices but also important to inform the audiences about them, as well as to choose the primary target groups and build up appropriate communication with them. Museum can choose a few or several audience segments and offer each one of them an own profiled program or 'service package' (Porter 1985; Uusitalo 1993). Often it means that the museum has many large exhibitions, which interest broad audiences with varying tastes. At the same time, it can also serve some focused audiences. Facing a wide variety of activities visitors create an image of the museum in which the extensive variety of services and knowledge has a central role. On the other hand, a museum can focus its services on only one visitor segment. In the image of this type of museum, the most central feature is the expertise in a specific field. The benefit of developing a clear profile is that it is easier to meet consumer

expectations, when the audience knows what kind of services the museum concentrates on and where it has its strengths.

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3 CULTURAL STRUGGLES AND THE IMAGE OF ART MUSEUM

Liisa Uusitalo and Eeva-Katri Ahola

Introduction

In this article, we discuss the changing image of art museums. First we examine what may be called the emerging postmodern condition of art museums. The undergoing cultural changes of today are in many ways restructuring the museum field and influencing art consumers' tastes and expectations.

Museums are also actors in cultural struggles about positions and what is valued as culture. We can often find homologies between these position-takings and the structures of society. In addition to parallels between the museum field and distinctive consumer taste structures, we can also identify positional struggles that reflect existing parallels between the museum field and society's power structure in general. An example is provided by describing the vigorous public discussion about the architectural plan and location of the new building when the Museum of Contemporary Art was to be built in Helsinki.

We will also discuss how difficult it may be for museums to choose between different roles and strategic choices, and how these choices affect their image. A museum's image and profile are often very unclear to themselves. In addition to that, the museum's image in consumers' eyes also depends on consumers' own expectations and preferences as well as their cultural competencies.

In the end, some of these ideas are further illustrated with the help of data from an interview about consumers' images of the museums of the Finnish National Gallery (Ahola 1995). The empirical data consist of a random sample of visitors at two different museum buildings: Ateneum (where both the Museum of Finnish Art and the Museum of Contemporary Art were situated at the time of interview) and Sinebrychoff (the Museum of Foreign Art). The total number of respondents in the survey was 487. In a further chapter of this book the same data was utilized as basis of art consumer segmentation.

The postmodern condition of art museums

Imaginary consumer culture

A sign of postmodern culture is that the fragmentation of different life spheres which has been characteristic of modernization and rationalization tendencies till now, starts to become more blurred and different life spheres are increasingly mingling with each other. The field of culture and cultural institutions will lose some of their autonomy and become part of postmodern consumer culture in which both commodities and organizations usually are valued not so much for their exchange value, but rather in view of their aura of symbolic meanings.

This refers to two tendencies that take place simultaneously. The first is that the whole cultural field will become more commercialized and "commoditized". However, at the same time also the field of commodities and consumption is also becoming more "culturalized"; commercial goods are loaded with cultural meanings and images. This encourages qualitative changes in consumption; important part of consumption takes place at an imaginary level (e.g. Baudrillard 1988; Campbell 1987; Featherstone 1991; Wernick 1991). New conceptions of spatial structures and consumption in public places will also arise. For example, places of leisure and performative, commercial places become functionally intermingled. The production and consumption of services and images overlap with each other, and the consumer becomes a co-producer of the performance (Lash & Urry 1994).

For example in the analysis of shopping behavior and shopping centers, it has been pointed out that shopping malls form an important arena of local sociality and cultural sightseeing rather than being mere purchasing places. In a shopping mall, goods and services as well as consumer activities are placed on a platform where other consumers can stroll and watch them without participating (Shields 1992).

Consumers' experience of everyday aesthetization in shopping malls is not all too different from their behavior and experience in art museums. The imaginary aspects of consumption - the "shopping" or contemplation with the help of images - are manifesting themselves in the same way. The increasing importance of consuming symbolic meanings gives us a good reason to pay more attention also to the images of the institutions and the spatial surroundings where aesthetic experiences and imaginary consumption take place - such as art museums. So far the general emphasis in this field of study has been mainly on studying the perception of art and art works, not of the

institutions and the ways art is displayed. Also art institutions contain symbolic meanings, and visiting and supporting museums are important ways of expressing a number of needs, such as the search for self-identity or national identity.

Changing consumer expectations

Postmodern culture typically emphasizes the sensual rather than the intellectual. Feelings and "atmosphere" become central. Critical reflection on society and metanarratives are replaced with the self becoming the major reflexive project. The self is being under continuous de- and reconstruction and change (e.g. Giddens 1991).

How well are museums equipped to provide sensual and atmospheric experiences as compared with the much more effective television, electronic media, or music? Or should museums perhaps give up the competition for giving as shocking or thrilling experiences as possible and provide quite different types of aesthetic-intellectual and contemplative experiences which otherwise have become rare?

Because the ways of production - in this case those of producing art exhibitions and preserving art heritage - are always connected with the modes of consumption (Fine & Leopold 1993), it is interesting to know more about the prevailing perceptions and expectations of the consumers of art experience. Can we detect the sensual, aesthetic-hedonistic orientation in present-day consumers' museum expectations? Or are museums appreciated more because of their informative role or their role in building up cultural competencies of the viewer? Or have they perhaps become a platform of new sociality and social distinction by providing (more or less) carnivalistic meeting and melting points similar to other new "market places" such as shopping malls?

We can also ask whether the museum institution as a whole is an outfashioned concept of the rationalization of modern times, signifying the collecting, organizing and distinction of art in the spirit of the Enlightenment ideology. Are audiences willing to continue in the light of this concept, or is a new concept of "the museum without walls" gradually emerging? Accepting the change would mean that in the future less importance is given to the museum building and visits there. Museum visits would partly be substituted by art education and experiences created with the help of information technology and education programs situated outside the museum. Or is there still also a need for specific museum surroundings, either as places for solitary contemplation of original art works or as places of sociality?

Economic pressures of museums

The emerging interest in studying audience impressions of art museums and evaluating the museums' performance seldom originates in any particular recognition of the postmodern cultural condition mentioned at the outset of this paper. Rather, museums still consider themselves autonomous organizational structures typical of modern fragmented world, and they are mainly interested in increasing their efficiency in reaching their organizational goals as autonomous cultural institutions. Reported satisfaction of audiences can thus help to legitimize the museum's existence and to sustain the donors' interest on the public financial support which most art museums very much depend on.

Because most societies have increasing problems in the balance of payment and public finance, there is an acute pressure for museums to show high efficiency and effectiveness. In extreme cases this can lead to an overemphasis of "demand orientation" and to a neglect of the autonomous cultural mission of the museum. It would also be sad to see art museums or other cultural organizations be forced to an exaggerated rationalization process with the help of over-aged Taylorist work methods and bureaucratic practices, when at the same time private business organizations are lowering their hierarchies and adapting more flexible and innovative ways of network production.

Cultural struggles in the museum field

The museum field, as any cultural field, can be conceived as a space of position-takings, as a field of structured manifestations of the actors that reflect the positions these actors hold. An artistic or cultural field is always a field of struggles between those conserving and those transforming the field (Bourdieu 1994).

Museums themselves are major actors in the cultural field, and moreover, they are arenas where also other actors exert their influence. Major struggles within the museum field usually deal with the artistic autonomy of the field, museum's major mission, and the quality and type of the art displayed.

Striving for autonomy

In the course of the overall process of modernization, art has differentiated itself from the everyday life world. Art, as well as its critics, curators and research, have become professionalized. As in any other cultural field, the artistic sector wants to preserve as much as possible of its autonomy vis-à-vis the actors outside its field. This means acting according to its internal artistic values which in the cultural field - with few exceptions - are often considered to be negatively correlated with audience-related or commercial success. At least this holds true in the fields of literature and pictorial art. Bourdieu (1994, 60) calls this an upside-down economic world: those who enter the literary or artistic world "have an interest in the disinterestedness" (that is, not showing interest in economic/audience success).

However, lately managerial and financial pressures have forced museums to increasingly legitimate their existence also in terms of audience success and effective administration and marketing practices. Professional museum people certainly perceive this as an insult towards the artistic autonomy of the art profession. The said tendency is also bringing up the continual conflict between the two major missions of the museums: between the cultural heritage mission and the broad educational mission (Uusitalo 1993). The first emphasizes the unique quality and profile of collections/exhibitions and is based on the concept of an autonomous cultural institution. The latter mission strives to broaden the audiences as much as possible and is based on the concept of the museum as a public service organization. Audience orientation often comes to mean that the comprehensiveness of collections or the popularity of exhibitions is gaining the first priority.

The different conceptions of the autonomy and main mission of the museum also cause inner conflicts among different types of managers within the organization: cultural managers acting according to the rules of cultural field, and new administrative managers treating the art organization as any other business and to be run as efficiently as possible.

An open conflict of this type was some years ago reported in the United States concerning the museum of the Alfred D. Barnes Foundation (Higonnet 1994). The Foundation was claimed to have lost its honor and identity when, for the purpose of raising funds, it lent its formerly strictly private collections for display at big national galleries in New York and Tokyo and gave permission to reproduce some of its art works in a book form. The art professionals were even more outraged and went so far as to

threat with court, if still another proposal, that of selling some of the less important part of the collection, were to be put into effect.

Although this was a case of private collections which in contrast to public museums are by their nature considered to be less publicly oriented, also the public National Gallery of Art was strongly criticized for its being a constitutive element of the crisis. The critics claimed that it had become too much dependent on blockbuster exhibitions with the result that high prices had to be paid to private collectors to borrow their paintings. The question was raised that if only blockbusters attract people and not the permanent collections, why should people then be willing to pay anything at all to see the permanent collections? It was argued that, in competing for audiences with always bigger and bigger blockbuster exhibitions, art museums would undermine their own existence.

For museums the basic dilemma between quality and popularity shows itself, for example, in the planning of exhibitions; should innovative but unknown new art experiences be introduced, or should a commercial success be secured by appealing to the more popular taste? The dilemma between artistic quality and commercial success is often solved by introducing blockbuster exhibitions of the already artistically well-established and known artists.

Striving from the margin towards the center

The struggle about the artistic style and innovations of the permanent collections, again, has usually been solved by way of an extension and differentiation of the museum field. Instead of old museums adopting new types of art in their collections, totally new types of museums, such as museums for contemporary art, have emerged (Crane 1987).

As usual, new things start in the margin of culture and they are brought into the center when they are subjected to attempts at institutionalizing them. As separate entities, for example, museums for contemporary art are able to emphasize their own artistic criteria, professionals and a language with which a self-referential system of signifiers can be constructed.

The same cultural struggle for positions happens not only with avant-garde vis-à-vis traditional art, but also whenever any types of popular art penetrate the cultural field of high art. Recent newcomers within the "heritage industry" are popular science museums, folklore museums, or the so called home museums ("life style museums") that display the reconstructed, "authentic" home of an artist of a certain epoch or a home

representing a social class and its life style during some historical period. Typical of all of them is that they try in a postmodern spirit to appeal to the audience's own experiences, memories and nostalgic feelings toward the past rather than to any beforehand acquired cultural educations and competencies. In this way they differentiate themselves clearly from the art museums and previous forms of high culture.

The status of any new institutions in society –such as new contemporary art museums or nostalgia museums– is likely to remain weak as long as there is no comparatively strong power block in society which would support their position. Or what may be even worse, strong structures can exist which resist the new trends and their adherents are struggling to keep their own positions in the field.

A case of cultural struggles in the museum field: the location of the museum of contemporary art

A very interesting case of cultural struggles was the dispute about the new building for the Museum of Contemporary Art in Helsinki.

The architectural solution itself is a work of art signifying the museum and, consequently, became an object in the cultural struggle about positions within the architecture profession. The normal citizen appears not to feel competent to say anything much about this matter. Consequently, it was not the architecture as such but the location of the museum building in the city centre which gave rise to a debate among the wider audience.

In so far as the discussion was about the requirements of necessary space around the building (which was claimed to be too small), it could be interpreted as a question of different taste structures only. However, when the suitability of the coexistence of the building and the immediately adjoining statue of Field Marshal and the Marshal of Finland, Carl-Gustaf Mannerheim, was elevated as the major issue, the discussion rapidly gained new important symbolic dimensions. Now it became a cultural struggle with homologies in the political sphere. (Mannerheim was the military leader of the "Whites" in the Finnish civil war 1917 to 1918 and the leader of the Finnish troops in the war against Soviet Union in the Second World War, 1939-44, and has since then become a national symbol of Finland's braveness in the war against a much stronger enemy and of the country's will to independence. The figure of Mannerheim perhaps also signifies people's longing for a spirit of national unity comparable to the one reached during the Winter War in 1939-40.)

Active opposers (either to the location or to the whole building) claimed that the "honor of Mannerheim" and, obviously, their own nostalgic feelings would be somehow threatened if the new museum (drawn by the foreign architect and representing abstract modern art) was to be placed in close immediacy of the national warrior's symbol. Now, everybody could be an expert in the matter of space and location, because it was felt that no cultural competencies are required to evaluate the authenticity of one's own feelings.

It was perhaps not only an accident that the leading popular figure that was most successful in collecting lists of names against locating the modern museum close to the statue, a retired army general, represented an "authoritarian personality". The art taste of authoritarian persons, according to a number of studies, usually may be assumed to be very conservative. However, it is also possible that those writing their names on the protest list were fostering nostalgic feelings for this "commanding", grandpa-like general and army veteran, rather than actually having any strong opinion about the museum itself.

In this case of a modern art museum, several struggles are going on simultaneously. In addition to the inner struggle of positions in the cultural field between art professionals (architects) themselves, we can also see in this case a homology with consumers' popular taste structures standing against all the "strange" high culture that modern art and architecture seem to represent. Similar struggles have earlier taken place almost every time an abstract statue was to be raised in a public place. There is also a homology with political conservatism opposing all cultural breaks which could endanger or weaken the nationalistic feelings and the old images of nationalistic unity.

The mere existence of the contemporary art museum (although it belongs to the complex of National Gallery) thus may come to be seen as an effort to break up the old structures and bring new symbols of national identity from the margins to the center. Therefore the resistance to this can be hard from the part of those who represent the old symbols.

The manager of the Museum of Contemporary Art was left very alone in the struggle, when she tried to refute in public the most erroneous beliefs concerning the museum's purpose and location. The National Gallery as the "top organization" of the Museum of Contemporary Art did not publicly defend its own sub-museum, and neither did any other art institutions react. This is logical from the point of view of Bourdieu's theory. Contemporary art has to struggle for its position in the art and museum world, and in

this struggle it is on the other side of the front than institutions representing more traditional types of art.

Factors affecting the image of museums

Museum's own choices

The image of museums as perceived by the visitors will emerge from the interplay of both supply and demand factors. By supply factors we mean things that the museum itself can influence: the clarity of its goals (its major mission and orientation), its artistic profile and distinction from competitors, major target customer groups, and the basis of segmentation of its products and services.

Some museums choose to become generalists and try to provide something for everybody. Often such museums are national galleries with very extensive collections and very broad target audiences. Even these generalists, however, cannot escape making strategic choices when they program and plan individual exhibitions. They also face the choice between allocating resources for the different major functions, e.g., exhibitions, permanent collections, importance of research, conservation and publications activities, or education programs.

The smaller art museums have often specialized in some particular kind of art or artists, and consequently they have more focused target groups among the audiences and a more limited number of side functions (research, education programs etc.).

An important strategic choice for both of these types is, for example, to choose between the product development/audience development strategies. Should new innovations and exhibitions be planned mainly for the present art audiences in order to increase their visiting intensity and satisfaction level, or should new audiences be approached with the existing or totally different kind of supply? Another strategic choice is faced in defining the geographical area of the target market. Art museums can seek to be influential on the local, regional, national or international level. Most art museums tend to be regional or national as concerns their target public, although many of them have international contacts on the production side in organizing exhibitions. Big museums in European metropolis, however, are clearly intended for international audiences (e.g. the Pompidou Centre in Paris or the Van Gogh Museum in Amsterdam), and they have also become major tourist attractions (Mandelin 1992).

Any kind of conscious strategic segmentation is very rare in art museums. The very idea is still unclear to most museum managers. However, it is almost impossible to measure the performance or success of exhibitions as far as their target audience is unclear. The target audiences can be classified according to several properties. In practice, however, museums tend to define their target audiences according to some demographic properties only. A more sensible idea would perhaps be the conscious profiling of exhibitions for example according to the major mission of the museum (targeting the knowledgeable segment or the general public), art preferences of the visitors (e.g. audiences with tastes for different art styles), or the different perceived benefits (aesthetic, educational, or social benefits) customers are looking for (Uusitalo 1993).

Consumer expectations: social distinction, self-identity or sociality?

Previous research has usually claimed that art consumption differs from other consumption by providing aesthetic satisfaction and experiences (e.g. Hirschman 1980). However, as mentioned above, the aesthetic and imaginative dimensions have become extremely important in all consumption activities. In contemporary postmodern consumer culture, the economic-performative and aesthetic dimensions seem to become more and more intermingled. Therefore we can claim that it is mainly the high capacity of art consumption to differentiate between tastes and thus to provide means of social distinction and identification which differentiates it from other consumption.

In view of distinction, consumers are very differently equipped as to their cultural competencies to decode and "read" art objects and performances. Several hermeneutic and semiotic theories emphasize the fact that the receiver (reader, viewer) "produces" or reproduces the art product according to his/her competencies and previous expectations or "prejudices". The higher degree of competence, that is, the greater variety of codes the consumer masters, the more he/she can get out of the experience (Uusitalo 1987). This is why the "cultural competencies" or "cultural capital" of the museum visitors can be important in shaping up consumers' expectations and the image of a museum.

The terms 'cultural competencies' and 'cultural capital' are used by Bourdieu (1984), and they refer here to the acquired cultural and social knowledge of art and art world. They are important not only to consumers of culture but also to other actors in the art world, for example, for museum curators or gallery managers, who hardly can prosper without a mastery of the specific cultural codes and cultural social networks within their field (Jyrämä 1993 & 1999).

Usually cultural competencies in art are based on education, previous experiences, and learning at different situations. Therefore an important motive for the museum visits can be the willingness to build up one's cultural competencies: to learn more about art and its cultural codes. However, this should maybe not be taken so much as an expression of "educational needs" and the Enlightenment ideology of modernization era as museums themselves tend to think. Instead it is a sign of postmodern era that emphasizes self-reflection and the constant construction of the self by way of everyday practices (e.g. Bauman 1993).

Bourdieu assumes that cultural competencies are mainly used for the purpose of social distinction and identification (differentiation of taste/social groupings from each other). However, we can assume that the more we approach the postmodern era, the more social and class distinctions will lose their importance, and cultural competencies are utilized mainly for individual, solitary purposes: to build up self-identity and to increase the individual enjoyment of art. Identifications of social taste groupings are also possible, but most notably as ways of identifying with specific imaginative communities (e.g. admirers of a specific art/music style or artist) rather than in terms of social distinction from other actual consumer groups.

In addition to the above mentioned social distinction or self-identification, the openings of new exhibitions certainly serve the purpose of meeting friends and actors of the art world. Museums can be also thought of as satisfying the needs of sociality. However, one suspects that the sociality function of museums, if it is at all important, is best served by the side services of museums, such as cafeterias or lectures/film shows. If we wish to develop museums in the direction of places of sociality and social meetings, commercial and well-planned side services will have to be added to them. In many countries, gift shops and cafeterias in large and high-quality museums have increased the museum's temptation as a place of sociality. In extreme cases, however, the museum's success as a popular place of sociality and commercial services may diminish the level of satisfaction for those who are mainly interested in solitary and contemplative art experiences.

The core products of the museum, collections and exhibitions, can have social impacts in a more indirect way than sociality. They are important means of social integration - not in bringing people together physically but mentally: by giving visitors historical reference points and some basis for cultural identification and, therefore, feelings of belonging to a community. Many famous art works, artists or artistic periods have become national cultural symbols which work in a totem-like manner to collect and integrate people with their community or society. The museum itself (including its architecture) can become a

source of national or local pride. In the 1980's, museums and other cultural buildings were often erected as symbols of the cultural status, and they were powerful in attracting people of the surrounding community. Especially art museums with an interesting architecture have more or less tended to complete or even to replace the usual former variety of churches and castles as major cultural signs and attractions of visits. So-called cultural centers that were built in some countries in the 1980's have been less successful in this, because they often have little or no permanent activity over lengthy periods. In contrast to museums and concert halls, a cultural center tends to remain more or less an empty scale, a stage for various occasional performances.

What is the upshot of this in view of the image of museums? We can expect that the image of art museums will be reflecting not only expectations concerning aesthetic (hedonistic) experiences but also vital needs to increase one's cultural competencies in art and to find help in the individual project of self-construction and identification. Museums are also satisfying social needs by giving a platform where people can meet physically, or by contributing to social integration and feelings of pride and belonging in a community.

In the following we shall look at some empirical results from a museum visitors' interview and evaluate them from the viewpoint of the above arguments. The empirical study in question consists of an extensive survey of consumers' attitudes concerning the museum's image, consumers' motives to visit the museum and their opinions of the museum's different services (Ahola 1998). In the remaining chapters, only part of the descriptive results is presented, in order to exemplify some particular aspects of the museum's image.

The image of museum in practice – museum visitors' perceptions of art museums

The museum's allegoric picture

According to the interviewed visitors the museum, taken as a whole, allegorically most resembles a **castle or palace**. The next most popular images were those of a library, school/university, concert hall, church, and archive (Table 1). The physical museum building and its architecture seem to be the foremost determinants for such a vision (palace/castle, or private home in the case of the smaller Sinebrychoff Museum in Helsinki). One reason for this certainly is that former castles and palaces often are used as museums, not only vice versa. In our case the museum building was not a former

castle, and therefore this image may also tell something of the 'high culture' status of art museums.

Table 1 The closest allegorical image of the museum

Ateneum		Sinebrychoff	
Image	%	Image	%
Castle/palace	41,3	Castle/palace	52,9
Library	39,0	Private home	51,0
School/university	32,5	Library	17,6
Concert hall	17,9	Archive	9,8
Church	11,2	Concert hall	9,8
Archive	8,8	Church	4,9
Something else	4,2	Something else	4,0
Bank	2,9	School/university	3,9
State office	2,3	Station	1,0
Station	1,8	Department store	1,0
Department store	1,0	Bank	0,0
Private home	0,8	State office	0,0

However, almost as important as castles were **images of educational institutions** such as library and school/university. Art museums were not imaged as bureaucracies, and neither do they remind people of places of social and commercial exchange such as department stores, shopping centers or stations (banks do gain some support, though, because of their often palace-like main branches). Of other art institutions, only concert halls and film archives gained some support, whereas theatres were not at all associated with art museums.

Overall, art museums are foremost associated with something magnificent or civilized, with tokens of high culture. Primarily they are perceived as sites of collected knowledge and intellectual activities, not ones of hedonistic everyday entertainment or sociability. These images tell us that art museums, in their present form, are not by any means perceived as a new type of ordinary marketplace for consumer sociality.

The museum's functions for the consumer

The motives and obstacles of visiting an art museum show us something about the expectations and the images associated with the museum's main functions. Figure 1

shows the importance of different reasons for visiting a museum. "Looking for aesthetic experiences" seems to form the most important reason for a visit. "Learning about myself and my culture" and "Wishing to learn about art styles" are also highly important.

Figure 1 Motives for visiting art museums

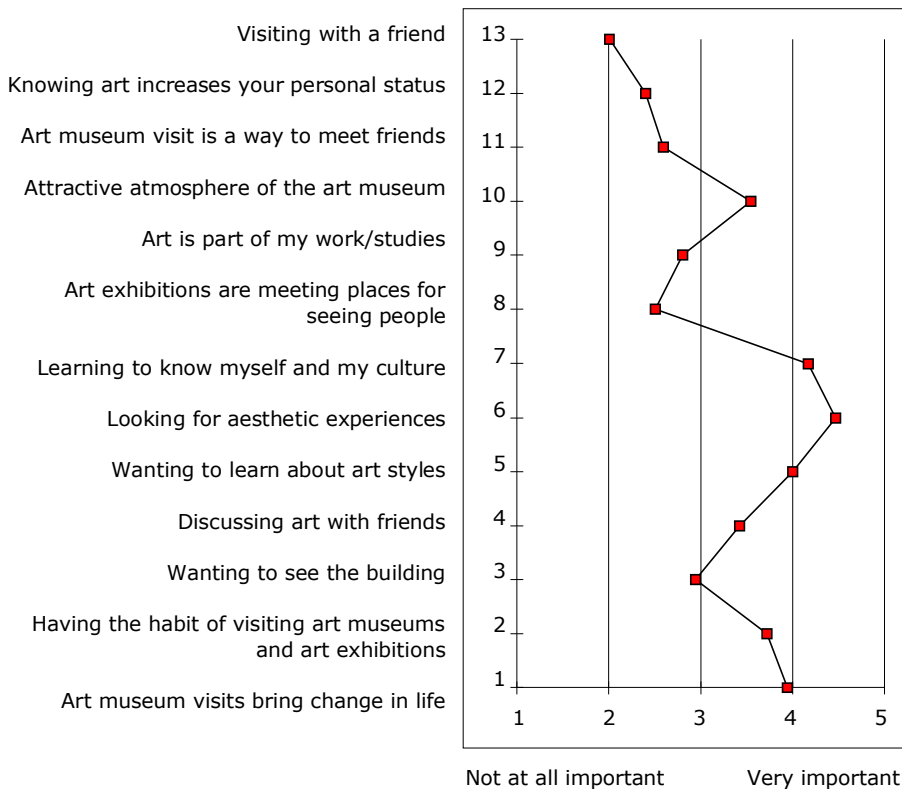


Table 2 shows how these motives, with the help of factor analysis, can be classified to make up three major functions of art museum: the aesthetic-hedonic function, the knowledge function and the social function. Obviously, both the acquisition of cultural competencies and the wish to understand and construct one's self-identity are important parts of the knowledge function.

By way of comparing the average importance figures, it can be found that the relative importance of the aesthetic-hedonic and the knowledge function are both high (80-90 per cent of visitors consider these things important motives for the museum visits),

whereas the museum as a place of sociality is not so important to the majority of visitors. Only one third of the visitors hold that the museum is a good place to meet friends and to see people. Women have stronger individual aesthetic and knowledge motives to visit the art museum, whereas male respondents more often than women gave "Following as companion to somebody else" as the reason for their museum visit.

Table 2 Dimensions of motives of visiting art museums - factor loadings and interpretation (factors in order of importance)

Variable	I	II	III
Aesthetic-hedonistic function			
Art museum visits bring change in life		.66	
Looking for aesthetic experiences		.66	
Attractive atmosphere of the museum		.59	
Knowledge function			
Discussing art with friends	.78		
Wanting to learn about art styles	.71		
Having the habit of visiting museums	.70		
Art is part of my work/studies	.68		
Learning to know myself and culture	.48		
Social function			
Visiting a friend			.73
Art museum visit is a way to meet friends			.73
Knowing art increases one's personal status			.67
Art exhibitions are meeting places to see people			.63
(Cumulative percentage of explanation 52.3%)			

The high relative importance of the knowledge function besides the aesthetic function is a novel viewpoint, not shown in previous empirical studies which usually have emphasized the aesthetic function only. This result supports our ideas of the museum as a source of self-construction and a means of improving one's cultural competencies. These, in turn, serve to increase the level of aesthetic satisfaction while they are helping to decode the art works. In this way the aesthetic and intellectual functions of art museums will complement each other.

The importance of cultural competencies not only as motives to visit the museum but also as a major reason why people do not visit art museums is shown in Table 3.

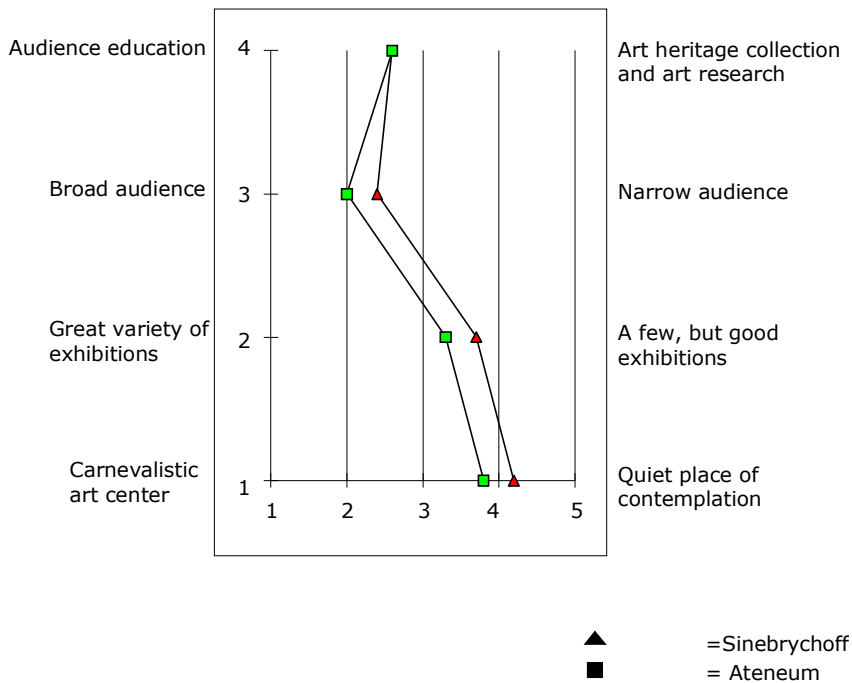
Table 3 Reasons why people do not visit art museums

	1. barrier	2. barrier	3. barrier
Art does not interest people in general	26,6	11,9	12,6
Weak knowledge of art	20,1	21,6	16,8
Art is perceived to belong to elites	18,4	25,8	18,9
Old-fashioned, negative perception of art museums	13,6	15,5	14,5
School education does not lead people to the art world	12,4	14,0	10,5
Some other reason	2,5	0,6	1,3
Ineffective communication	2,3	2,9	5,5
Too high ticket prices	1,3	2,1	6,5
Art museums are considered unnecessary	1,0	2,9	6,1
Unsuitable opening hours	0,8	1,5	2,9
Unsuitable location	0,4	0,2	2,1

As regards the social function of museums, the results show that the museum's role as a place of socializing is perceived unimportant. It is, however, important to a certain part of the audience (e.g. members or newcomers in the art world, such as art students), and importance of sociality might well be increasing in the future. The low importance of sociality found in this study is in keeping with the high cultural and educational image of museums which was described in the previous chapter.

Expected emphasis of museums

Museum as a quiet place of solitary contemplation and self- construction is more preferred than museum as a carnivalistic art centre and social meeting point. This is shown in Figure 2. As for the other strategic choices, museum visitors' opinions are divided. Broad audiences and audience education are, on the average, only vaguely preferred to focused audiences and the cultural heritage mission of the museum. Opinions are similarly divided in the question of whether a great variety of exhibitions or fewer but good exhibitions should be preferred. In a smaller museum, visitors tended to be more in favor of focused supply and focused audiences. Big museums are expected to appeal to a broader audience.

Figure 2 Expected emphasis of museum's activity

In general, art visitors do not have very strong opinions of the strategy and roles of museums. If we summarize from a number of statements of opinion outside the scope of this paper, visitors appear to feel that museums have acted autonomously and have not tried very hard to please the audiences. The widespread opinion is also that people do not visit museums due to an interest in social distinction. And there is a universal wish to have more international, big exhibitions in Finland. In other respects, opinions were more or less ambiguous.

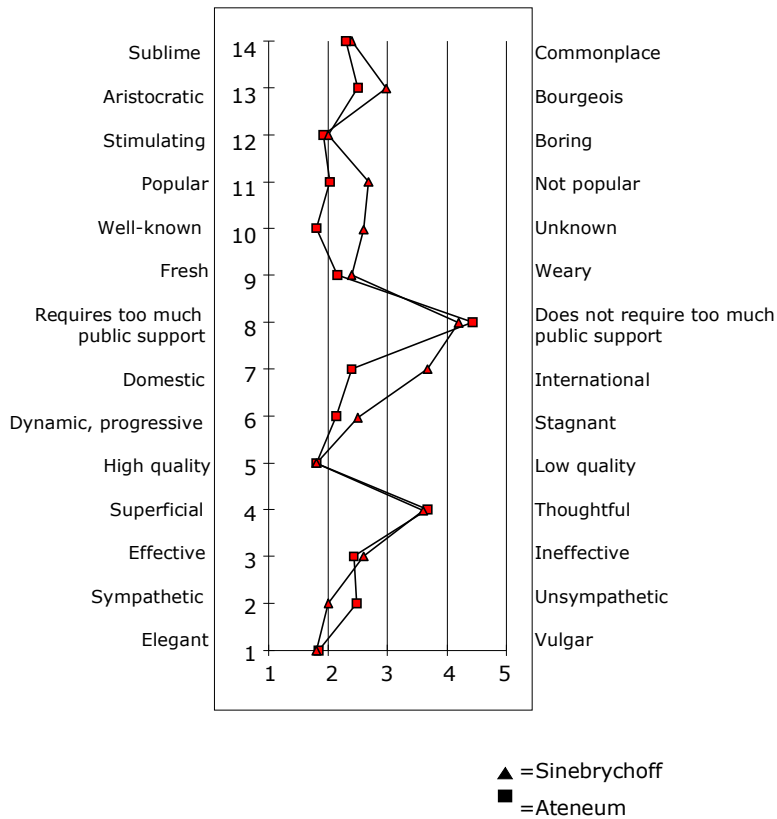
The ambiguous and weak opinions about the museums' role and qualities are evidence of the fact that museums themselves have not been clearly profiling themselves and that most consumers are more or less unfamiliar with the museum's purposes and criteria of performance.

Character profiles of the examined museums

The two museum units, Ateneum and Sinebrychoff, were evaluated by their respective visitors. The results are shown by a semantic differential in Figure 3.

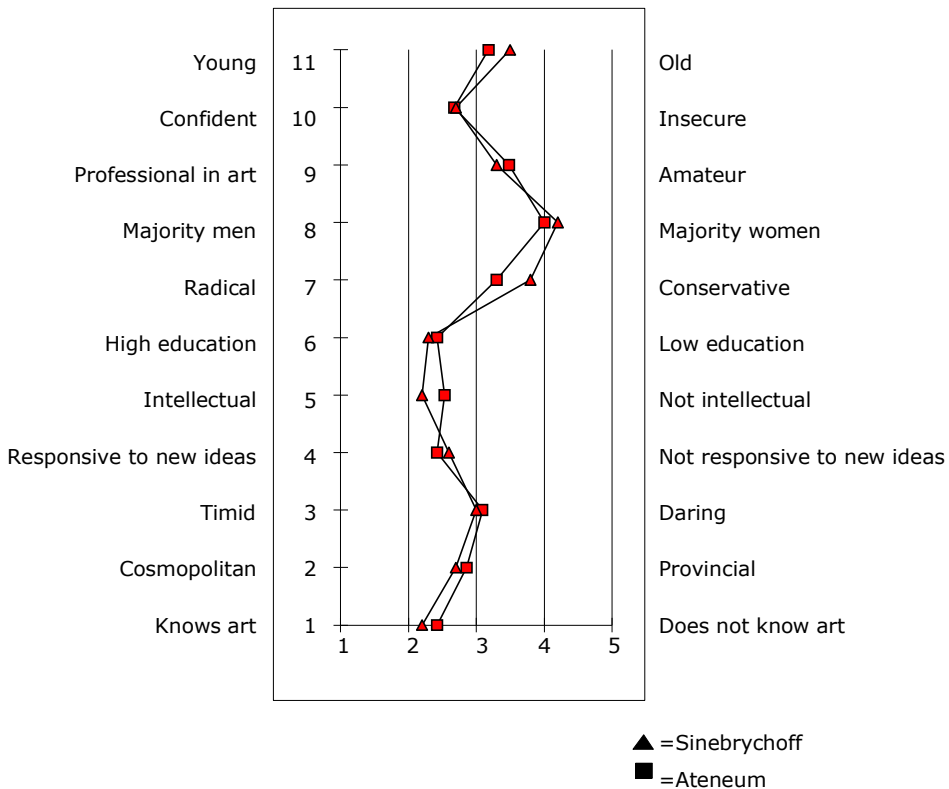
Both museums received a generally very positive evaluation. However, almost all their characteristics show very average scale values, which means that the museums' images are rather indistinct. Perceived differences between the two museums were also few. Surprisingly, the smaller Sinebrychoff was perceived clearly as more international in character than the big Ateneum. Possibly this evaluation is based on the content of collections, rather than museum's activity. Ateneum is in the possession of all the most famous national artists, and these paintings are visited more frequently than the collections of foreign art. Otherwise Sinebrychoff was, as expected, a little bit more unknown and less popular than Ateneum (it is also situated in a more distant place).

All museum visitors, irrespectively of the museums in question, were strongly in favor of the public financial support to the museums. This is an important result to be made public, in comparison with public opinion surveys of the whole population in which cultural expenses often are perceived as the least necessary. Active cultural consumers' opinions do not show in the extensive population surveys.

Figure 3 Character profiles of the museums

The image of a typical museum visitor

The main finding was that different museums all have the same kinds of visitors. The visitor profiles of the two museums compared were very identical (Figure 4.). Obviously there are many kinds of visitors, or respondents are very insecure about their characteristics and therefore answers tend to concentrate in the "don't know"-area in the middle of the scale.

Figure 4 Perceived profiles of the museums' visitors

The similarity of the museum profiles as well as visitor profiles of the studied museums also tells us that the museums have so far not succeeded in distinguishing themselves from their competitors and have not focused themselves on any specific consumer segment. This problem is maybe worse in the museums belonging to a National Gallery because the umbrella organization may hamper the own specific museum profiles from emerging.

A lot of confusion is also caused by the fact that the buildings and museums have separate names. The larger audience knows the museums by the names of the respective buildings, and therefore it is wise to follow this tradition in naming the museums. A name and a logo which are distinctive and easy to remember are the most important signs when an own profile is being built up for a museum.

Conclusions

Art museums were founded and became differentiated in the modern Enlightenment era. Now art museums are faced with a new postmodern condition which means tendencies towards de-differentiation of various cultural spheres, emphasis on the imaginative and aesthetic aspects of everyday experiences, and new types of public spaces for sociality. At the same time museums also stay under pressure of further rationalization, which is shown in the increasing financial and performative requirements towards museums. These contradictory tendencies are often reflected in a conflict between museum's major functions, and in their disability to profile themselves and plan their field of specialization.

As any cultural field, the field of art museums is a place where struggles for cultural positions take place. This was depicted with the help of two empirical examples; the one concerning conflicting views of a museum's major mission in the United States, and the other concerning the perceived cultural conflict between two very different cultural and national symbols in Helsinki (the statue of a national hero and the building of the museum of contemporary art). The examples also describe homologies between power structures and cultural struggles.

Some of these ideas were examined further with the help of survey data of the visitors' perceptions of the art museum. The closest allegories of art museums are tokens of high culture and education such as palace and library. In this aspect museums still seem to represent ideas from the modern Enlightenment thinking and differentiation of life spheres into high and profane culture.

However, we would claim that the importance of both the aesthetic and the educational functions of museums found in this study are better understood as tokens of postmodern tendencies; of hedonistic consumption and especially the need for reflexive self-construction. We found that both the aesthetic and the knowledge function of museums are thus important to the visitors, but being conceived as basis of individualization and self-construction rather than as means of social status and social distinction. Museum is a place for acquisition of cultural competencies, but these are utilized more for advancing one's further aesthetic experiences and self-identity than for social distinction.

So far museums are not imagined as a major public place of sociality and social action. They are treated as places of aesthetic and contemplative solitary activity, not that much as places of meeting people or enjoying the scenery of social activity. Art museums are

socially important, but only indirectly in that they provide reference points and opportunities for social integration with past generations and thereby feelings of belonging to a community or nationality.

Although the art museums are envisioned as places of learning and improving the cultural competencies, they are not any more perceived to belong to the elitist part of high culture. It seems that museums are in the transformation period, and museum visits are becoming closer to the popular everyday activities. The ambiguous and weak opinions of the individual museums' roles and qualities evidence the fact that the museums have not yet been successful in profiling themselves clearly.

Similarly, the visitor profiles of the different museums are in the eyes of the audience very identical and represent the "average art consumer". However, it is still felt by both visitors and non-visitors that museum visitors in general possess higher than average cultural competencies in art. Lack of cultural competencies was the main obstacle given for not visiting art museums. Thus museums are often rejected because of deficiency in art knowledge, but as often visited because of the willingness to develop these competencies.

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II VISUAL ART MARKET

4 ECONOMIC TRENDS AND CHANGES IN THE ART MARKETS

Liisa Uusitalo and Annukka Jyrämä

Introduction

The national as well as international art markets have undergone a strong growth period over the last thirty years, and especially in the end of 1980's there was a growth peak. Activity has increased both within the field of the public art institutions in financing and building new museums and within the demand and supply in the commercial art market. We try to explore what is behind this rapidly grown interest or "art boom" of the end of 20th century. Later on, art markets declined in the 1990's – since then, the growth has taken a more modest path.

This paper aims at studying two macro processes of the pictorial art market. Our first question is: to what extent is the growth or contraction of the commercial art market associated with economic cycles at large? We are interested in understanding and describing the mechanism behind the assumed dependence on economy. The interdependence of art market and economic cycles will be first demonstrated with the help of earlier studies. Thereafter we use art sales, economic growth and stock market data in the 1980's to illustrate the proposed interdependence. The second task will be to describe the internationalization trend of the art market and explore some factors behind that process.

On macro explanations of art activity

The efforts to study how the art world is affected by macroeconomic factors have been scarce. Possibly this is due to the fact that sociologists and cultural historians who have devoted much interest to the contextual or external determination of art activity, have paid most of their attention to general social or ideological trends (Hauser 1951; Adorno 1991) or immediate organizational surroundings of artistic activity (DiMaggio 1986) rather than to macroeconomic factors. Moreover, most studies focus either on innovation or stylistic changes in art or the social hierarchization processes of art taste and reception, but not, in actual fact, on the distribution or marketing of art products. However, it is the latter that we wish to do in this paper.

We can conclude from the earlier studies that contextual economic factors are often considered important but not alone sufficient for understanding the phenomena in art

world (Kavolis 1989). For example, market structure, that is, how concentrated or competitive the market is, has often been assumed to be a determinant of innovativeness in art production. This holds for several fields of cultural production such as recording, publishing or video industries (e.g. Peterson & Berger 1975; Uusitalo & Oksanen 1988). However, empirical results show also contradictory evidence and in many cases the causal link seems to be reversed: cultural innovation may also precede changes in market or technological structure (Lassila 1990). Therefore, in several recent studies, the role of economic agents – intellectual elites, art managers, artists – has been emphasized and contextual or economic determinism is rejected. Giddens' structuration theory in sociology and the Industrial-Organization school and Porter's strategy theories in economics have been the most influential starting points for this line of research that emphasizes the actor's role (for sociological analyses, see also Archer 1988 and DiMaggio and Powell 1991). The activity and performance of art market are often seen as results from the interplay between purposive actors and contextual factors (e.g. Hirsch 1972; Zolberg 1980 & 1992; Wolff 1981; Coser, Kadushin & Powell 1982).

In sociological studies of structuration, the actors' use of cultural capital, of the social symbolism embedded in art activity and the relation of this symbolic power to the social hierarchies have been emphasized instead of economic factors. It has been claimed that art worlds are socially constructed and continuously transformed by reclassification and hierarchization. For example, intellectual groups or art genres can increase their symbolic power by creating their own economic structures, such as journals or galleries which serve as means of disseminating their innovation (e.g. DiMaggio 1982; Kauppi 1992; in economic literature e.g. Singer 1981). The same structuration theory holds for art audiences. The Parsonsian system analytic or functional study of art reception has thus been complemented by studying how consumers' cultural life styles and taste groupings undergo a constant transformation (Bourdieu 1984; Featherstone 1991; Zolberg 1992). In the arena of social hierarchization and classification the ownership of cultural capital, for example one's knowledge of how to classify and distinguish art genres and of the language of the interpretation of art, becomes more important than economic resources.

We very much agree with the view that the structure – agency dilemma has to be overcome when explaining behavior in art markets. Still, this gives no reason to more or less totally ignore the influence of structural and economic macro factors. Recent micro level analyses, which shed light on the processes of structuration and striving for cultural capital, are also useful because they help us to understand how macro level trends are mediated or originated by the organizational and individual level activities.

Among the previous few studies on economic trends and art market we can refer to the classical study of William J. Baumol and Bowen 1966 (see also Baumol & Baumol 1984). It has been found out that macro structural changes such as inflation and wage increases affect the conditions of art organizations engaged in producing live-performances. Wage increases and inflation in society often result in a permanent income gap in the performing arts field that cannot easily increase its efficiency. Consequently there is an increased need for public financial support. The theory is clearly relevant for performance art, but it is less apt for explaining behavior or problems in art organizations and cultural industries which are able to increase their efficiency by way of new technology.

The impact of economic (long) cycles on pictorial art, again, has been studied by Kavolis (1989) and Korpinen (1991). Their conclusions support the idea that economic macro trends do have an effect on artistic activity. These findings will be examined next.

Long economic cycles and art

Kavolis has studied long periods, those of about hundred years' duration, and he is interested in the impact of economic prosperity on the level of artistic activity in society. Based on Parsons' idea of the various developmental stages of society and the psychological theory of achievement motivation he proposes that artistic creativity is highest in societies which have only recently experienced a considerable rise in economic prosperity (although the level of prosperity as such does not seem to be that important).

Stable economic periods are not that favorable to creativity; instead, activity is high during the periods of strong economic transformation (strong growth, or restructuring of economy), and there is a strong need for achieving reintegration in society. According to Kavolis, creative activity is high either in the beginning of economic transformations when the commitment to economic action or restructuring is not yet all too intensive, or, especially, in relatively late stages of economic transition when "the results of economic action are felt to be sufficiently satisfying to justify an increasing release of resources for symbolically expressive activities" (Kavolis 1989, 391-392). Kavolis' theoretical explanation of artistic behavior in terms of small scale group behavior and his use of the somewhat outdated achievement theories have received much critique (e.g. Zolberg 1992). Neither is it quite clear what Kavolis means by periods of economic transformation.

However, the hypothesis of increased artistic activity at the start and end of long economic growth or restructuration periods is interesting also in view of understanding

the developments in present-day art markets. But some difficult questions of interpretation emerge. Should we for example interpret the growth of art markets of the 1980's as typical of the end of the long post-war restructuration and growth period, or should we interpret this growth in the interest in art as belonging to a start of a new economic restructuration toward post-industrial network society that started in the Western hemisphere in the 1990's and around 2000? And how well does the theory of cyclical dependence apply to other activities than the creation of art, such as the demand, dissemination and marketing of arts, or the creation of new arts institutions?

Korpinen (1991) also links development in the art markets with long economic cycles. However, he concentrates on the effect on artistic styles. He explores the possibility that artistic epochs of styles follow the pattern of long cycles in economic development. According to his interpretation, long economic depressions/declines seem to correlate with "romantic movements" in style, whereas long periods of prosperity would seem to coincide with different variations of "realistic movement" (with both these style classes very broadly defined). In his view, then, the economic development would be reflected in artistic behavior via some kind of a common worldview or "Zeitgeist". For example, Impressionism, Cubism, Abstract painting, Informalism and Pop Art all seemed to have emerged during the long upswings which maybe encouraged a more liberal attitude towards new experiments. The life span of a certain style seems to be half (20-30 years) of a full economic long cycle.

Another finding which Korpinen makes on the basis of his study of long cycles is that bad economic times (depression) do not seem to encourage new artistic innovation, rather the contrary. The last finding seems to support what Kavolis has proposed: that creativity is not fostered by economic latency or by periods when placing a very heavy emphasis on economic restructuration itself. The "creativity of a poor artist"-hypothesis may work at the individual level (which we doubt), but not at the societal level.

Although the research on long cycles as such is still in its beginning phase in economics, and the results of the effects of economic cycles on artistic creativity are even more speculative, it is, however, fascinating to combine Kavolis' ideas with the cycle development described by Korpinen and think of the years 1948-73 (the latest upswing of a long cycle) as years of a long economic growth which gave rise to the art boom of the 1980's. Analogously, the years after 1973 can be perceived as years of a long decline which is culminating in the beginning of 21st century into a bottom phase of a long cycle which, again, seems to coincide with the decline in art market activity.

Post-modern tendencies in art and architecture can be interpreted to belong to the "romantic" movement. Their popularity in the downward cycle of the end of the 20th century supports Korpinen's theory. However, the multiplicity and "de-differentiation" of styles in 1980-90's, (see, e.g. Lash 1990) make it more difficult to draw conclusions concerning the stylistic time epochs, unless, post-modernism in art, architecture and literature is interpreted as signifying a contemporary "romantic" style (according to Korpinen, the new Expressionism, for example, is signifying the romantic style of the present decline phase of a long cycle). Korpinen himself draws both economic and artistic (maybe even political) parallels between 1980 and 2000 and the situation at the end of 19th century; in many ways these two periods which he sees very alike.

If we want to speculate, a long upward wave should start soon in economy, and simultaneously there is a strong restructuration from industrial toward information society. Artistic creativity should now be high, and even more so after the transformation/growth period, in 25-30 years from now. We could also expect that new types of 'realistic movements' replace the prevailing "romantic" postmodern style in arts.

Some characteristics of the commercial art market

Paradoxically enough, the more art has become commercialized or medium of political ambition and legitimation, the more the autonomy of it has been emphasized. Art has come to symbolize an autonomous sphere of aesthetic values that guide such institutions as museums, galleries and art councils but is also important for business corporations that invest in art or sponsor it. The more art has become embedded in politics and commerce, the more it wants to resist it and refuse to accept of being treated as political or commercial (Sherman 1989, 106).

This anti-commercial attitude has had a restrictive influence on the growth of art markets. Serious fine art institutions or galleries have seldom looked for efficient marketing tools which would help them in positioning themselves in the art market or in using effective means to disseminate art to their customers or for the public benefit (Mandelin 1992). For example, museum directors have faced a dilemma, because it would be extremely important for them to know well the art market in order to acquire artworks for their museum collections but, on the other hand, they do not want to fuse with the commercial market, being afraid of giving up the ideal world of artistic autonomy (Frey & Pommerehne 1989, 128).

This dilemma has been partly solved by delegating the commercial activities of art to professional art dealers, thus allowing the museum people to keep a distance to the monetary aspects of the art market. Consequently, the emphasis on the autonomy of art has increased the diversification of the art world which is now divided into a "non-commercial" museum sector and into a "commercial" or "for-profit" sector of galleries and auction houses specializing in the commercial activities of art acquisition and monetary value judgment. The non-commercial museum sector is, however, the biggest client of the commercial sector.

Moreover, the fact that art is perceived as an autonomous field and outside the daily routine, and that it requires exceptional cultural competences and social capital to trade art, gives a certain glory also to the commercial art dealers as compared with the business dealing with other goods and services. It is also obvious that the inner social hierarchization of the commercial art market will take place as soon as the market grows in a country. Whether we can talk about a dualistic division between the "core" of major auction houses and galleries and the "fringe" or "periphery" of small experimental galleries remains to be seen, but already now there is a considerable distinction between the fine art or connoisseur market and the market for ordinary people who, without any specific knowledge in art, buy art at fairs, mass expositions or art shops other than galleries.

The social hierarchization of art trade goes far beyond that what we normally would call specialization in business. As Bourdieu (1984, 1986) has pointed out, by their selection and value judgment commercial art dealers - as any art producing organizations - are reclassifying also the art and artists, not only themselves and their customers. As in the case of art consumers, what matters for professional art dealers is not only their tastes in art but also the way they deal with it, which reveals their acquired cultural competence. Therefore the outside "habitus", knowledgeability and social network of the gallerists and auction house experts are often taken as indicator of their acquired competence in the field and of their relative power to make taste classifications.

In art business, knowledge or cultural competence are far more important barriers to entry or upward mobility than in other businesses. In periods of growth, the market is in turbulence and the barriers are low even for those with less cultural competences, whereas in decline periods those with less competence and esteem will rapidly disappear from the market. To a somewhat lesser extent the same holds true for other culture-producing or culturally signifying businesses, such as publishing, recording and advertising.

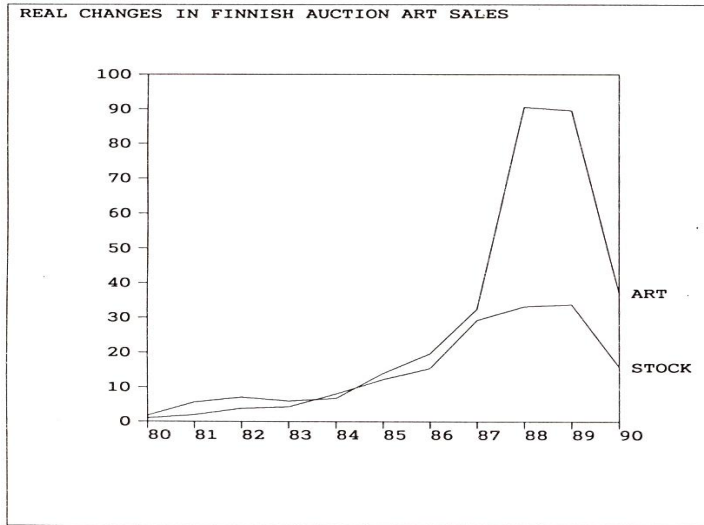
We can assume that, in the art business boom of the 1980's, many entrepreneurs and consumers were attracted by the rapidly increasing prices but did not have enough cultural competence or genuine interest in art. This purely speculative segment among art investors and entrepreneurs is very likely to retreat from the market as soon as the market stops growing.

Art sales and economic development – some empirical evidence

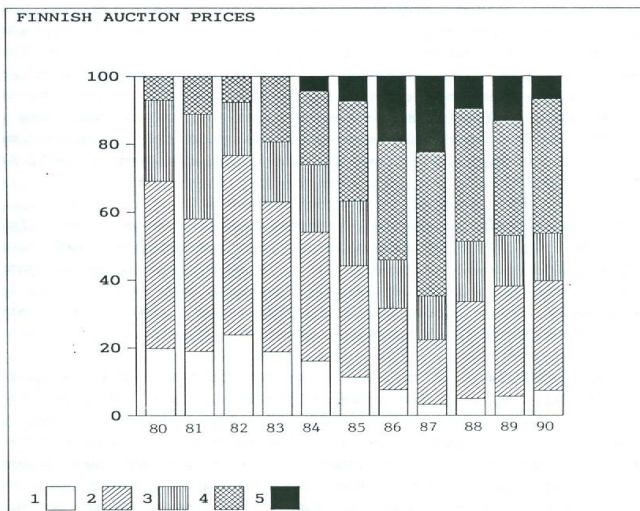
We use the data from art sales of Finnish auction houses in the 1980's to demonstrate the relationships between economic macro trends and the art market. Our data seem to indicate a strong dependence between economic cycles and art sales within one country. During the long economic boom in the 1980's the average yearly growth rate of the GNP was 7%. However, the auction sales of art grew at a much higher rate. In the first half of the decade the real value of sales became ten times higher, but the real art boom took place in 1986-89. By 1989, the auction sales measured in real value were sixteen times higher than in the beginning of the decade.

A long period of economic growth seems to be followed - with a lag - by a growth of the art market. However, we cannot define what part of this growth in art sales is due the upswing of the "short cycle" of ten years under study and what part is possibly accounted by to the "long cycle" starting after the Second World War. That the value of art market was multiplied by sixteen in one decade, would refer to the importance of short cycles that in earlier referred studies were not considered.

However, the economic upswing is hardly the only reason for the sudden expansion of the for-profit art market in a given country. The second important reason in our case was the simultaneous liberalization of the money market in the 1980' which strongly increased the supply of available credit for any investment purposes. Therefore, the art boom seems to grow not only in correspondence with economic growth. Even more it correlates with a boom in the stock market. This is shown in Figure 1. Figures describing the development of stock market and in the art market were extremely similar. This indicates that a major part of the interested art buyers were either "newly rich" speculative consumers treating art purely as a promising investment, or art investors who enjoy art as collectors but are also highly sensitive to its value development.

Figure 1 Finnish Auction Art Sales and Stock Exchange 1980-90

Note: The scale of art sales in thousand FIM
and stock sales in million FIM
Source: Taidepörssi 1991, (Finnish Art Exchange)
Helsingin arvopaperipörssi (The Helsinki Stock Exchange)

Figure 2 Finnish Auction Art Sales by Price Group, 1980-90

Prices
1: - 10.000 FIM
2: 10.000 - 50.000
3: 50.000 - 100.000
4: 100.000 - 500.000
5: 500.000.-

Source: Taidepörssi 1991, (Finnish Art Exchange)

The sales increased - not only in the number of works sold but also concerning the prices paid. Our data shows how the share of the two highest price categories of artwork sales increased considerably in 1985-86 when the strong sales boom started, which, in turn, was a strong incentive for continued growth in sales in the years 1987-89.

Although our analysis here is based on auction sales only, art galleries and art fairs were facing a similar boom, and both the number of galleries and gallery sales grew rapidly. Speculation took place also in the form of investing in the gallery business by becoming owners or co-partners in them. The latter was encouraged by the new multi-role lifestyle of the newly rich "yuppies" or "new middle class" who were actively creating their symbolic capital in this way.

The new demand for art was of course also due to a genuine new interest in art which earlier had been suppressed by lack of economic resources. Grampp (1989) suggests that the after-war, well-educated generations have created a new demand for arts which accounts for most of the price increase of contemporary art. He also proposes that the more rapid the increase in the income in a country and, hence, the more rapid the increase of the proportion of the newly rich, the more the styles of paintings vary and also the number of styles discernible at any one time. Grampp based his statement on illustrations from Britain and France in the nineteenth century, and the USA since 1945. As the income increases, the need for novelty and variation increases in all fields of discretionary spending and thus the sales for new styles of art as well as art as a whole increase (Grampp 1989, 62-66).

Our own earlier studies on life style patterns have shown that a rapid increase in the variety of "consumption baskets" will follow, in particular, if people with good educational background increase their monetary income. In contrast, the less educated people lack the cultural competence or habit to enjoy art and tend to use their discretionary income for other types of consumption such as cars, appliances, mass tourism, and restaurants (Uusitalo 1979).

These explanations seem to suit well with the art boom in the 1980's, especially with the rise in demand for new art styles and forms of contemporary art. According to Bourdieu, it is typical that people with good educational background and only moderate monetary resources are interested in modern and avant-garde art, whereas people who come from families that have enjoyed an abundance of both sorts of resources (who rank high both cultural and economic capital) tend to favor classical art. As Featherstone (1991, 83-94)

has remarked, members of the "new middle class" often tend to act as cultural mediators by introducing new styles or by trying to break borderlines between popular and high culture. In this way they legitimate and increase their symbolic status in the social hierarchization process.

We may add that the ongoing de-differentiation of art styles and the vanishing borders between "high" and "popular" culture contribute to the loosening of the judgments of artistic value from the academic evaluation system and criteria. This means that the role of market demand instead of established quality criteria becomes more important in price setting. This corresponds to the postmodern tendency to reject objective, transcendental criteria in favor of purely subjective views. In such a situation, excess in demand can easily lead to an "overpricing" of art, which shows in that the prices will fall drastically later on.

Internationalization of the art market

A typical phenomenon following the general growth of the art trade in the 1980's was that the commercial art market became strongly internationalized. The symbolic value given to national art heritages and the fear for "losing" valued artworks has for long hampered art exports (e.g. Frey & Pommerehne 1989; Grampp 1989). This has led many governments to take action in the form of export restrictions and state support for safeguarding and "buying back" art that has national importance (Bator 1982; Edelson 1984). The psychological endowment or framing effect is that things when being sold or given away are valued much higher than when trying to buy them (Kahneman & Tversky 1982). This view is adopted also in the discussion of how national artworks should be dealt with. Moreover, some authors have suggested that one reason for resisting international art trade is the general aversion towards the "commercialization" of the previously autonomous artworld, which is perceived as a "public bad".

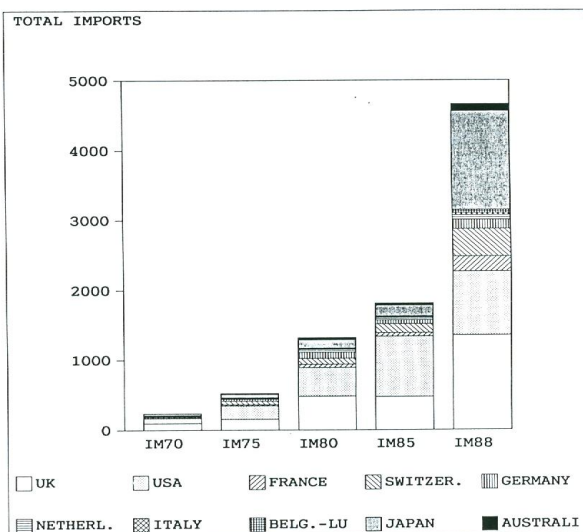
The foremost purpose of the restrictions and concerted international efforts (for example, conventions made by UNESCO) has been to diminish illegal art sales and transfers. This will help, for example, to prevent illegal export of folk art from the Third World countries, but obviously one further reason has been to "save" the old European heritage from falling into the hands of rich investors in the United States. However, there are almost no restrictions on lending of art. On the contrary, many block-buster international exhibitions have received support from the national governments and are treated as a positive form of cultural exchange.

Trade restrictions are not the only complication in art trade. The increasing scarceness of certain artworks sought after by a great number of new museums and private collectors in international markets as well as the rapidly increasing prices have raised the probability of art forgery and the stealing of art. This again has negative external effects in the form of a diminished accessibility of artworks to the audiences as well as rising costs of insurance and of certifying the originality of works with the help of experts (Frey & Pommerehne 1989, 120-124).

Despite these problems, international art trade has grown similarly as any trade in the world. The figures given by the International Trade Statistic Yearbook concerning the trade of paintings and drawings 1970-1989 refer to the fact that the growth in art trade seems to be strongly dependent on the economic trends of the trading countries. Most of the growth in art trade took place in the second half of the 1980's, although it had started somewhat earlier. From 1970 to 1989 the art trade became approximately twenty times bigger (in 1985-88 during the boom it tripled in three years).

It is quite a limited number of countries which account for most of the art business (UK, USA, France, Switzerland, Germany, Italy, Benelux-countries, Japan and Australia). Some important shifts between the countries have taken place during the period of growth. These shifts have been illustrated in Figure 3.

Figure 3 Total Art Imports 1970-1988



Source: International Flows of Selected Cultural Goods 1986
 International Trade Statistic Yearbook vol.I, II 1986, -87, -88
 Based on: SITC codes 89601 (hand paintings etc.)

As far as art *imports* are concerned, UK and USA were in the years 1970-88 under study the two major importers of art. This picture has changed only lately when Japan has emerged to the market and accounts one third of the world imports. The highest growth rate of the American imports took place before 1985, whereas the Japanese import expansion was established later, after 1985. Both of these expansion periods followed a long-lasting growth period in the respective economies.

Of the three major importers, United Kingdom has never been a net importer; its prominent auction houses are acting more or less as mediators and distributors of art having a balance between the selling and buying. Consequently, as to the imports of art, the weight of art trade seems to have moved "westward", starting from Europe, to USA and finally to Japan (and on a minor scale also to Australia).

In art *exports* the concentration has always been somewhat lower. Until 1980's it was mainly four countries that shared most of the exports: United Kingdom, USA, France and Switzerland. In the first half of the 1980's, however, Germany exceeded France and became in the second half of the decade one of the leading exporters of art. By the end of 1980's there were three big exporters in the market: UK, USA and Germany.

Germany seems to be an interesting exception as regards the interdependence of economic growth and the art market. The increasing prosperity in Germany has not been reflected that much in imports of art as, for example, in the USA and Japan. Germany has rather taken advantage of the growing trade in art by becoming a leading exporter. Part of Germany's success in export can possibly be explained with the help of stylistic changes in taste; maybe the new interest in German expressionism is part of the explanation.

Another change which deserves to be noticed is that in the second half of 1980's. As the economy of the United States ceased to grow, this country became for the first time in its history a net exporter of art. Of course stylistic demand factors played a role here as well; American contemporary art had gained reputation all over the world. Moreover, many auction houses or their daughter companies were founded in the United States. Thus we may hypothesize that not only have the imports of art gone "westward" but also the emphasis given to other activities such as major art trade centers, museums etc. has somewhat moved into the direction where the money is.

Conclusions

By way of conclusions we may emphasize that economic trends do reflect in art market but the mechanism is quite complicated and multifaceted. Economic upswings create increased economic means for "art lovers" to buy more art than before. Even more important is perhaps that under periods of rapid economic growth completely new types of consumers and entrepreneurs emerge. Economic trends cause shifts in the emphasis on various functions and in the symbolic use of art, and the audience structure may change considerably. New groups emerge; "art investors" who treat art as an investment having also symbolic and aesthetic value and "speculators" for whom art trade is similar to the stock market game and who are playing for money or because the game itself brings them satisfaction. Finally, there are also "cultural players" to which gallerists, critics and artists themselves often belong. They strive for positions in the system of the symbolic classification of art or in the social hierarchy. All these groups seem to become activated after experiencing a strong economic upswing.

Moreover, an ample supply of credit money seems to lower the entry barriers for new cultural consumers as well as new entrepreneurs and blur the future price expectations. The art trade can become "overheated" because there seems to be a strong belief in the ability of market forces to help the prices to increase endlessly, and less attention is paid to authorized critics' opinions on the artistic value of the artworks.

The internationalization of art markets goes hand in hand with their expansion. The world art trade is highly concentrated into an oligopoly of a few countries. Imports are even more concentrated than exports. The present-day trend is that imports, but also more generally the weight of other art trade activities, have been shifting "westward" along with changes in the economic prosperity of the art importing countries. By the end of the 1980's, Japan had become the leading importer over the USA which, then, turned from being the biggest net importer into becoming a net exporter of art. Since no data from the trade flows between the countries were available, it is difficult to say whether Americans are reselling the art they previously bought from Europe or whether original American art is starting to conquer the market. Germany, however, is one of the big net exporters of art today. The fact that USA and Germany now are new exporters of art may indicate that, in addition to commercial interest in art trade in these countries, also changes in stylistic taste of art consumers are favoring this development.

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5 CONCEPTUAL ANALYSIS OF ART MARKET – TOWARDS AND INTEGRATED FRAMEWORK

Annukka Jyrämä

Introduction

Several characteristics of the art market, such as immaterial value of art products, the role of art information and knowledge, or the relationships of actors, have recently been topics of interest for research in various economic fields. These topics are "new" for economic research but seem to hold a key position within the analysis of art market. These key aspects of art market might, however, remain uncaptured if only tools of traditional economic analysis are used.

The aim of this paper is to present an integrated framework for analyzing the structure and strategies within art market. The framework includes ideas from the following theories: the theory of dualistic industry structure, strategic group theory, institutional approach on strategy, and reference point theory. To summarize we can state that the dual industry theory contributes to our understanding the market as consisting of a core and a periphery. The strategic group theory helps to recognize the internal hierarchy of the market. Its main contribution relies on the idea of specific industry-specific or group-specific mobility barriers. These barriers are the specific competencies needed to enter the art field, and moreover, to move towards the elite or core of the field. The institutional approach emphasizes the importance of studying the proper manners or strategies that help to become successful in art market. The contribution of a reference point theory is that it helps to understand the influence of the elite or the powerful individuals as creating common proper manners and practices. We will claim that by combining elements from these approaches we can achieve a better holistic framework to analyze art markets than by relying on one single theory.

Our discussion on the usefulness and adaptability of the different approaches is based on qualitative data including 30 interviews of art dealers, gallerists and art experts in Finland. The analysis of the data indicated that any of the used theories alone does not sufficiently capture the essential aspects of the art markets. In this paper, we first discuss the key characteristics of the visual art market and then introduce some key concepts from the referred theories. Finally, a suggestion for an integrated framework will be outlined.

Characteristics of the art market

The visual art market is highly unstable and reliable information about it is hard to come by. The high uncertainty of the demand follows from the *unique nature of the products*. Art products are subjectively valued, and actors can determine whether objects entering the market are given the status of an artwork. Information on products and their value is not available for all, but is exchanged mainly between the actors in the art field at social gatherings. Hence, mouth-to-mouth communication is very important. In the pictorial art industry the networks or contact circles of people play a major role. They determine, for example, which actors are accepted to enter the field and which gain a good reputation. Moreover, the ways of doing business and the proper practices are determined by the actors and their interaction.

The special character of the art market is mainly due to the uniqueness of the products. Art works are generally unique products and there are no perfect substitutes that can replace them. The dealers and auction houses compete to acquire major art works within their field of product specialization. The auction houses try to gain publicity through the sale of major art works. The dealers, on the other hand, try to achieve a good reputation by selling constantly good quality art works.

The galleries do not compete that much for individual art works, but instead for star artists. But also for the galleries, having good artists and exhibiting quality artworks are means of distinguishing oneself and gain reputation and status. Overall, the art market is different from other product markets in that the actors seem to compete more for acquiring quality art works or artists rather than for customers.

The uniqueness also affects the pricing of the products. Prices cannot really be used to attract customers by, for example, having special sales of art works. Unique and individual works cannot compete as perfect substitutes with each other. Hence pricing is used as means to gain publicity; this is how the auction houses use it, creating as wide difference as possible between the publicized starting price and the final price. Price can also be used as a means of displaying actors' expertise and knowledge. Through "proper pricing", the actors show that they have the required expertise to evaluate the art work correctly.

In the arts, maybe more than anywhere else, *individual persons can, and do, affect the markets*. Even global art markets can be influenced by powerful persons. An influential person can appoint some products as art and disapprove of others. Experts are heard

when discussing the authenticity of old masterpieces and art historians sometimes reconsider and change their declarations of originality. Values of both new and old paintings, and their quality, are also determined by the subjective views of influential art persons. This influence of the art elite is characteristic of the pictorial art market. Changing one's view of a painting and declaring it as a forgery or changing one's opinion of an artist's skills may change the whole business globally, bring in new artists or art works and marginalize and exclude others. For example, the paintings of Joseph Mallord William Turner (1775-1851) were first considered good, then without value, and again brought back into appreciation. Thus the individual opinions of high prestige persons within the art field - museum directors, established artists, gallerists, critics etc. - really determine the value of artists and art works. Ordinary customers who know very little of the field, must rely on the opinions of experts in their choice of products (only some customers are considered to be part of the "elite" and as connoisseurs who determine trends in the art field).

The role of influential individuals emphasizes how important it is for every actor to create and maintain relationships with key persons or with the elite of the field. Also, the non-expert customers will judge the quality of a dealer or a gallery by its reputation and status. When the dealers and galleries emphasize the importance of acquiring customers' trust, they mean the trust in the gallery's taste and expertise. Trust is perceived as the means of acquiring new customers and maintaining the existing ones.

The role of artists gives the art market something of its special nature. Especially in the context of the studied Finnish pictorial art market, artists were found to be an influential group. They are the key persons of the whole field. They are active participants within the art field, not only as producers of art works, but also as well-known public persons, teachers, art consumers, as well as members of funding decision boards. Hence, by their position, they have considerable influence over the whole art field.

The pictorial arts market operates through an interplay between individuals (such as experts), the collectives (such as art circles or networks), and customers. The importance of the interaction is reflected in the emphasis given to *co-operation*, even between competitors. For example, the auction house managers co-operate and meet socially, even though they all perceive the competition as tough and hard. The informal networks between art dealers are also considered important. For example, the dealers exchange art works among themselves in order to collect specific art works asked for by their customers. The gallerist or dealer as an entrepreneur may also have a considerable effect in that they not only try to fulfill customer requests but also modify customer taste

in the arts. For example, if a gallerist firmly believes in the works of an artist she/he will try to persuade others to appreciate and buy them as well.

Alternative frameworks for analyzing the art market

Art market's special nature makes it a challenge to capture the really important aspects when analyzing the market. The traditional tools of economic analysis might not capture the essence of the market. In the following four different theoretical approaches are used to complement each other and capture major features of the market structure and strategies in the art market.

The first approach comes from industrial economics. We call it *dual industry theory*. The industry or market is perceived to consist of two distinct groups of firms, the core and the periphery. A core of an industry usually consists of a few large firms competing in oligopolistic markets, and a periphery or fringe consists of a large number of small independent firms. The basic assumption is often that the firms within the core are more traditional or conservative, and the firms within the periphery more innovative. The core firms serve broad mass markets and try to please a wide variety of customers, whereas firms within the periphery usually serve a specific segment. The core will concentrate on "established goods". Thus the small firms can produce more innovative products according to the preferences of their specialized segment. Hence, the core firms can be said to follow a generalist strategy and the peripheral ones are specialists. The dual industry approach has been used in studies of cultural industries like publishing, the popular music recording industry etc. (Brunila & Uusitalo 1989; Lassila 1987, 1989; Peterson & Beger 1975; DiMaggio 1977). However, this approach gives us an oversimplified view on creativity and innovativeness. In reality, also firms within the core need creativity and innovations in order to remain successful.

We can suppose that also customers look for variety and strive for new trends. However, we have to remember that in the arts new art movements and styles are usually supply-driven, i.e. artists are the main source of diversity. Thus new innovative movements or trends do not originate from specializing in specific customer segments, but rather specific customer segments are created through new art movements or trends. However, since dual industry theory has been successful in describing the structure of many cultural industries, it might also be interesting to look how well it suits the visual art market.

The second approach which may be applied is *strategic group theory*. In strategic group theory an industry (market) is perceived to consist of several strategic groups. They consist of firms homogeneous within the group and heterogeneous in between. Strategic group theory is based on industrial organization theory and on traditional theories on strategy. In industrial organization theory firms are supposed to be homogeneous within the whole industry, and they are also supposed to be strategically idiosyncratic. But the observed behavior of firms in an industry seems to point to distinct similarities and differences in firms' competitive behavior and strategy. Hence, the entire industry is not homogeneous but there are strategic groups within it. Empirical evidence of the existence of strategic groups has been found in variety of industries (MacGee & Thomas 1986, Barney & Hoskisson 1990, and Vikkula 1993 for the list and classification of empirical strategic group studies). The firms in a strategic group follow similar strategies, ways of conducting business. Porter (1980) has defined strategic group as "a group of competitors following similar strategies along the key strategic dimensions of an industry". The groups are separated by mobility barriers, by which are meant specific capabilities or assets needed to succeed in conducting businesses within the group. Mobility barriers can be asymmetric. Thus entry barriers need not be similar to exit barriers. A firm can be trapped in an undesirable group even when the entry barriers to a more desirable group could be overcome (Mascarenhas & Aaker 1989). Mobility barriers are derived from skills and assets, and these competencies or capabilities ought to be linked to firm's and group's strategies (MacGee & Thomas 1986; Vikkula 1993).

Porter's generic strategies are assumed to characterize strategic groups in an industry, and some previous studies support the assumption that strategic groups follow different generic strategies (Dess & Davis 1984; Lawless et al. 1989; White 1986 in Vikkula 1993). Porter (1985) defines three generic strategies: First, cost leadership which is based on having lower costs than competitors. Second, differentiation strategy in which a firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. In the third, focus strategy, a firm selects a segment or group of segments and tailors its strategy to serve them and exclude others (Porter 1985, 11-16).

Reger and Huff (1993) researched the banking market in Chicago in order to identify relevant groupings within that industry. Their study showed that the industry participants shared a view that the industry consisted of relevant strategic groups that apply similar strategies. However, the groups were fuzzy. Within the groups, various types of firms were identified. The fuzziness of a group can be resolved by classifying the firms within a group as core firms who follow the basic strategy of the group, secondary group members who implement the strategy of the group less consistently than the core firms,

and transient firms whose strategies are changing from one position to another and who might move from one group to another. This classification does not, however, capture the misfit firms nor the idiosyncratic exceptional firms also found in this study. Misfit firms seem to change their strategy all the time. They are often firms reacting to environmental changes as they occur. Therefore they are difficult to classify into any particular group. Idiosyncratic firms are often innovators. They enter the market with a completely new strategy and therefore do not belong to any strategic group particularly, but create their own group (Reger & Huff 1993).

Strategic group theory has received much criticism. The concept can be seen purely as an analytical tool or as a concept in relation to the "real" world. Barney and Hoskisson (1990) question the existence of strategic groups. They criticize the clustering technique used in many strategic group studies. They also discuss the "intuitive" method, in which the groupings are formed based on the subjective opinions of the managers and experts of a given industry. Although being more "real", this approach fails in generalizability and replicability. Consequently, they propose a more vigorous development of theoretical frameworks, for conducting research.

The variety of different variables used to identify strategic groups has also received criticism (e.g. Barney & Hoskisson 1990; Thomas & Venkatram 1988). The criteria used have included very many things starting from firm size and ending to the amount of advertising and resource deployment (see e.g. McGee & Thomas 1986; Thomas & Venkatraman 1988). Many studies of strategic groups have also ignored the dynamism in groups. The strategic groups may change over time and firms might move from one group to another. Therefore studies with a more dynamic approach are needed (Fiegenbaum et al. 1990).

Most studies in strategic group theory have been done on large businesses in developed markets. Therefore its application on art markets, where most firms are small and the market is immature, is of importance (see Mintzberg 1990). Strategic group theory was chosen to represent a well established theory, which is based on widely accepted industrial-organization theory and traditional strategic theory.

Institutional approach to strategy is the third theoretical approach selected for its potential contribution. In the institutional approach industries or organizations are analyzed as formed by culture and the institutionalized structures which form the context of industry or organization. The culture(s) and structures are outcomes of the interactions of the actors participating in the activity. Although there has been a lot of

interest towards institutional approach within the economic/management studies, the empirical analysis of institutional approach has, however, concentrated to study non-profit fields, like schools, hospitals, government agencies etc. Relatively few studies have examined the for-profit fields (Mezias 1990).

Institutional theory assumes that organizations adopt structures and ways to conduct business that are considered legitimate by other organizations in the same field. This adoption is not, however, politically forced, but it occurs through imitation, coercion and by normative pressure. Hence, the actors follow implicitly the accepted norms and conventions, and the forces creating the institutions are not directly dependent on power structures (Palmer et al. 1993). These institutionalized ways to conduct business can be perceived similar to 'recipes': the accepted ways to do business in a given industry or market. The recipe is based on underlying beliefs and conventions and requires the right personal contacts to receive information (Grinyer & Spender 1979; Spender 1989). Consequently, in institutional analysis, to know the "proper manners" of conducting business, which are based on the values, norms and beliefs within the industry or market, are of interest. The belief systems, norms, values result from and are transferred through networks of people and their interaction. (DiMaggio & Powell 1983; 1991; Meyer & Rowan 1983; Scott 1987).

An industry or market is perceived to consist of an organizational field or fields. Organizational field can be defined as: "...those organizations that in aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organizations that produce similar services or products" (DiMaggio and Powell, 1983, p. 148). The concept thus captures all the relevant actors and their activities. These actors create and sustain the norms and values of conducting business properly. Within this area of interrelationships, same codes and culture, similar beliefs and values, are shared.

The institutional approach can be seen as a bridge towards some sociological studies (Scott 1987). For example, the concept cultural field in sociological studies is similar to organizational field. Field(s) is defined as distinct worlds, for example "art world", where people share similar values and beliefs. Since people share similar histories, beliefs and values, they experience other people as "one of us". People within a field adopt the accepted rules and codes of conduct, a distinct behavior. Their actions are linked to their positions in the social structure, and they change and create new structures through their actions. Fields can only exist when there are people who share the values and beliefs, who feel that they belong to a field. However, these fields are not stable. Through

constant competition, participants in the field strive for gaining social distinction and improved positions. The art field or art world has also been defined as patterns of collective activity referring to all people whose activities are necessary for the production of art works. Art is seen as an activity including a "bundle of tasks" (Bourdieu 1985; DiMaggio & Powell 1991; Becker 1982).

The formation of the organizational field(s) is described as isomorphic. Three classes of isomorphism have been identified: 1) coercive isomorphism, 2) mimetic processes and 3) normative pressures (DiMaggio & Powell 1983). First, coercive isomorphism refers to the influence of both formal and informal pressure exerted on organizations by other organizations. This includes the role of government regulations and influence of trade unions. The informal influences or pressures may include the pressure from a joint venture partner to unify certain operation modes or conventions. For example, many voluntary organizations need to organize themselves similarly to others in order to gain support from e.g. government institutions or to gain acceptance from society (DiMaggio & Powell 1983). Second, isomorphism may occur through mimetic processes. The mimetic processes often derive from uncertainty. When an organization does not understand its environment or it has ambiguous goals, it might model itself after other organizations within their field. Organizations tend to adopt the ways to conduct business perceived to be legitimate and/or successful. Also the interests and the beliefs of the elite of the field may become the ones shared (Scott 1987; DiMaggio & Powell 1983; DiMaggio & Powell (eds.) 1991). Third form of isomorphism can be called normative pressure, which often follows from having similar education or professional background. This means that the interactions of people from the same school, educational background, trade associations etc. create the shared norms and values. People learn their beliefs and codes of conduct through education and discussions in trade associations and at social occasions. These beliefs then become the accepted rules of conduct within the organizational field. Not only people within one organization share similar beliefs and culture, but also the people within the whole organizational field (DiMaggio & Powell 1983; Scott 1987; Brint & Karabell 1991).

Often these three isomorphic forces overlap. To categorize, for example, the influence of elites, we find it in each of the categories. The elite advance their own beliefs and norms through legitimization or institutionalizing. The elite manners are followed because they are perceived as successful models of acting. Also, the elite may exert considerable influence through social gatherings or education. Hence, all the types of isomorphism are overlapping and cannot clearly be distinguished from each other.

To sum up, the organizational fields are not static and they change through similar processes they have been created. The change may occur as a result of outside forces entering the field. However, within a field there may exist various subfields, whose relative power in establishing the norms and proper manners may differ. Often the *struggle between these subfields* is the source of a field-wide change. Within a field there is thus continuous competition for establishing new rules, new ways of obtaining social distinction, and consequently, the beneficial strategies to survive. The norms and conventions accepted within a field change over time. The institutional change can be a product of endogenous forces that are associated with the evolution of field itself, as well as of outside forces (Bourdieu 1985; DiMaggio & Powell 1991; Leblebici et al. 1991). Crane (1987), who studied the New York art world in 1940-1985 and the transformation of the avant-garde in relation to the growth of the art world, found that the field-wide changes in accepted art movements were originated by various subfields or influential actors. During the period studied, the competition between various sub fields of art movements changed tastes and the conventions and beliefs as well as the values concerning art within the whole art field (Crane 1987).

The fourth approach, *reference point theory*, is a version of institutional approach. It is based on assumptions that individuals use their own targets or other reference points in evaluating choices and that behavior depends upon whether they perceive themselves as above or below a specific target or reference point they choose. This approach can be adapted to the study of organizations. The management or decision makers select reference points and then these reference points affect their decisions and have implications for the firm's strategic choice behavior.

The reference point can be constructed from three dimensions: internal reference dimension, external reference dimension and time as reference dimension. The internal reference dimension refers to the firm's competencies and capabilities. Firms invest into specific internal assets and create core competencies (see e.g. Porter 1985). Firms may establish reference points around a particular function or activity such as developing superior technologies. However, most business firms also emphasize companywide capabilities and the development of various competencies simultaneously. The firm's choice of core competencies and activities in creating specific assets affects their set of reference points. For example, firms with emphasis on technology development would select different reference points than firms emphasizing cost reduction. The external reference dimension is constructed along three major subsets: competitors, customers and stakeholders. Competitors are the most commonly used reference points according to management literature. The firm can compare itself to the industry as a whole, to a

particular strategic group, to the leader of the industry, or to firms from other industries. Also, firms seek to identify competitors' technologies or capabilities that could be applied in their own domain (Porter 1980). Many companies also use customers or various stakeholders as reference points. For example, many companies increasingly aim to show social responsibility in questions relating to environmental issues and movements. Thus they also measure their operations along reference to their ability to contribute to environmental quality. The third reference point dimension, time, relates to firms' time orientation. Some firms relate to past, always referring their past achievements and results, whereas some companies refer to future and the strategic plans made.

In general, the choice of reference point and the firm's strategic choices are interrelated. Also, the perception of being above or below the reference point affects the firm's strategic behavior. The firms above their reference point are assumed to be risk averse and the firms below reference point are assumed to be more risk taking (Fiegenbaum et al. 1993).

Next some key concepts from each of the above theories will be compared and their suitability for art market evaluated. Finally we try to develop a new integrated framework for better understanding the structure and strategies of the art market.

Applicability of the theories in the case of Finnish art market

Organizational field — an industry or a strategic group?

If we compare the definition of an industry or market with the concept of organizational field, we find many similarities. The forces of new entrants, competitors, suppliers, substitutes and buyers (Porter 1985), are very similar to the relevant actors of an organizational field (DiMaggio & Powell 1983). The market could thus be seen as a synonym for organizational field. Within a market the actors are working "in the same business", as the actors within an organizational field are engaged in shared activities and ways of conduct. Thus both concepts try to capture a field or group of actors who are sharing activities. However, the organizational field concept is wider, as it also includes the non-commercial actors related to the market.

Reference point theory combines elements of the institutional approach and industrial economics: as external reference dimension refers to aspects similar to industrial economics; for example, competitors. From the institutional approach it includes all organizational stakeholders. The external references or benchmarks to which a firm

compares itself, are thus competitors, customers, and stakeholders. Hence, in reference point theory, it is implicitly assumed that the organizational field is somewhat same as an industry, but more encompassing (Fiegenbaum et al. 1993).

However, there are some problems in defining organizational field as market or vice versa. For example, the actors within an organizational field are supposed to be more or less homogeneous and follow similar ways of conducting business, whereas the actors within an industry or market are supposed to be divided into distinct strategic groups, which are homogeneous within, but heterogeneous as between each other (McGee et al. 1985). Thus we can assume that organizational fields are actually closer to strategic groups than markets or industries. The similarity of organizational fields and strategic groups has been implicitly assumed in some studies on strategic groups (for example, Porac et al. 1989).

On the other hand, an organizational field, or rather, the 'field' (or art world) concept used by e.g. Bourdieu (1985), is assumed to consist of various sub fields, which are homogeneous within and heterogeneous as between each other. Hence, strategic groups could better be perceived similar to subfields within an organizational field. Thus, as an industry consists of groupings - strategic groups - a field also consists of groupings, subfields. The actors within the context of a field would share same basic beliefs and values, whereas the subfields would also share similar tastes and specific ways of conducting themselves (see e.g. Bourdieu 1985). In identifying specific groups it might be worthwhile if the groups are defined on the basis of the actors who regularly communicate with each other. Only if the actors are regularly in contact with each other can we suppose that they share similar beliefs and norms, and hence prefer similar strategic choices (Huff 1982).

In applying the concept to the Finnish visual art market we found the commercial market to divide into two distinct markets. These markets can best be described through the institutional concept, as organizational fields, as it is important to include also the non-profit actors such as museums or art critics. The description of the two subfields – art traders and galleries – the distinctions and similarities will follow in the next chapter.

Various subfields in art are somewhat similar to strategic groups within an industry. However, the existence of strategic groups in their original meaning did not find very strong support. For example, the groups identified in the context of the Finnish gallery market cannot be considered as "model examples" of strategic groups. However, larger and more developed visual art markets may well consist of various strategic groups. The

barriers dividing these groups could be related to the type of art, art movement or genre. Within larger markets there can simultaneously exist several subfields or strategic groups each concentrating on a specific type of art or movement (see e.g. Crane 1987). Because of the small size of the Finnish commercial art field finding specific strategic groups or subfields is less likely. The auction houses, on the other hand, could be perceived as a communicating and coherent group. They shared similar beliefs and followed somewhat similar ways of conducting business. They communicated regularly with each other and hence had the same perceptions of changes within the field and of the proper reactions to these changes.

Art elite – is it a core or a strategic group?

The role of influential individuals was found to be extremely important within the Finnish visual art market. This influence corresponds to the influence of elite discussed in the institutional approach. It is assumed that firms follow the example of the successful companies. These companies could be conceived as the elite of the field. However, some actors within the fringe of the field may try to change these accepted conventions by introducing new ways of conducting business that are successful. Hence, these fringe actors may move into the elite, or they will create a new elite of the field (see Leblebici et al. 1991; DiMaggio & Powell 1991).

The influence of the elite or influential actors reminds the reference point theory. The firms above reference point, the ones perceived to be most successful, hence the elite, follow a somewhat different strategy than those below the reference point. They tend to be more risk averse and see new issues as a threat, whereas the actors below the reference point would be risk takers and more open to new influences (Fiegenbaum et al. 1993). This somewhat recalls the dual industry approach in industrial economics; the firms within the core tend to be less innovative than the firms within the periphery (Peterson & Berger 1975; DiMaggio 1977).

However, this difference in innovativeness or risk taking between the core and the periphery did not find clear support in the analysis of the Finnish visual art markets. On one hand, the firms within the elite very much followed new trends and were innovative. They took these risks in order to remain within the elite or the core of the field. Greater risks are perhaps taken by the fringe players, but to remain within the elite in the art field requires innovativeness and risk taking also from the elite players. On the other hand, there are examples of elite firms, which have not been able to follow their time and have been forced towards the fringe of the field, leaving the elite. For example, some

previous top galleries have gradually become too tied in with old manners and art styles, and hence have dropped from the core of the market or even left the market.

It is typical that change often originates through non-commercial actors. For example, artists are the source of new art works, and thus also of new art movements. The new art movements generate change within the art field. Although artists create these new ways, other actors operate as gatekeepers. New actors can enter the elite or core of the field, by gaining acceptance through new art movements. For example, constructivism was accepted within the Finnish art field in the 1930's through the activity of a new commercial gallery (Artek) (see also Crane 1987; Becker 1982). Changes in ways of conducting business may also originate from other fields. For example, the more open use of sponsorship in art has been adopted from the field of sport. The first adopters are, however, elite actors within the art field.

In the context of the Finnish visual art market, the core or the elite could also be seen as a distinct strategic group in itself. Within larger markets, there may be many elites or cores within each strategic group. These firms can be classified into core, secondary and transient firms. The core firms are the leaders. The secondary firms follow their strategy to some extent, and the transient firms have a less permanent, changing strategy (Reger & Huff 1993). Transient firms would be less valued but also more independent of the group's norms and conventions than the firms in the core or in the second layer.

The gallery field in Finland can be seen as a strategic group, where the core consists of the top galleries, elite, and the secondary firms or the second layer aiming to become top galleries. The transient firms making up the fringe or periphery. However, within larger art markets we could assume the existence of several strategic groups representing different art movements or genres, and these subfields would be structured similar to the structure of the whole Finnish art field.

The barriers between core and periphery were defined through the core capabilities needed to enter the elite of the art field. These capabilities or mobility barriers are related to the specific characteristics of the art markets. They include, for example, knowledge and expertise in art, accepted taste, and relationships with the other actors. The mobility barriers, or the specific competencies or capabilities a firm needs to be part of the core, also reflect the shared beliefs and values of the fields. The capabilities identified, such as good taste or personal relationships, cannot be acquired without being part of the field, sharing the activity and following the example of other actors within the field. Hence, the main capabilities needed to operate within the visual art field are often

acquired through mimetic isomorphism by following the example of the "elite". Also the influence of shared education, shared social discussions, shared working, by looking how the older experts do it, i.e. normative pressures, is important (see e.g. DiMaggio & Powell 1983).

Also the Finnish art gallery market shows that knowledge is of vital importance, not only in determining what is art or original art but also in understanding the field. The art managers need to follow trends and new movements within the international art field in order to remain in the core of the art world. For example, a gallery may gain a "sleepy" image and gradually lose its reputation if it does not present new artists and follow the trends. If galleries follow an outdated taste, they can lose their reputation.

The art managers need to know the influential actors, for example the important customer segments and their taste. To find a suitable match between products and customers can only be achieved through knowing people and knowing the right way to approach them. For example, a museum curator's taste ought not to be questioned, whereas private buyers might need support for their choice. Especially managing relationships with the artist are also important.

Influential persons determine what is "good art", and this knowledge they pass on to customers. Thus they act as gatekeepers. Sometimes also customer preferences can change these evaluations or force the market to find more of their favored products. The Impressionists boom is a case in point: because demand for impressionist paintings cannot be satisfied by French artists alone, galleries and auction houses have included in their collections paintings from lesser known impressionist painters and from other countries.

Strategy or proper manners?

Strategy, within the context of strategic group theory or to a certain extent within the context of dual industry theory, is perceived as the way of conducting and planning a firm's actions based on the firm's core competencies or capabilities. In strategic group theory the concept of generic strategies has been widely used. Strategies are classified into three types: cost leadership, differentiation and focus strategy. Within dual industry theory, by strategy is referred to a choice between being generalist versus specialist. This distinction can be compared to generic strategies. Cost leadership is close to a generalist and focuser/differentiation to a specialist strategy (see e.g. Porter 1985). However, the core competences usually mentioned in association with the generic

strategy classification do not fit the visual art market. The basic assumption that a firm can successfully select from several various strategy types did not find any support. Instead, the firms perceived to be successful followed quite similar strategies (see also Miller 1988). Hence the successful strategies seem to be closely tied to the art market characteristics.

Within the institutional approach, strategy is implicitly assumed to refer to the proper manners or ways of conducting business, although it is rarely explicitly mentioned. The core capabilities or competencies are dependent on the characteristics of the industry/field. Thus they are related to the field's beliefs, norms and values. We could suppose that strategy in art business can be interpreted as the proper manners of conducting business. However, the constraints on a strategy, the norms and conventions also need to be included. These norms and conventions limit perceptions of the managers as to available solutions or ways of doing business. *Strategy is not altogether developed so consciously as in other business fields.* Rather, it emerges gradually through managers' perceptions of proper manners. Managers operate by following the ways perceived as successful. Success is defined from the field's perspective. For example, in the case of the Finnish art market, *success was more judged according to reputation and status than by profits.*

Reputation and trust were named as the main strategic competencies a firm needs in order to succeed in the visual art field. These can be achieved by having good expertise in art and a good knowledge of the field. Hence we can summarize that for an art manager within the visual art market, strategy means a way of reducing uncertainty by acquiring the key competence, knowledge and by becoming or remaining a participant in the knowledge-generating art circles.

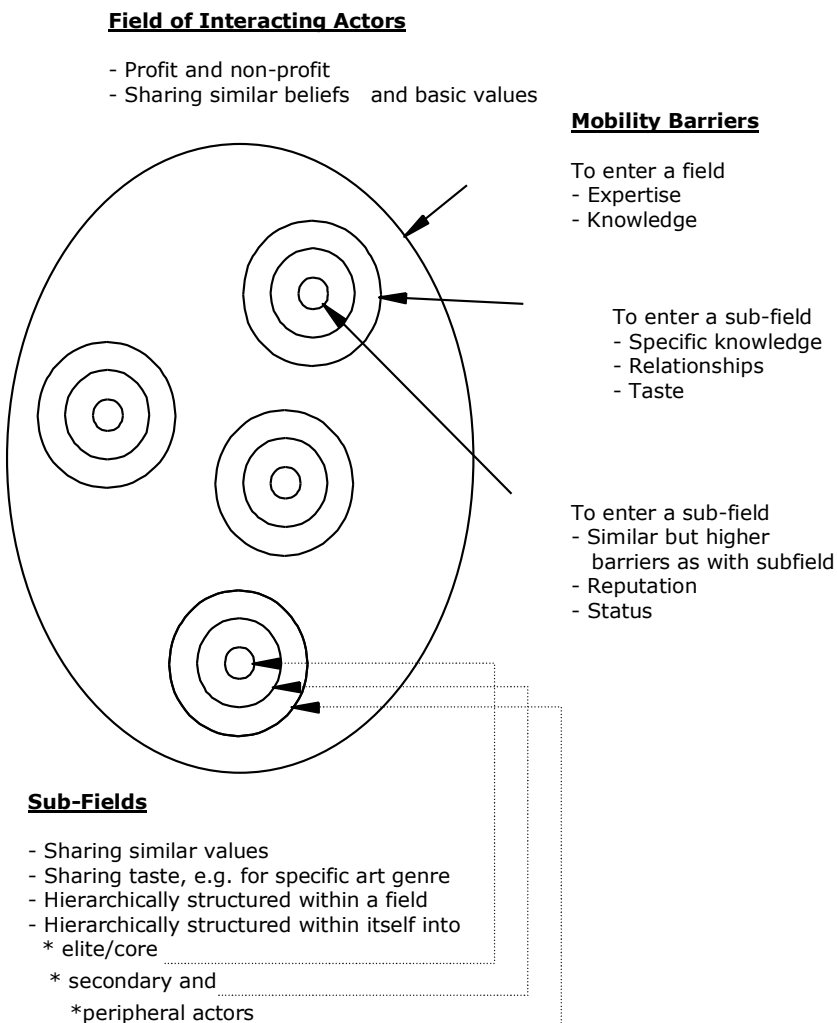
Conclusions and implications for an integrated framework

An integrated framework can be summarized as follows. The visual art market was found to consist of various fields. These fields can be identified by studying the perceptions of the actors and their shared activities and manners. These fields include both commercial and non-commercial actors. The actors within a field share similar basic values, for example a love of art, and they usually perceive each other as being in the same business or activity.

Each field is further divided into subfields or groups. These subfields consist of actors who regularly communicate with each other, and hence are likely to share and

strengthen similar beliefs and values. These subgroups have a distinct hierarchy, and they compete for status and elite position within a field. Each subfield can be further divided into core, or elite, secondary and transient layers of relevant actors. Also these may include both commercial and non-commercial actors. The core represents the "proper" way of conducting business within the group forms the elite. The core is homogeneous, whereas the actors closer to the fringe would become more heterogeneous and more independent of the subfield's norms and conventions.

Figure 1 An integrated framework of the art field



The distinctive features between these subfields are similar to mobility barriers, specific capabilities, competencies or assets. In visual arts, the barriers are related to expertise in art, reputation and relationships with key actors. The actors follow similar ways of conduct, constrained by similar norms, conventions and values. Change occurs within these fields through isomorphism, it may come from the elite or from the fringe; actors may acquire new successful skills or manners, and hence the other actors would copy those new manners. The fields have some interaction and influence on other fields too. Hence the change may also occur through outside influences.

To conclude, we can state that each of the described theoretical approaches did give some insight into the visual art field. The dual industry approach contributes most to seeing the market as consisting of a core and a periphery. However, in the art market the distinction into the core or periphery did not fit the dual industry approach in a strict sense. It did not reflect the degree of firms' specialization nor innovativeness but rather their perceived reputation and status. In this sense, the idea of a core and periphery or even several layers fits the visual art market well. The strategic groups identified within the Finnish art market could neither be seen as pure cases of strategic groups, yet the distinction helped to reveal a strict hierarchical structure within the art field. The strategic group theory relies most on the idea of mobility barriers. The mobility barriers in the arts are related to the distinct competencies and capabilities needed in order to be successful within the visual art market; to enter the core or elite of the field or market. The institutional approach captured best the richness of the fields; the various values and norms which affect the ways of conducting business. Thus institutional approach in art research can help to reveal the proper manners or strategies used in order to become successful within the visual art markets.

By combining these approaches we can achieve a better framework for analyzing art markets or other similar markets (see Figure 1). Within the framework, an industry consists of actors engaged in similar types of business, such as art sales. The industry is divided into distinct fields, such as the fields of contemporary art and established art. The fields consist of actors sharing similar activities, including both commercial and non-profit actors who share similar beliefs and norms. These beliefs and norms then affect the proper manners and ways of conduct, in other words, the strategies used. Each field is further divided into subfields or groups, for example, along various art movements or genres. These groups are hierarchically structured and the mobility barriers between groups are subfield-related, such as good taste or knowledge in a specific art type or movement. The barriers can be viewed also as the key competencies or capabilities needed. Each subfield or group is further hierarchically structured, consisting of a core or

elite setting an example, and layers of secondary and peripheral actors. For example, a subfield of pop art would include top galleries presenting star pop artists, a secondary group of quality galleries aiming to enter the elite, and peripheral galleries sometimes presenting pop art and sometimes some other kind of artists. The barriers between the core and periphery are similar to subfield barriers, but to a varying degree. The barriers of a core or elite may also include acquired reputation and status as well as good relationships with key individuals.

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6 IDENTIFYING ORGANIZATIONAL FIELDS IN ART MARKET – AN INSTITUTIONAL APPROACH

Annukka Jyrämä

Introduction

The aim of this paper is to describe and analyze the structure and strategies within the commercial visual art market. The paper is based on examples taken from an explorative analysis of 30 interviews of art dealers, art managers (gallerists), artists and art experts in Finland, and on previous research on art markets. The analysis applies an institutional approach, familiar from strategy and industry studies in other business fields. The main task is to identify relevant organizational fields, their main actors and the perceived ways to conduct business in the field.

According to the results, the commercial art market is divided into two distinctive fields: the field of established art and the field of contemporary art. Each of these fields is hierarchically structured, consisting of a core or an elite and a fringe. The relevant actors within each field are briefly discussed. I will try to show which values, norms and beliefs are prominent in these two fields, and how these differences are reflected in the proper manners accepted within each field. The formation and change mechanisms of a field are also dealt in this paper.

About the institutional approach

Institutional approach is a way of analyzing industries or organizations as being formed by the culture and the institutionalized structures in which the industry or organization exists. The culture(s) and structures are influenced by the interactions of the actors participating in the activity. Although there has been a lot of interest towards institutional approach within the economic studies, the empirical analysis has, however, concentrated to study non-profit fields, like schools, hospitals, government agencies etc. Relatively few studies have examined the for-profit fields (Mezias, 1990).

Institutional theory contains various streams. The concepts of institution and institutionalization have been defined in various ways within these streams. Institution can be viewed as "rules or procedures" or "prescriptions about which actions are required, prohibited or permitted", or "regularities in repetitive interactions" (Riker 1980;

Shepsle 1986; Ostrom 1986 in DiMaggio & Powell 1991). Institutionalization can be perceived as the process by which institutions come to being. It has also been defined as the adaptive process by which institutions adapt to their surroundings, values, and beliefs. Or institutionalization may refer to the social process by which actors create their values and beliefs (Scott 1987). Institutions are created through the interactions of people sharing an activity. The base of institutionalism is embedded in the social structure of the society. It is embedded in culture, people's beliefs and cultural myths. The unit of analysis in institutional studies has moved from researching organizations within a local context to study activity fields, sectors or societies. In this study it is assumed that there is a multitude of institutional environments. The institutional environment(s) is also captured in the 'organizational field' concept (Scott 1987; DiMaggio & Powell 1983).

Institutional theory assumes that organizations adopt structures and ways to conduct business that are considered legitimate by other organizations in the field. This adoption is not, however, political by nature (forced by law), but it occurs through imitation, implicit coercion and by normative pressure. Hence, the actors follow implicitly the accepted norms and conventions, and the forces creating the institutionalization are not dependent on hierarchical power structures (Palmer et al. 1993). These correct ways to conduct business can be perceived similar to industry recipes: the accepted ways to do business in a given industry or market. The recipe is based on knowing the underlying beliefs and conventions and having the right relationships and connections to receive information (Grinyer & Spender 1979; Spender 1989). Consequently, in institutional analysis the "*proper manners*" to conduct business that reflect the values, norms and beliefs within the industry or market are of interest.

The values and beliefs behind the proper manners are often unspoken and implicit. The institutionalized proper manners get reproduced and accepted, since individuals often cannot conceive any other appropriate alternatives. Hence, these existing norms and beliefs can also act as constraints for new alternatives and exclude the most profitable ways of conducting business. The institutionalized ways to conduct business do not just reduce the number of options to act but also establish the criteria by which people discover their preferences and form their views.

Firms and entrepreneurs try to reduce uncertainty and create stability by adopting these proper manners to conduct business. However, these proper ways to conduct business are not optimal in economic sense. The companies do not, as assumed in traditional economic theories, aim to maximize profits, but to achieve stability and conform to their

environment. The norms and conventions help to control the environment. Rules and norms are, thus, used to control market imperfections, to help in creating consumer loyalty or product differentiation (cf. Camberlin 1948).

The belief systems, norms, values, and conventions result from networks of people and their interaction. Therefore, in institutional analysis, also various actors within the market and their role in forming the accepted norms and values are important (DiMaggio & Powell 1983, 1991; Meyer & Rowan 1983; Scott 1987).

An industry or market is perceived to consist of – usually several – organizational fields. *Organizational field* can be defined as: "...those organizations that in aggregate constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products" (DiMaggio & Powell 1983, p. 148).

Fields are not stable but there exists competition and strives for social distinction. The social status can be improved by using the "right" language, having the "right" opinions etc. Thus, by having the right conduct and preferences, accepting the right values and beliefs an actor will gain acceptance and status within a field (Bourdieu 1985; DiMaggio & Powell 1991).

Formation and change of the organizational field(s)

The formation of the organizational field(s) can be described as isomorphic. Three types of isomorphism have been identified: 1) coercive isomorphism, 2) mimetic processes and 3) normative pressures. First, *coercive isomorphism* means the influence of both formal and informal pressure exerted on organizations by other organizations. It includes government regulations and, for example, influence of trade unions. The trade laws and technical requirements limit the options and affect the way companies are organized and behave. The informal influences or pressures may include the pressure from, for example a joint venture partner to unify certain operation modes or conventions. Companies may conform to existing norms in order to gain support. For example, many voluntary organizations need to organize themselves in a certain way in order to gain support from e.g. government institutions or acceptance from society (DiMaggio & Powell 1983).

Second, isomorphism may occur through *mimetic processes*. The mimetic processes often develop from uncertainty. When the company does not understand its environment or has ambiguous goals, it might model itself after other organizations within their field.

Organizations tend to adopt the ways to conduct business perceived to be legitimate and/or successful. Also the interests and the beliefs of the leading elite may become the ones shared within the organizational field. The elite may incorporate previous actors from the fringe, who have succeeded in establishing new profitable manners. In that way new manners will become gradually adopted also by other actors within the field. For example, DiMaggio (1991) in his study of U.S. art museums 1920-1940 found that the change from emphasis in collecting and conserving as the goals of art museums towards educational ends was due to the elite's influence. The educated professionals among art museum management and powerful sponsors created incentives that emphasized education. Thus they changed the museum field's beliefs of the mission of art museums. Also Brint and Karabell (1991) found that the emphasis of two-year U.S community colleges changed from academic preparation to vocational education due to the college administrators' influence. They wanted to gain reputation and status within the educational field and thus created a sub organizational field of their own by changing emphasis to vocational education instead of accepting the role of lower class academic colleges (Scott 1987; DiMaggio & Powell 1983; DiMaggio & Powell 1991).

The third form of isomorphism works through *normative pressure*, which comes from sharing similar education or professional background. This means that the interactions of people from same schools, educational background, trade associations etc. create the shared norms and values. People learn the beliefs and codes of conduct through their education and discussions in trade associations and in social occasions. These beliefs then become the accepted rules of conduct within the whole organizational field.

It is not only people within an organization that share similar beliefs and culture but the people within the whole organizational field. For example, in a case of schools, a consensus on educational policy was found across different role groups within schools but also across organizational boundaries. This could also be called the socialization process within an organizational field. For example, when newcomers enter a field, they often go through specific education, join informal networks etc. and thus adopt the proper norms and values of the field (DiMaggio & Powell 1983; Scott 1987; Brint & Karabell 1991).

In general, these three isomorphic forces overlap. To categorize, e.g. elite influence, we could situate it in each of the categories. The elite may force their own beliefs and norms by legitimization or institutionalization. The elite manners are followed, if they are perceived as successful. Also, the elite may have considerable influence through social gatherings or education. Hence, all the isomorphic forces are overlapping and cannot clearly be distinguished from each other.

Overall, the organizational fields are not static and they may change through similar processes they are created. The change may occur as a result of outside forces entering the field in equilibrium. However, within a field there may exist various subfields, whose relative power in establishing the norms and proper manners may differ. Often the struggle between these subfields is the source of a field-wide change. Within a field there is thus continuous competition of establishing new rules, new ways of obtaining social distinction, and consequently the beneficial strategies to survive.

Hence, the norms and conventions accepted within a field change over time. Leblebici et al. (1991) in their study on change within the U.S. radio broadcasting industry found that the role of fringe players, the behavior of people in the less powerful subfields, was instrumental. These fringe players adopted new manners to survive. As these new ways to conduct businesses were found to be successful, the manners were gradually legitimized and adopted by other actors within the field. New conventions entered the field, not from outside actors, but from actors in the fringe of the field. Hence, institutional change is often a product of endogenous forces. The evolution of field comes from within itself rather than any outside forces (Bourdieu 1985; DiMaggio & Powell 1991; Leblebici et al. 1991).

Also Crane (1987) studied the New York art world in 1940-1985 and the transformation of the avant-garde in relation to the growth of the art world. She found that the field-wide changes in accepted art movements originated in various subfields or influential actors. She studied the relation of different players within the art world and their adaptation to new art movements. New art movements were legitimized through different channels; for example through collectors, academics, gallerists or museums. During the time period under study, the competition between various subfields of art changed the tastes, conventions as well as the values and beliefs concerning art within the whole field.

The concept of art world or art field is common in sociological studies (Bourdieu 1985, Becker 1982). Understanding the structure of art markets and the proper manners to conduct business may be captured by using this approach. Many previous studies have established that organizational fields can be identified within many cultural markets, for example, in book publishing, museum field, and schools (Coser et al. 1982; DiMaggio & Powell 1991; Brint & Karabell 1991). However, the existence of organizational fields within for-profit fields has been less studied than in the non-profit field. Therefore to study the existence of organizational field(s) within the commercial art market context is

interesting, as the art market contains aspects from both for-profit and non-profit markets. For example, the galleries offer art experience and exhibitions free, although they also aim for profit by selling the same art works.

Research Design

The research questions in this study are the following:

- Can distinctive organizational field(s) be identified in the Finnish pictorial art markets, and which/who are the relevant actors of it?*

According to previous studies the relevant actors creating a certain organizational field can consist of distributors (art dealers and galleries), suppliers (artists, inheritances), customers (collectors, museums, etc.) and other agencies (foundations or government agencies). The relevant actors participating in the activity of art field might also include art critics or experts, whose role as part of the activity within art field seems considerable. Based on previous studies we assume that there exist specific organizational field(s) within the commercial pictorial art market and that the relevant actors in a specific market can be identified by using the opinions of the participants (DiMaggio & Powell 1983).

- What are the proper manner(s) to conduct business within the art organizational field, and what are the underlying values, beliefs, norms and conventions?*

The second question deals with the proper way to conduct business distinctive to that art field. For example, the use of exhibitions as selling systems is different in different markets. The uniqueness of the art products affects the conventions and business practices as compared with other products. For example, marketing mix elements can rarely be used in a traditional way. The use of advertising in large scale, or sales (at reduced prices) of art works is hardly ever used. Within the art field the beliefs or values can be supposed to emphasize the importance of the role of art in society. The value of art as such might not be questioned, but it might be too much taken for granted. Also the importance of artist's work may or may not be valued highly. This reflects, for example, to the role of an artist in marketing and selling of his/hers works (see e.g. Mayer & Rowan 1983; Scott 1987; DiMaggio & Powell 1991).

- What are the main isomorphic forces creating or changing the field(s)?*

We assume that the organizational field changes and is formed through isomorphic forces. In some matters, the coercive isomorphism could be relatively strong within the art field, since the government regulations and funding plays a major role. Also the influence of art schools and artists' associations could be important. Mimetic process, again, might affect the ways galleries or art dealers accept the proper manners to conduct business within art field and copy the ways to conduct business from other companies or markets in other countries. Also the role of elite could be very important within an art field. As art works are difficult to judge and evaluate, the opinion of the elite could become shared by other actors in the field. The role of normative pressures could result from actively taking part in social gatherings, for example, participating in the exhibition openings. Also the shared educational background of the artists might affect the common beliefs and values. The role of actors placed in the fringe might in some cases be important in creating change in that new art movements may become legitimized through innovative actors from the fringe (see e.g. DiMaggio & Powell 1983; Leblebici et al. 1991).

Research Method

A qualitative approach was chosen in this study. The research questions above were used to focus the data gathering and to develop an interview guide. The use of theoretical ideas to create guiding research question improve the internal validity (content validity). We also tried to increase the validity of the research by triangulation which means that multiple sources of data were used (Patton 1990). For instance, in order to describe the operations and business practices in art markets, the data gathered included interviews of key-informants, artists and art managers. The art organizations' operations were also observed through both interviews and visits to exhibitions and openings (vernissage). The art reviews and articles on art market were used to complement the data. Altogether 30 interviews were conducted: 5 key-informants, 1 pilot interview, 15 gallerists, 3 art dealers, 3 auction house managers and 3 artists were interviewed.

Each interview was first analyzed separately. Then actor groups were identified and analyzed separately. Then each group was compared to other groups and similarities and differences searched. Then the results were compared to research questions. The external validity, the ability to generalize the findings or the correlation of the researcher's findings with other similar studies, was ameliorated by comparisons to other art market studies when possible. However, generally the findings in qualitative research are generalizable only in view of theoretical propositions and not to populations or universes (Yin 1989).

In this paper quotations from the interviews are presented to give richness to the description. If only one quotation is given, it was perceived by the researcher as the most typical, if several quotations are used, they are to enlighten various opinions or sides of the theme in question. The quotations are translated by the researcher.

Results

The identified organizational fields and the relevant actors

The Finnish commercial "art world" has evolved from a start with only a few actors: of some travelling art tradesmen and a few art dealers, and later on developed into field(s) of various actors. New actors who have entered the field quite recently include, for example, major auction houses. The first major auction house established itself in Helsinki in 1979. Afterwards two other auction houses started their operations in 1980's. Also the majority of commercial galleries entered the art field in their current "pure" gallery form (not as a mixture of a gallery and a dealer) as late as in the 1980's. There existed a few galleries earlier than that, but the gallery field as known today, did not develop until in the 1980's. The formation of the field seems to be due to isomorphism; the Finnish actors followed the model of art business in more developed markets abroad. During this evolvement the art field divided into two rather distinct fields by content of art: the field of *established* traditional art and the field of contemporary art. The division can be depicted based on the participants' opinions as they stated:

"You must never get the art dealers and galleries mixed, they are quite separate."

The division into two fields can be criticized, since many artists or artworks can be classified both as established and contemporary. Some artists' works are exposed and sold simultaneously within both fields. The visual art market could also be divided into three fields according to the type of art: old art, modern and contemporary, as was the categories used by some actors within the German art markets. However, the actors within the Finnish art market perceived the market as consisting of these two fields only. This duality might result from the small total number of actors within the Finnish visual art market (For comparison of contemporary art markets in European context see Jyrämä 1999).

The relevant actors in each organizational field are different. Participants within the *field of established art* are auction houses, art dealers and a more heterogeneous group of

moving art tradesmen as well as collectors and museums. The actors within this field are interested foremost in older art, and they participate in resale of art works. The core or elite of this field consist of the major auction houses and a few influential art dealers. The other dealers, smaller auction houses and mainly the travelling tradesmen form the fringe of this field.

The *field of contemporary art* consists of various actors: artists, galleries, art critics, media, museums and private collections. This field is hierarchically structured. There are a few major galleries and other actors, who create the elite of this field. The fringe of the field consists of less known galleries, artists and buyers.

"...there is quite clear hierarchy within the galleries, which galleries have influence and which not"

Several of the actors within these two fields represent similar actor groups, yet they often are different people. For example, museum representatives within the established art field are experts of older art, and the ones in contemporary field of contemporary art. Also their influence and activities differ depending on the field they work in. Table 7 summarizes the role of various actors in the two distinctive art fields.

Table 1 The two art fields and their relevant actors in Finland

Actors/fields	Established art field	Contemporary art field
Artists	- only important as creating part of the art works value	- important as suppliers, experts, participating in the sale of art works
Galleries	-	- main distributors
Art dealers / auctions	- main distributors	-
Tradesmen	- fringe distributors	-
Museums	- established art museums, giving prestige to artworks by their purchasing choices	- contemporary art museums, important as legitimizing artist and gallery reputation
Art critic	- not relevant, don't reviewing auctions or dealers sales	- important in bringing reputation and acceptance for artists and galleries
Collectors / customers	- important, experts bringing prestige by their choices, also a source of art works for exhibitions	- important, experts giving prestige by their choices
Media	- important, especially through writing articles on auctions	- important, creating "stars"
Foundations / government boards	- not related to art works as such - influential through laws and regulations	- gives financial support for artists to work, influences the field structure
Academic art world	- part, but not active in commerce, spreading information on art by research	- part, but not active in commerce, spreading information on new art styles and movements
Art related products	- not relevant	- relevant suppliers for artists, but in the fringe
Art schools	- not very relevant	- influence the accepted taste, styles - recommend artists to galleries

The identified proper manners and underlying beliefs, values, norms and conventions

In the analysis we identified a set of conventions and proper manners implicitly followed by the participants. These ways to conduct business are often imitated from more developed art markets. For example, the whole systems of major auction houses or commercial galleries were established along a model from more developed art markets.

The most important value stated by participants in both fields is the *love of art*. The importance of art in society is never questioned. This is reflected in the main actors'

strive for status and good artistic reputation. The actors see as success not the financial results, but the gained reputation: trust in their taste and expertise. The emphasis on artistic value can also be seen from the stated de-emphasis of the business side of the actions. Especially within the gallery field, open talk of money was perceived as improper. The sale situation of an art work reflects this norm. For example, the talk between the gallery owner and the customer rarely concerns art as an investment, but rather the enjoyment or artistic value of the art work. The only exceptions were the auction houses. They actively use pricing and prices as their main competitive tool. They can gain publicity by wide differences between the starting price and the final price. Within the fringe areas the actors also followed the core norms. However, they clearly had a more "commercial" approach to the art business. Actors expressed these things in the following way:

"...the most essential is that you love art (to be a good gallerist)"

"...this marketing, I in a way oppose its emphasis."

"...art, I feel that one should not try to sell art... art in a way sells itself... when you give information... it is based on feelings."

"...selling, that's an ugly word in arts."

The *uniqueness of art works* also affects the fields' operations. The customer cannot choose the seller for a particular art work, but needs to purchase the work where available. This has resulted in a competition among the sellers for getting good artworks and star artists. The competition within the contemporary art field has also resulted into some ethical norms. For example, it is perceived as unethical to "steal" another gallery's artists by offering better terms.

The scarcity of high quality artworks has forced the competitors to co-operate. Especially the art dealers exchange artworks between each other in order to acquire a specific work demanded by a customer. Similar cooperation between dealers has earlier been found among antiquarian book shops (Uusitalo & Lassila 1987). Also the galleries often co-operate with galleries in other towns or abroad to exchange exhibitions/artists.

"...in a way I purchase art for them (dealers in other towns)...artists are valued differently in different areas."

"...when you have sold one (a good art work) you never know when you can get a new one to replace it."

"...even today there are artists' exhibitions which have been snatched from other galleries and this is very unpleasant."

"...they compete for certain artists, these good galleries."

The *role of artists* as persons differs between these two fields. The art work itself is more emphasized within the established art field. The artists name does have impact on the value of the artworks, but the artist as a person does not participate in the fields' activities. In contrast, the role of artist as a person is very important within the contemporary art field. As the galleries present living artists, they in a way sell the artist rather than individual artworks. This valuation of artists is reflecting some generally held beliefs within the contemporary art field. For example, the actors perceive that an exclusive exhibition of one artist is better than a group exhibition, since it gives the artists more space and higher status. They also seem to believe that this higher status exclusive exhibition operates better through percentage of sales system rather than charging rent from the artists. These norms or beliefs came forward in discussing the importance of the relationship between gallerist and artists.

"... (a good gallerist) tries to operate so that the artist really is the king."

"I take a good care of my artists."

"...the most important is the artist."

"...an artist is in a way the king, who decides...of course some gallery may offer special benefits...it is not considered as ethically proper."

The legitimate *taste*, that is, what is perceived to be good taste, affects also the art fields' operations. What is considered good taste differs between these two fields. Within the established art field good art is art that has already to certain extent made the test of time. The actors aim to make new discoveries, and bring forth good artworks by famous artists which have not been on the market too often. The actors need to recognize good artworks to find quality art for selling. The actors felt that the most important aspect for them to succeed is the image of trust and good reputation. This is manifested by getting sold their choice of artworks. The problems in gaining this good reputation relate also to questions of authenticity and the quality of the artworks. Forgeries are a major problem within this field. The actors, whether dealers, auction houses, galleries or museums, need to have good expertise in order to gain the wanted trust and a good reputation within this field.

"...trust, the most important thing is the trust."

"...so that customers would have such a trust, that they have got correct information and expertise."

"...the most important is the "eye" (for good taste)."

"...you have to have certain level of cultural competence."

"... (a good art dealer)...you have to be honest."

"...you have to be critical; if you bring bad quality work you loose your reputation."

Within the contemporary art field the role of taste is also very important. The taste relates to identifying future stars and having an 'eye' for new artists and art forms. The actors within the field need to follow the international trends and be informed of the new art movements. A sense for good taste is reflected in the gallery's image and its exhibition program.

As the Finnish art field is rather small, the elite establishes the norms for good taste and accepted art. However, there does exist subfields of other actors, who question the elite's taste and try to struggle for their ideas and change the system and the norms. However, when outside critics try to get involved, the art world usually unifies and protects its systems and tastes.

Within the contemporary art field it is perceived as utmost important to participate in the art field's activities. Through the interactions actors get information on new art trends and movements and pass information about their own artists and exhibitions. Actors try to be part of the elite and the taste setting network in order to succeed within this field.

"...you have to bring forth trust... so that there is trust for that person's taste."

"...a gallerist needs to have good taste."

"I think that the Finnish art world never questions itself. In Finland the art world defends itself, if there comes an outside threat."

"...you need to have very good taste, since the taste reflects ..."

There exist also various unspoken rules of conduct or norms within these fields. These specific norms cannot often be controlled, but the actor's reputation might be lost if caught breaking these implicit rules. In the established art field, for example, a dealer or an auction house is "morally" bound to sell the already once sold works again, but only after a few years has passed after the previous sale occurred. Another implicit rule refers to the confidentiality. The dealer and auction houses are bound to keep the name of the seller or buyer confidential. The auction houses have also a rule against using so called own callers to increase the price of the artworks at sale. The use of "star artworks", not really meant to be sold but put through the auction as tokens creating interest towards the auction, are implicitly forbidden.

The role of correct pricing is very important within this field. The dealers usually have higher prices, but their prices include services and they are stable. The dealers would thus prefer if the auctions would also use "correct" starting prices, whereas the auction house likes to use pricing as a competitive tool. The auction houses try to get more customers by low starting price and gaining publicity by getting wide difference between the starting prices and the final prices. There are laws stating the proper pricing manners within the developed art markets, whereas in Finland the actors only voluntarily obey these norms and follow similar rules. As the dealers and auction house managers stated:

"...a gentleman's habit is that who sells (a painting) will sell it again."

"(in auctions)... the more the prices change from the starting price... it reflects a lack... if you have good expertise the prices ought to stay relatively close to the starting price."

"...in auctions it pays off to have quite low starting prices."

The contemporary art field has their own ways to conduct business and various norms on proper business behavior. For example, it is not perceived as proper behavior to call the art critics or try to influence their writing. This reflects the norm that one should not question the expertise and taste of the expert actors within this field. Also the museum leaders and curators have a distinct status. The gallerist should not underestimate their taste, nor try to influence them in improper ways. The codes of conduct within the contemporary art field show in the ways to talk about art or sell art. The gallerist should always act in a most delicate manner: never try to pressure nor actively sell the works. The selling occurs through discussions, discreet contacts and many tactful undertakings:

"...the selling actions are so special... the other (buyer) needs to feel that to him/her a service is done, information given free of any pressure."

"...this gallerist had committed this error that she had sent three paintings to be reviewed by the museum without prior agreement."

"...then they presented the matters as if the museum manager would not be an expert."

"...the running a gallery...it consists of all these small things, like the clean floor or the personality of the gallerist."

Generally, all the actors stated that they follow these implicit rules. They also stated as their main goals to create trust and good reputation. However, the actual obeying of

these rules about the "forbidden" methods of competition might not be as strict as stated in interviews.

The isomorphic forces in the Finnish visual art markets

The isomorphic forces identified in previous studies were the coercive and mimetic isomorphism, and normative pressure. The *coercive isomorphism* relates to the influence of government regulations. For example, trade laws and taxes are part of this influence. The trade law within the visual art markets is less developed than within more developed markets. Hence, the regulatory coercive force seems to have little effect within the Finnish visual art markets. The situation may change due to tightening copyright law and regulations, especially concerning the display of art works.

Taxation has affected the art fields in various ways. The question of being freed from adding value added tax or later, of having at least lower tax rate on gallery sales was the major incentive to create the gallerists' union. Gallerists faced this threat from government and were forced to form some institutionalized organization to promote their own interest. The auction houses, on the other hand, perceived the new, more liberal customs regulations and lower taxes on arts exports as an incentive to increase trade and exchange with foreign auction houses or dealers. As the interviewees said:

"...without doubt, this value added tax was the final reason that made the gallerists realize that we can operate together."

"...we used to have problems with the customs... now it (exporting to Sweden) is profitable and we have cars going back and forth."

Within the contemporary art field the role of government and the trade unions as controlling and affecting the field were perceived important. The government art council determines the scholarships, not only to whom should these scholarships go, but also the type and duration of these payments. However, the board members include also many artists and hence reflect their views. These systems of funding have affected the Finnish art field considerably. Due to government support for art and artists, the artists have been able to maintain quite a strong independent status. Artists in Finland are not necessarily dependent on art sale and galleries to survive. However, the government influence is not regulatory by nature, but more indirect. For example, the interviewees stated:

"...our strong scholarship system that we have, so that the artists are supported by society, independent. So, the society in a way governs artists...as a system not very healthy."

"...the government for its part controls the whole system, by their decisions on resources."

The role of trade unions is important. The influence of artistic trade unions is considerable. They have their own galleries, which compete with the commercial galleries. Through their own galleries the trade union can have an influence on the art taste and on which art/artists are accepted. The gallerists' association tries to affect the rules of conduct, as it institutionalizes norms and initiates legal norms. In that way ethical norms of the top galleries could become norms for the whole contemporary art field. The gallerists' association also contributes implicitly to the institutionalization of the strict hierarchy within the contemporary art field. Only galleries that are members of association will be accepted to merit from using the name of art gallery. The acceptance to the association takes place through the present members. The 'revolutionaries' or those representing low quality will be left outside and they will have to create own subfield to operate in. As was said:

"...we (artists union) are part of the business, since we have our own galleries... on the choice of which artists get breakthroughs to the field the artists union does have influence."

"...the artists' unions do have power, not in relation to defining art's value but they create the base on who stays in art field."

"...the galleries within our association (gallerists' ass.)...they are the real galleries."

"...one could think that the ones accepted as members (in gallerists' association) are then galleries."

Mimetic isomorphism relates to the uncertain environment due to the nature of the product. Art is unique and it cannot be truly objectively valued. This creates uncertainty not only about the real value of product, but about the status of actors and even about what is considered as art. Within both fields the actors seem to imitate the operative models perceived to be successful. In the first place, the models from developed markets are used. For example, the whole systems, of auction houses and commercial galleries were imitated from international art markets. The actors in Finland try to follow similar rules and codes of conduct as the market leaders in international art markets.

Within the Finnish contemporary art field, the top galleries are perceived as models for proper manners, and the smaller galleries try to follow these rules in order to gain more status and acceptance. Even the most radical galleries usually follow the accepted norms on how to conduct business. There are only some exceptions, for example a gallery operating also as a cafe. This is perceived by some of the elite actors as "improper". The norms or codes of conduct of top galleries are perceived to be the proper ones, and the actors are not willing to seek any alternatives.

"...you have to know quite well all the best gallerists in each country."

"...I have been visiting galleries in, for example, in Paris and in New York especially learning on their gallery techniques."

"...artists visit abroad, gallerists visit abroad..."

The *role of elite* in establishing the accepted taste and the art movements was perceived to be important. The actors within the elite were perceived to be active in bringing in new art forms and keeping up with new trends. The actors within the elite also institutionalized new practices within the contemporary art field. For example, the Museum of Contemporary Art by starting cooperation openly with sponsors has changed the field's concepts. The use of sponsors has become acceptable, whereas earlier the sponsors were neither mentioned nor shown, if used at all. The role of some fringe players as creating change could also be identified. For example, the avant-garde movement was brought to the core of the field in the 1990's by a at that time fringe gallery. This gallery then moved rapidly into the core or the elite. Some of the fringe galleries had their own subfield and they did not accept the taste nor the ways to conduct business of the core. The leading role of top galleries in establishing taste was stated as follows:

"...a large part of new art comes through commercial galleries...and it is very important."

"...top galleries...they are both commercially well doing and also artistically of high quality."

"...the good galleries can themselves select of the offered material...and I know they won't take the cheapest commercial line, since they would loose their reputation."

"...then one gallery suddenly comes and rises and presents suddenly daring avant-garde art, not caring whether it is commercial or not... and made a good name to itself."

However, of all isomorphic forces the normative pressure could be seen as most important. The shared education of artists created certain accepted art styles and ways to see art. This has influenced the taste and art presented through the whole contemporary art field.

All the actors from both fields emphasized the importance of following the development of the field and being part of the information network. Most of the information does go along informal mouth-to-mouth routes. Hence, the social occasion and discussions and the informal relationships created between the various actors within these fields were perceived to be very important in creating the accepted norms and conventions and the beliefs and values. As many said:

"...most information that never becomes public...between people, informal...and there happens the basic decisions take place on which media reacts."

"...the circles are so small that know of things...very little is discussed."

"...(a good art dealer)...has to know the state-of-the-art...has to have good contacts with people."

"...I (key-informant) spent most of my time going from one place to another."

Discussion

Art fields operate along personal networks according to unspoken rules that participants implicitly know, and participants share similar language and values. Actors try to gain reputation, trust and good taste by actively participating in the art world activities, exhibition openings, seminars and so on. A vast part of the reputation or status is gained through personal image and contacts. A basic knowledge of art is a necessity, but having "the eye and taste" for recognizing good paintings seems to be appreciated even more. The information passes from mouth to mouth and the circles are very small in a small market such as Finland. For example, the opening of the exhibition of the year's artist is a happening where the elite of Finnish contemporary art world is present. For the field of established art similar occasions are the major auctions. They operate as main meeting places and as social gathering occasions for the other actors, as well.

The commercial success is not always linked to having a good reputation in the eyes of the art field's elite. An artist might gain considerable commercial success by entering the field from its fringe areas and using, for example, only the media for promoting him/herself, but not be highly valued by the actors in the field. Likewise, an artist may achieve much artistic praise and good reputation, although she/he has no commercial

success. Hence, the routes to artistic success and commercial success are not necessarily parallel.

With the help of an institutional approach we have captured many specific characteristics of the structure and strategies applied in commercial art field. The relevant actors and their specific role within the fields were discussed. Several implicit rules of conduct or proper manners based on common beliefs and values were identified. Values and beliefs especially emphasized the importance of art and artists. Also various isomorphic forces were identified that affect the formation and change of the art fields. Of them the role of normative forces, the influence of shared educational background and the influence of social relationships and networks were perceived to be the most important. However, all these forces are overlapping and intertwined. For example, the role of artists' trade unions can be seen as coercive, mimetic or as normative pressure. The gallerists' association has created formal regulation and laws, they have institutionalized the role of elite and it has become a model for other actors, and the members use the association also as means of social influence and public discussion. Although the values and codes of conduct as well as the proper manners could be captured and the isomorphic forces identified, the institutional analysis might still be weak in other aspects, for example, because it neglects important structural and economic elements of the market. Consequently, a more comprehensive analysis could be achieved by combining the institutional approach with some other approaches.

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7 CAN WE FIND MARKET ORIENTATION IN THE PROGRAMMING OF PERFORMING ARTS ORGANIZATIONS?

Hilppa Sorjonen

Introduction

While market orientation has received substantial interest in recent marketing research, few researchers in arts marketing have addressed the issue. Market orientation is defined here as the degree of how an organization analyses its customers, competitors, and industry influences and how this affects its strategic planning. In this paper I will present a framework for analyzing market orientation in performing arts organizations. Interview data was collected from different types of performing arts organizations to explore the role of market orientation in the program planning.

Is marketing relevant for arts organizations?

The artistic quality evaluated and defined by the insiders of the art world is an important, if not the most crucial, determinant of success of arts organizations. I will not question the status of quality as the main criterion of the decision-making. Still, it can be fruitful to focus on alternative factors that can influence the success of arts organizations. One of these is the behavior of an arts organization in relation to its external environment, especially its markets.

As the term 'market orientation' is often used to mean the implementation of the marketing concept (e.g. Kohli & Jaworski 1990), the views of the role of marketing in arts organizations will be reviewed first. Most authors seem to adopt a cautious stance. Some authors stress the potential conflict between marketing and artistic integrity (see e.g., Permut 1980, p. 56; Searles 1980, p. 69). Others call for a different approach to marketing in cultural contexts as compared to business firms. In their marketing model for cultural enterprises that have art rather than profit as their ultimate objective, (Colbert et al. 1994) suggest that the marketing process starts from the product and tries to "find consumers that are likely to appreciate the product" (p. 14). This contrasts with the traditional marketing concept, which holds that products should be created in response to the needs of consumers.

Hirschman (1983), on the one hand, proposes that the marketing concept, as a normative framework, is not applicable to two classes of producers, artists and ideologists, because the personal values and social norms characterize the production process (p. 45). However, Hirschman expands the traditional marketing concept to self-oriented transactions, arguing that the artist self is the "audience whose approval is first sought, whose wants are initially salient, whose needs must be satisfied" (p. 50).

Scheff and Kotler (1996) view the purely market-centered philosophy as inconsistent with the concept of art. They believe that high customer satisfaction as an objective of a performing arts organization means that "artistic directors wouldn't be living up to their responsibility to challenge and provoke" (p. 37). Also Voss and Voss (2000b) restrict the focus of arts marketing primarily to promotion, pricing, packaging and ancillary services, with an emphasis placed on developing strong social relationships with loyal customers. According to Botti (2000), the primary function of arts marketing is "to ensure that the artistic potential of the product is suitably managed and transferred from the artist to different publics" (p. 21).

Some authors (e.g., Liao et al. 2001) point out that while short-term customer satisfaction is important, it is not the only consideration for arts organizations. They may choose to present art forms that do not appeal to the majority of their existing customers to achieve longer-term benefit to society. Uusitalo (1999) examines marketing orientation in cultural organizations as an expression of a broader trend towards marketization in society. She considers it beneficial in that it strengthens the competitiveness of culture and cultural organizations as compared to other leisure activities, but she also sees negative consequences. She argues that financial or audience success is often taken as the only measure of performance, and the public and collective benefits of culture are forgotten. According to Uusitalo, the main functions of culture are to act in society as means of self-reflection, re-evaluation of values, and identity construction.

In contrast to these authors with reserved views, Boudier-Pailler (1999) is one of those few authors who argue that cultural enterprises can adapt their product, even the core of the product, to meet the goals of the audience. Saxe (2001) includes the artist's self-oriented product evaluation proposed by Hirschman (1983) into market orientation and presumes that this artists' self-oriented creativity reflects subconsciously assimilated market intelligence.

So far, empirical research on the market orientation of arts organizations is scant. It has focused on the market orientation - performance relationship and has mainly been conducted in the US private nonprofit context. The methodology applied has been quantitative. Voss and Voss (2000a) found that in the nonprofit professional theater industry, customer orientation was negatively associated with performance. By contrast, Gainer and Padanyi (2002) showed that the nonprofit arts organizations that implemented more market-driven activities into their marketing plans were more likely to develop a market-oriented internal culture. Further, they showed that a market-oriented culture predicted a growth in resources, higher levels of customer satisfaction and reputation among peers. Troilo and Addis (2001), when studying market orientation of cultural organizations in the European context, conclude that the classic market orientation concept is too limited. In their view, arts organizations have a duty to create activities that go beyond customer expectations. They also consider the concept too excessive, because the requests of the public, sponsors and other market actors often go beyond the capabilities and identity of the organization.

As the results of empirical studies are contradictory, additional studies exploring the market orientation of arts organizations are needed. The present article studies market orientation in performing arts organizations in the European context, where arts organizations operate mainly with public funding. I begin with a presentation of the general concept of market orientation, its modifications and antecedents, and some criticism of its operationalizations. Thereafter, a theoretical framework for the market orientation of performing arts organizations is proposed. Based on this framework, the study of five performing arts organizations was conducted. The paper closes by discussing the results of the study.

Market orientation – the general concept

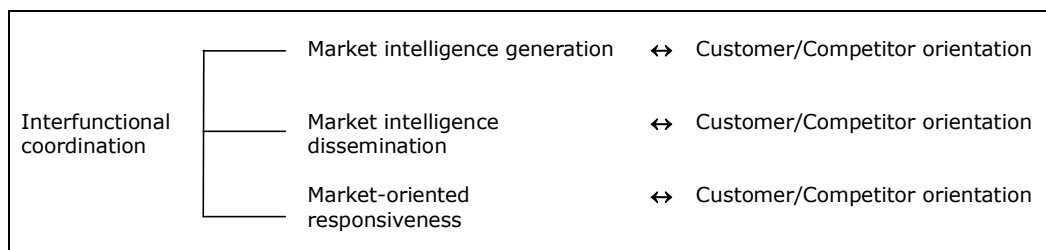
Market orientation research can be grouped in two broad areas, information-based and culture-oriented approaches (Ogbonna & Harris 2002). Kohli and Jaworski (1990) who represent the former group define market orientation as three behaviors related to information: "Market orientation is the organization wide *generation* of market intelligence pertaining to current and future customer needs, *dissemination* of the intelligence across departments, and organization wide *responsiveness* to it." (p. 6) Market intelligence is a broader concept than customers' verbalized needs and preferences. It also includes an analysis and interpretation of exogenous factors such as competition, government regulation and other environmental forces that influence those needs and preferences. Intelligence may be generated and disseminated through formal

or informal means. The dissemination of market intelligence to the whole organization is pertinent; otherwise it cannot form a basis for coordinated activities of different departments. The third element of the market orientation construct, responsiveness is the action taken in response to intelligence that is generated and disseminated. It includes selecting target markets, designing and producing products or services catering to the current and anticipated needs of target markets, and distributing and promoting the products in a way that accomplishes the favorable end-customer response.

The study of Narver and Slater (1990) represents the culture-oriented approach. They measure the extent of market orientation through three behavioral components: customer orientation, competitor orientation, and interfunctional coordination. Customer orientation means that in order to create superior value for customers continuously, the organization must sufficiently understand their behavior. Competitor orientation involves understanding of the strengths and weaknesses, capabilities and strategies of the key competitors. Interfunctional coordination refers to using and coordinating organizational resources in creating value for customers.

Following the modification by Cadogan and Diamantopoulos (1995), the market orientation construct applied in this study is a synthesis of the views of Narver and Slater (1990) and Kohli and Jaworski (1990) (Figure 1). Their conceptualizations of market orientation are comparable to the previously mentioned constructs *intelligence generation*, *dissemination* and *responsiveness* (Cadogan & Diamantopoulos 1995, p. 48).

Figure 1 Market orientation construct



Further, the comparison shows that the degree of overlap is also high on an operational level. The generic activities associated with market orientation take the form of generation, dissemination, and response to market intelligence and are oriented towards customers and competitors. The interfunctional coordination element focuses on activities directed at increasing interdepartmental cooperation.

In the works of Jaworski et al. (2000), Atuahene-Gima et al. (2001), and Slater (2001) the concept of market orientation is specified, which enhances its applicability to arts organizations. Jaworski et al. (2000) suggest that there is a *market-driven* and a *driving-markets* approach to market orientation. Market-driven refers to learning and reacting to a given market. In contrast, driving-markets approach is defined "as influencing the structure of a market and/or behavior of market players in a direction that improves the competitive position of the organization" (p. 53). Similar division is made by Atuahene-Gima et al. (2001) distinguish *responsive* market orientation which involves behavior that pays attention to existing needs, and *proactive* market orientation which focuses on discovering the latent, unarticulated future needs of customers. Also Slater (2001) contrasts traditional market-oriented behavior (Slater & Narver 1998) with second generation market-oriented behavior, by which he refers to understanding both the expressed and unexpressed needs of customers. Likewise, one can learn about competitors through the traditional processes of market information acquisition and evaluation, but also through market experiments.

There are several antecedents or prerequisites of market orientation. The commitment of top management, interdepartmental dynamics and organizational systems are factors influencing the degree of market orientation in an organization (Kohli & Jaworski 1990). Managers committed to market orientation inform about their commitment to all members in an organization. They are willing to take risks in the introduction of new and modified products and services, and they have a positive attitude toward change. Interdepartmental dynamics consist of the formal and informal interactions and relationships among employees across an organization's departments. Formal organizational systems, such as departmentalization, formalization, and centralization, may hinder market intelligence generation and dissemination but may facilitate the responsiveness to market intelligence. Market-based reward systems may encourage market orientation. As an example of informal organizational characteristics as determinants of a market orientation Kohli and Jaworski (1990) bring out norms and values which, for example, describe to what extent self-interest and threatening the interests of other members of an organization is considered acceptable.

The importance of organizational culture is emphasized by several authors (Alvesson 2002; Deshpandé & Farley 1998; Dreher 1993; Harris 1996; Harris & Ogbonna 1999; Homburg & Pflesser 2000). They have criticized the original market orientation operationalizations of Kohli et al. (1993) and Narver and Slater (1990) by pointing out that the operationalizations of the concept have not included indicators dealing

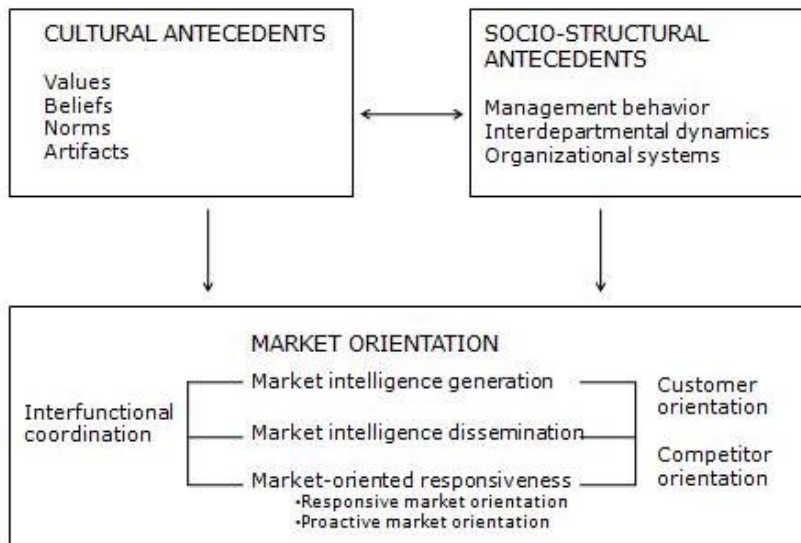
specifically with organizational culture despite the emphasis on culture as a prerequisite of market orientation. We can agree with the following statement by Narver and Slater (1998, p. 235): "If a market orientation was simply a set of activities completely disassociated from the underlying belief system of an organization, then whatever an organization's culture, a market orientation could easily be implanted by the organization at any time. But such is not what one observes."

It appears that market orientation in performing arts organizations has more barriers to overcome than in other organizations. Especially there are some "cultural" barriers to market orientation. Therefore, explicit attention should be given to the underlying cultural elements of arts organizations – values, norms, beliefs and assumptions, artifacts, which can provide a broader and deeper insight of how the market is understood in arts organizations, why it is understood as it is, and how activities such as programming are guided by this culture.

Recent studies have made explicit distinctions among different layers of organizational culture. For example, Homburg and Pflesser (2000) developed a multiplayer model of market-oriented organization culture and found different layers of market-oriented culture: values supporting market orientation, norms for market orientation, indicators of high and low market orientation and market-oriented behaviors. They also studied the relationships among the different components of culture and found that both values and norms have impact on market-oriented behaviors indirectly. Harris (1996) identified several organization-specific barriers of market orientation as consequences of cultural factors.

Consequently, both cultural factors (values, assumptions, norms) and socio-structural factors should be included as the antecedents of market orientation. To conclude, market orientation is here defined as behavior related to information on customers and competitors (market intelligence generation, market intelligence dissemination, and responsiveness to market intelligence) and as interfunctional coordination of these three behaviors. Responsiveness has two forms: Reactive market orientation (see Jaworski & Kohli, 1996, 131) refers to known and expressed customer needs, and proactive market orientation to discovering latent, unexpressed, unsatisfied customer needs. Figure 2 presents the framework for studying market orientation of performing arts organizations.

Figure 2 The framework for the market orientation of performing arts organizations



Cultural factors are defined as follows. Values are used as standards or constitute the basis for making judgments about what is right and what is wrong. Beliefs represent what organization members believe to be reality and take as granted. Norms, closely related to values, are the unwritten rules that allow one to know what is expected of him/her in various situations. Artifacts are the visible, tangible, and audible aspects of an organization's culture. They may be physical objects (design, logo, buildings), behavioral manifestations (rituals, ceremonies, rewards), and verbal manifestations (stories, jargon). (Hatch 1997, 210-216) In this paper, only those beliefs, values, norms, and artifacts of arts organizations, which were found to inhibit or support market orientation in programming, are discussed. *Socio-structural* factors are treated here as various components of an organization's social realm (see Allaire & Firsirotu 1984).

Research questions

Using the above framework (see Figure 2) as a tool of analysis I will explore the role of market orientation in the programming. The main questions of the study are:

Can we identify in art organizations different approaches to programming on the basis of their market orientation, in other words, how they gather information on customers and competitors and utilize it in programming?

How do arts managers' understandings of the market, values, beliefs, and norms support or inhibit market orientation and responsiveness in the programming?

How do socio-structural factors such as centralized decision-making support or inhibit the market responsiveness?

Method and data of the explorative study

The data for this explorative study were gathered by interviewing five artistic and/or administrative directors. They represented two symphony orchestras, a theater, a chamber music festival and a jazz festival. The organizations were selected to represent different performing art forms and funding basis. Table 1 shows the key characteristics of the organizations included in the study.

Table 1 Key characteristics of the organizations studied

Organization	O1 x)	O2	O3	O4	O5
Type of performing arts organization	theater	chamber music festival	jazz music festival	Viennese classical symphony orchestra	symphony orchestra
Total budget 2001 (euros)	1 541 050	n.a.	n.a.	2 451 200	5 995 760
Public support (%) of the budget	65 % (city) 16 % (state)	10 % (city) 20 % (state)	33 % (city) 2 % (state)	61 % (city) 24 % (state)	91 % (state)
Ticket revenues (%) of the budget	16 %	45 %	33 %	5 %	4 %
Other income (%) of the budget	4 %	25 %	33 %	10 %	5 %
Ticket revenues 2001 (euros)	245 500	n.a.	n.a.	111 300	243 500
Attendance 2001	20 700	43 950	14 100	27 000	40 100
Subscribers				325	927

x) The budget and attendance figures from the year 2000

n.a.: not available

In-depth theme interviews took 1 to 2 hours and were recorded and content analyzed. In addition, annual reports were utilized as sources of data. The programming approaches

were developed as a result of an inductive analysis of data. Since the author has worked in arts organizations for about 15 years, her pre-understanding of the field may have influenced the analysis.

Results - Market orientation and the programming of performing arts organizations

Three distinct types of programming could be identified in the performing arts organizations under study: a creativity-based approach, a resource-based approach, and a mission-based approach. In the following the approaches will be described and the market orientation elements of the approach will be analyzed.

Programming approaches

Creativity-based approach. For example, at the chamber music festival and in the theater, the directors responsible for the programming compared their working style to that of a creative artist. They explicitly mentioned that the repertoire was an artwork that is created by one person as a result of a creative planning process. The director of the chamber music festival told that he works uninterrupted, sometimes furnishing himself with material, information and contacts, sometimes shutting himself away in solitude for one or two weeks and concentrating solely on the completion of the repertoire. Every new repertoire is an innovation, like a composition; "the components of this artwork are finished compositions, but otherwise it has a form, rhythm, and harmony like a musical work, a symphony or a play". He called his programming principle a paradox: "The festival should, in order to feel same, always be different". In this festival, the theme of the repertoire and compositions of each event are decided first, and only after that are the artists engaged. As he said, "the musician is the interpreter of a musical drama". This practice is not typical for most music festivals.

Resource based approach. At the jazz festival, the artistic decisions were subordinated to venue and economic resources as a starting point. As the festival has at its disposal several venues of different size and type, the artistic director engages artists whose music he believes best suits each venue; the more artistic jazz is performed in a concert hall for acoustic music, the modern and experimental jazz in a theatre hall, the easy or traditional jazz in a huge tent sponsored by a leading nationwide newspaper, and typical club jazz in a restaurant milieu. Here also, the repertoire is the result of the efforts of one person. The artistic director pursues a holistic view for satisfying both the potential customers who are expected to attend the concerts of already well-known and famous

artists, and the media and experimental audience whose interest is awakened by presenting new artists.

Mission based approach. The main thread of the programming in the symphony orchestra and Viennese classical symphony orchestra was the mission of the organization: to support, maintain and promote the national and western concert music tradition and to educate the audience by performing contemporary national and international music. Several people were engaged in the programming. The importance of the own artistic ideals and music policy objectives of the orchestra were underscored in both organizations. As the symphony orchestra intendant said, "the primary goal when planning a season or concert programs is not to make sure that the house will be full. Instead, the program must be musically meaningful and the performance of the highest possible quality", and "the orchestra pursues full houses, but not at the expense of abandoning its musical ideals and objectives". The goal of planning individual concerts is to create a coherent whole of compositions that will attract different audiences.

Market- oriented intelligence generation and dissemination

Customer intelligence generation. Traditional surveys were used by all organizations to gather information about customer demographics, satisfaction levels, media preferences and so on. Observation and interaction with the audiences during performances was another way to get customer information and feedback. Information was utilized in the planning and implementing of marketing communication, but was not perceived as having any effect on the programming. Several reasons were given for this. First, in the creativity-based and mission-based programming, customer preferences had no straightforward direct influence on program choices. Second, the repertoire choices could not be based on the audience expressed wishes, because customers usually confined themselves to the most famous works. Third, it was assumed that it is difficult to acquire information about customers, because they cannot articulate their latent needs.

Slater and Narver (2000) distinguish four generic modes of intelligence generation applied in the business sector: *market-focused* intelligence generation, intelligence generated through *collaboration*, intelligence generated through *experimentation*, and intelligence generated from *repetitive experience*. The performing arts organizations did not systematically use market-focused (customer-focused) intelligence generation techniques. A much more important source of information in programming was intelligence generated through collaboration with other cultural actors: conductors, art

agencies, musicians and musicologists, and colleagues, with whom the managers discussed both the potential repertoire and potential performers and their qualifications.

Intelligence generated through experimentation is utilized through the first performances of new works. However, customer reactions to experimentations were not systematically followed and documented, and this information remained tacit. Some managers admitted that intelligence generated from repetitive experience was important in assessing customer needs, but also this information was tacit. As customer preferences were not considered to be of special importance in programming, very little attention was paid to the dissemination of customer intelligence. For example, customers' program wishes collected by the marketing staff seemed to interest the managers only moderately, and customer feedback was perceived as "subjective" and "unskilled".

Competitor intelligence generation. Kotler and Scheff (1997, p. 158) classify competition between arts organizations to three types: intra-type competition occurs between organizations or actors offering the same form of performing arts, intertype competition occurs between organizations offering different forms of performing arts, and indirect competition occurs between organizations in the whole leisure industry. When asked about competition, four respondents of five assumed that there was no competition between performing arts organizations of the same category (intra-type competition), not even in those cities, where several theatres and orchestras were operating. Neither did the respondents mention anything about competition between different forms of performing arts organizations (intertype competition). Instead, all respondents emphasized that their offerings compete for customers' attention on the level of leisure activities in general (indirect competition). Therefore, information about the activities of other performing arts organizations was gathered only sporadically and informally, in terms of monitoring the cultural life.

Market-oriented responsiveness

As an indication of a kind of market orientation, the potential customer market was segmented by taste or expertise, and various segments were targeted by differentiating the programs. For example, the theater director and jazz festival director shared a view of the audiences "climbing up a ladder". Therefore, they offered easy plays or jazz for those on the lowest rungs and more demanding plays or jazz for the advanced and experienced audiences.

Instead of targeting several audiences, the chamber music festival applied a focus strategy. It focused the festival offerings on a target market that consisted of the musical kindred spirits of the artistic director: people who have similar musical taste. This form of artistic planning can be interpreted as an example of a *self-oriented market orientation* (Hirschman 1983; Saxe 2001). Moreover, perceiving the whole two-week festival as one creative “work of art” means that to identify the themes and horizontal lines of the festival program, the customer was supposed to attend concerts from two to five days. This is an example of the manner of influencing the behavior of the audience. It represents a broader approach to market orientation, that is, a *proactive* (Atuahene-Gima et al. 2001) or *driving-markets response* (Jaworski et al. 2000).

Orchestras that represented a mission-based approach were organizations in which, neither differentiation nor focus strategy was applied. For these, the target audience consisted of different, heterogeneous people, who can be kept interested by a varied program and high quality performances. The relationship between the organization and the artists and conductors was considered important. Special attention was paid to the chief conductor, who was allowed autonomy to realize even his most ambitious plans.

Choosing established and recognized artists and classical art works to the program was done in order to satisfy the customers’ quality consciousness, or alternatively, their conservative preferences. This behavior can be interpreted as a *responsive form of market orientation*, reacting to customers’ *manifest* needs and preferences. Some were interested also in the *latent* needs, “the unconscious desire to be exposed to unknown and a curiosity for new”. A norm about continuously creating something new was guiding the programming, and latent needs were responded by providing contemporary and rare, unfamiliar older works. This behavior clearly represents the proactive form of market orientation.

Since competition from other organizations was not recognized or perceived serious, also the responsiveness related to competitor’s activities seemed to be minimal, and co-operative rather than strategic. For example, the repertoire plans were only occasionally coordinated with a colleague in another orchestra. When the respondents were asked the ways in which they differentiate their offerings from those of their competitors, the following were mentioned: program choices (theatre), originality and program renewal (chamber music festival), international performers (jazz festival), playing style (orchestra), and the chief conductor’s personal interpretation and program choices (orchestra).

Only one respondent recognized the existence of intra-type competition and was monitoring and analyzing the actions and capabilities of the competitors. He claimed that several new chamber music festivals have been copying – as modified or as such – the structure, ideas and programs of this festival. Often the imitator festivals are led by artists who have earlier performed at this festival. His response to competition was very active; it included differentiating and renewing the festival continually and creating an original style in order to be always one step ahead of newcomers entering the festival market. As a positive consequence of increased competition, the director viewed the necessity for every festival to pay special attention to the quality of its activities. “New creativity is emerging with this competition...we do not compete for larger audiences but for better quality”, the director said.

Cultural antecedents

Several values, assumptions, and norms supporting or inhibiting customer orientation in the programming were identified. Quality was a value that was stressed by all art managers and generally, the customers were assumed to be quality-conscious. Consequently, the managers believed that if the quality is outstanding, the customers will attend and enjoy the performance.

In economics, often two kinds of artistic quality are distinguished; the first is related to innovation, and the second is related to the quality of performance, such as virtuoso performance or high-quality stage settings (DiMaggio 1987, p. 207). If the customer is competent to assess the artistic qualities of performances – as is the case particularly in a long-lasting customer relationship with the subscribers – then striving for quality will help to create value for the customer. Another aspect of the quality is how much the customer is willing to pay for it. In economics, this measure of quality is called ‘the willingness to pay’ (Frey & Pommerehne 1989, p. 38).

Especially for managers applying creativity-based or mission-based approach as to programming, the artistic substance of the programs had a great value. It is determined by professionals in the performing arts organizations and therefore, this value can inhibit customer orientation. A related belief was that the customers are rather conservative and want to see or hear mainly works that they are already familiar with. “We need not fill up the concert hall by playing insignificant music”, as one respondent said. Against this belief, several studies have found that one of the most important goals for performing arts attendees is educational development (e.g. Cuadrado & Mollà 2000) or intellectual enrichment (e.g. Boudier-Pailler 1999) and for visual arts consumers, art knowledge and

education or self-development (e.g. Ahola 1995; Uusitalo & Ahola 1994). This demand for educative and innovative offerings might as well be interpreted as a genuine preference. Consequently, when an arts organization develops innovative productions, it is in fact customer-oriented. Therefore, challenging and provoking arts audiences is not in conflict with the goal of customer satisfaction, instead it indicates market or customer orientation.

Further, related to the high value given to artistic competence was the belief that the customers will learn to understand artistic decisions and enjoy new or unfamiliar works, if they have a possibility to meet performing artists and hear from them how the performance was created, or if the customers have good knowledge of the cultural field. These assumptions are based on an underlying belief that cognitive elements weigh as much as sensory-emotional elements in cultural consumption. Yet, studies on hedonic consumption indicate that some consumers wish both sensory-emotional and cognitive stimulation, others one kind of stimulation only, and some consumers are below average in their response to any type of stimulation (Hirschman and Holbrook 1982).

A number of values and beliefs supporting customer orientation were identified in organizations with the creativity-based approach. Within a consistent program policy, the artistic director of the chamber music festival felt free to innovate and experiment without losing the customers' confidence. An important value was capturing the audience. As the theater director said, "theater is made for people... theater performance itself vanishes, only the change in the spectator's mind or experience remains, the change caused by theater... therefore, I like that a lot of people attend my theater". For him, producing a performance was not a value in itself; only in the interaction with the audience's minds would the art work then become complete.

Unspoken norms were often guiding the behavior of managers, especially a norm that one should meet customer expectations was stressed. Visiting a festival in a remote city means substantial investments in time and money for customers. Thus, they are expecting a memorable experience. A norm of catching up the *zeitgeist* can also be interpreted to support customer orientation. In the mission-based approach, customer orientation was subordinated to some general principles and purposes such as the promotion of national arts. Strong norms of selling out all performances and reaching the financial goals supported the response to current customer needs in the resource-based approach.

Socio-structural antecedents

Usually the decision-making was centralized to the artistic director. Two of the three artistic directors stressed their willingness to take artistic risks and innovate. Only the jazz festival director seemed to be risk averse being constrained by financial risks. He said that risk-taking in programming was minimized and in situations where artistic and economic interests were contradictory, finances dictated the decision. In some organizations, the program decisions were made by a committee. In the symphony orchestra, the program was planned by a committee composed of the principal conductor, the intendant, the music director, and a few orchestra members. In the Viennese classical orchestra, a committee consisting of the intendant and two orchestra members made the program decisions after discussing the plans with the orchestra's advisory board. Hence, the program planning was influenced by numerous conflicting views and opinions. In the orchestras, taking artistic risks in terms of compositions was considered as a necessity, but more easily avoided in engaging artists.

Summary and conclusions

The findings of this explorative study suggest that the program planning of performing arts organizations is to a certain degree influenced by the analysis of customers and competitors. Contrary to common beliefs, market orientation does not lead to conflicts between artistic and other goals. On the average, programming is based more on arts managers' underlying assumptions and beliefs of customers and competitors or on intelligence generated from repetitive experience than on formal and systematic market-focused intelligence generation. However, managers' beliefs and assumptions are often problematic as a basis of programming, because they are not fully supported by research findings. Three different approaches to programming were identified in the organizations, a creativity-based approach, a resource-based approach, and a mission-based approach. In these three approaches, the views on customers as well as the manifestation of market orientation varied.

In the creativity-based approach, the market orientation of programming is mainly self-oriented, but implicitly also takes account of both the current articulated and latent future needs of customers through a varied repertoire of different styles, genres, periods etc. This implicit customer orientation is based on the values and norms of the artistic directors; the importance of pursuing a consistent program policy and capturing the audience; the necessity of catching up the *zeitgeist*. Hence, both reactive and proactive market orientation can be identified. Moreover, market-oriented behavior manifests itself

in segmenting potential customers and targeting a number of segments or in focusing one segment. Intra-type and indirect competition is recognized and proactive actions are taken. Market intelligence is generated mainly through collaboration with the actors of the cultural sector, experimentation, and repetitive experience. As the programming decisions are centralized to the artistic director, his/her values and assumptions are reflected unrestrained in the programming. The willingness to take risks in programming is considerable. In conclusion a rather clear manifestation of both reactive and proactive market orientation can be observed in organizations representing the creativity-based programming approach.

In the resource-based approach to programming the current customer needs are often acknowledged as a starting point of planning. Familiar and established artists are favored and risky choices of unfamiliar repertoire minimized. Strong norms forcing to sell out and avoid financial losses support the response to current customer needs. The market is often segmented by audience expertise. By differentiating the programs, a number of segments are targeted. The most important source of market information is generated from repetitive experience. Only indirect competition is recognized, and therefore, no actions in response to competition are taken. In conclusion, the programming in resource-based organizations adopts a clear manifestation of market orientation respective to a variety of customer needs, but it is not very responsive to competition.

The mission-based approach to programming emphasizes the values of artistic risk-taking, quality and artistic relevance of the programs. The objective to create an elegant, coherent artistic whole is the focus of all planning and effort. Actually, the customer is viewed more or less as an object of education, and customer needs are subordinated to the values and norms of promoting performing arts and culture. This approach markedly represents the proactive form of market orientation, because many of the program choices are targeted to satisfy latent future needs of customers, or educate customers. On the whole, market-orientation is in a minor role; no systematic segmentation is used, and intelligence is largely generated through collaboration with other actors of the cultural sector. The response to competition is collaborative, because the existence of intra-type competition is not acknowledged. Decision-making procedures (a committee) do not promote market orientation. In summary, this approach reflects a rather unclear manifestation of reactive market orientation, but somewhat clearer manifestation of proactive market orientation in the program planning.

In all, the manifestation of market orientation of performing arts organizations seems to become more explicit when there are strong financial pressures and competition between

performing arts organizations is recognized. Both reactive and proactive forms of market orientation can be found in performance art organizations. Cultural antecedents seem to support both forms of market orientation. Interestingly, centralization of decision-making as a socio-structural antecedent appears to foster market orientation in performing arts organizations. Our findings are consistent with the proposition that centralization may be related inversely to intelligence generation but positively to response implementation (Kohli & Jaworski 1990). Customer-oriented behavior may be facilitated when the decision-making is centralized to an arts manager, who is disposed to appreciate the customer perspective alongside with the artistic considerations. Market orientation is based on the intuition of the arts managers rather than on formally and systematically generated market-focused intelligence. The lack of marketing information systems is typical in all performing arts organizations (cf. McDonald & Harrison 2002).

The findings of this study are interpretations based on a limited number of interviews and the generalization of the findings must be treated with caution. However, we may assume that the findings of the market orientation of performing arts organizations may well be transferable to other non-profit organizations, such as art museums.

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III ART AND MUSEUM CONSUMERS

8 ON THE CONSUMPTION OF PICTORIAL ART

Liisa Uusitalo

Introduction

It has been proposed that consumption of artistic products differs from other types of consumption in that the experience is more abstract, subjective, holistic and "non-utilitarian". However, the new interest in the symbolic meanings and socially distinctive function of all consumption activities seems to imply that perception and use of artistic products should not, after all, be treated as a separate "cultural subfield of life" which is independent of other daily activities and experiences. Rather, several consumption activities resemble the consumption of artistic products in that they are also holistic and unique and have symbolic, non-utilitarian meanings. And vice versa, consumption of artistic products can sometimes serve very utilitarian purposes such as investment in arts, gain of cultural capital or social prestige.

However, one specific aspect of the consumption of artistic products deserves more attention. It is the heavy influence of the human capital input in art consumption. The received cultural competence in the field of art influences both the frequency and the quality of art behavior. The competence requirement is also relevant to the function of art and art consumption as a means of social distinction.

The above mentioned propositions concerning the similarity of art consumption with other consumption activities and the specific importance of received cultural competence in art consumption will be illuminated by means of analyzing interview data on consumers of pictorial art.

Cultural consumption and social structure

Cultural consumption, as any other type of consumption, can be taken as an indicator of the whole way of life of a person or a group. Consumption preferences and activities are socially dependent. Also, certain consumption patterns can be actively searched for and pursued in order to communicate to other people the ideals and status of the actor. Consumption patterns thus describe the acting subject, the "habitus" or "the way of life" through which social structures are reflected in behavior. Moreover, through active behavior choices social structures undergo a constant transformation (e.g. Giddens 1976; Bourdieu 1985). This view of consumption rejects both social determinism as well as pure

individualistic, voluntaristic explanations of behavior and tries to combine into the same model objective conditions and subjective interests.

Along with the rising standard of material consumption, social distinction by means of consumption will take more and more refined forms. Mere ownership of certain consumer durables in itself does not differentiate consumers from each other. Rather, it is taste differences and the quality of leisure activities that are associated with social distinction and social structures (e.g. Mason 1980; Uusitalo 1979). Art related behavior is a subfield of consumption which still possesses symbolic meanings to a greater degree than many other leisure activities, and it is definitely a field where taste differences and, consequently, social distinction are extremely important.

However, several other consumption activities resemble consumption of artistic products in that they also are "unique" and have symbolic, non-utilitarian meanings. And artistic products and activities, in turn, may well serve very utilitarian purposes for some consumers, such as increasing economic capital via investment in art, or gaining instrumental symbolic capital, which in turn, helps to achieve social prestige and economic benefits. Therefore, it is not well founded to separate consumers' art activities from other consumption activities. Art activities should not be treated as a separate autonomous subfield of life but rather as one indicator of a whole way of life, similar to any other consumption activities.

What differentiates art and culture consumption from other types of consumption is not that much its symbolic meaning or emphasis on the aesthetic dimension as has been proposed earlier (e.g., Hirschman 1980), but rather the high capacity of art consumption to differentiate between tastes and thus provide a means of social distinction between groups and individuals.

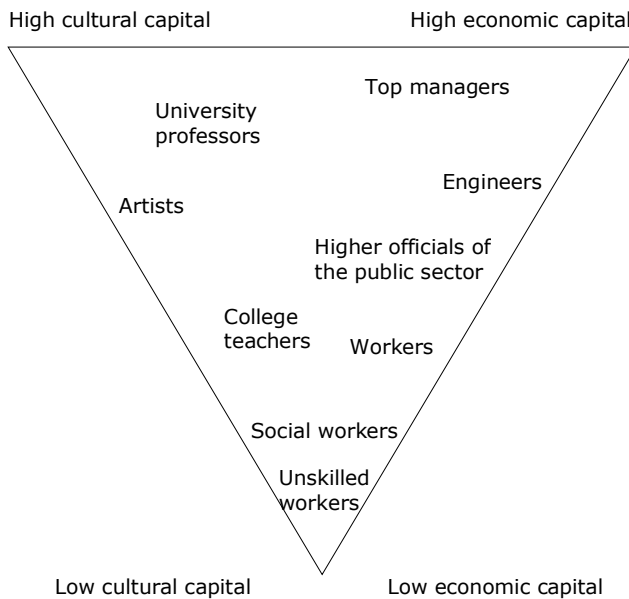
Hierarchy of tastes and cultural capital

Not all tastes in society have equal market power. According to Bourdieu (1979), the upper classes actively and autonomously exert their taste for distinctive processes and for defining the rules of game, whereas the taste of the middle classes usually follows the rules set by others. The popular taste of the mass consumption usually adapts itself to the choices available (Roos 1985). The struggle for the power over defining tastes is a hidden, continuous process, and success in this struggle is much more associated with the subjects' acquired cultural capital than with economic resources. In Bourdieu's analysis, high social positions in society can be based on either one or both of these

resources: cultural capital (cultural competence, occupational positions and prestige, inherited advantages etc.) and economic capital.

Therefore Bourdieu's picture of the hierarchical structure of society is a triangle standing on its top, which is contrary to the normal view when only economic resources are considered. The vertical axis denotes the volume of possessed capital and the horizontal axis the quality of capital (cultural or economic) (Figure 1).

Figure 13 The hierarchy of economic and cultural competencies



The triangle describes how the number of choices increases along with resources. At the bottom of the hierarchy the actual choices are limited; they grow gradually in number the higher the person moves. At the same time, taste differences reveal in which of the two directions one will be placed or desires to be placed. Bourdieu has tentatively placed different social groupings and their typical consumption choices (expressing taste differences) in this triangle (1979, 139). This kind of classification of groups and tastes within a society is, of course, subjective and an example of the actual use of distinctive processes utilized by the social scientist himself. Therefore, Bourdieu has also been criticized because his theory does not provide a sociological theory of aesthetic

experience but only attacks the use of aesthetic judgment as means of social exploitation (Douglas 1981, Wolff 1983).

However, the distinction between economic and cultural capital is a useful one in many types of analyses. It could be used, for example, to describe differences between societies as well as between their tasks and achievements whereas now societies are evaluated mainly according to the economic indicators. It also helps us to understand art behavior and art consumption. One's high possession of cultural capital can be expressed through the production of art or by many-sided art reception behavior. High economic resources often reflect in the purchase of valued art objects.

An important element in cultural capital is the ability to "read" and decode art objects and performances. Several hermeneutic and semiotic theories emphasize the fact that the receiver (reader, viewer) produces or reproduces the art product according to his/her competencies or prejudices. The higher degree of competence and the larger variety of codes the consumer employs, the more he/she can get out of the experience (e.g. Wolff 1981; Gadamer 1975; Barthes 1977). Therefore cultural capital can be essential in enjoying art as well as in differentiating art genres and tastes and decoding the meanings.

Somewhat similar ideas have been presented within the critique of economic welfare theory (e.g. Sen 1982). It has been proposed that, in measuring welfare, it is not only the access to consumption items that is important but also the basic capability to use or gain satisfaction from these commodities. The satisfaction comes from the activity, not from the product as such. The economic theory of household production or "productive consumption" includes in principle the same idea; the consumer produces the final commodities/activities by combining market products and services with his/her own time and human capital inputs (e.g. Becker 1965). However, the human capital or cultural competence needed varies for different cultural products and situations. Hence cultural competence is not simply a synonym for the general education level although there is a correlation between them. For example, art education in school can increase cultural competence but it does not necessarily have that effect.

Purpose and data of the empirical study

In the following chapters I shall present some empirical findings on the consumption of pictorial art. First, I will study the importance of cultural competence for art behavior and present some hypotheses on how this competence develops and influences art behavior.

Second, I will study art attitudes in order to exemplify attitude dimensions that not only refer to the aesthetic properties of art products and consumption but also to its social and economic functions.

The findings are based on secondary analysis of the data from an interview study by Kantanen (1984). The population consisted of inhabitants of a medium-sized (42.000) town; the age group was the over 16 year-olds. A stratified sample was drawn following the various districts and language groups within the town. The sample size was 148 and the final number of interviewed persons 119. Of the fairly extensive interview on pictorial art consumption I picked up and reinterpreted only those results that seemed to be relevant from the viewpoints presented above.

The content and frequency of art behavior

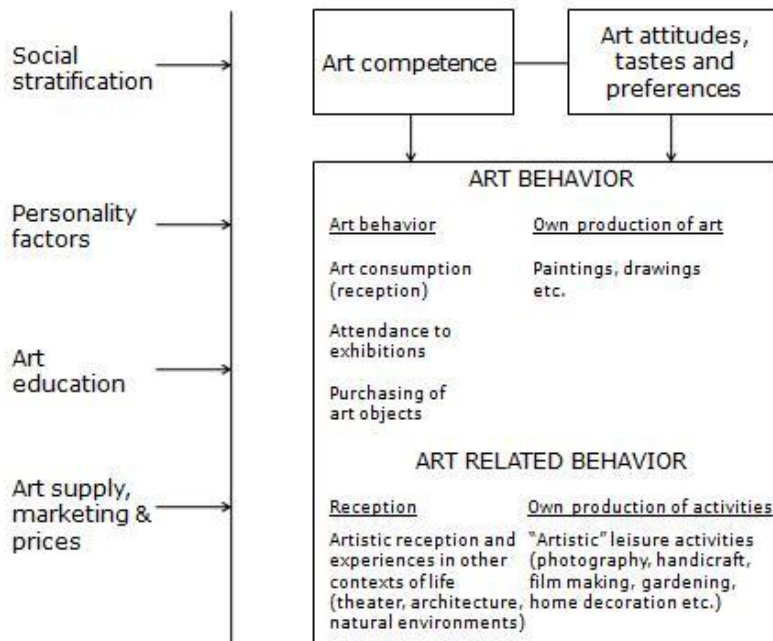
As shown in Figure 2, consumers' visual art behavior consists of reception and buying of art as well as own production of art. Moreover, visual artistic perception can be experienced in connection with many other types of consumption behavior, especially within fashion, architecture and other forms of art like the theatre, film etc. Aesthetic or emotional art experiences can even be stronger in association with other art forms than with pictorial art. Ever since the mechanical reproduction of art has become possible, the language of images have surrounded us in everyday life (e.g. by means of advertising). Art is no longer exclusively bound to the genuine art products and places where they are preserved (Benjamin 1970; Berger 1972; Walker 1983). Neither does one restrict one's own production of art to painting, drawing and the like. Many other leisure activities also include artistic elements although they are not perceived as production of art (e.g., handicrafts, photography, home decoration, gardening, gourmet cooking etc.).

Visual art experiences are connected with several activities. Still, it can be interesting to study the consumption of pictorial art as one manifest expression of art behavior. Consumption of pictorial art will be operationally defined as visiting art exhibitions and acquisition (purchasing) of art objects.

When comparing with the average interests in pictorial art in Finland, the number of reported visits to art exhibitions was in our sample slightly higher than average, whereas the frequency of own art production corresponded to the figure of the whole population. In the sample town, over 60% of the interviewed persons had visited art exhibitions at least once a year, and over 40% had acquired art objects. Most art objects had been

bought directly from the artist. Another popular way to obtain art objects was to make them oneself. Only one fourth of art objects were bought from art galleries or exhibitions.

Figure 2 Art behavior



Of demographic factors, especially socio-economic status and education level have a clear impact on the frequency of visits to art exhibitions. However, those with a medium level education were more passive visitors to art exhibitions than those with the highest and the lowest formal education. It showed that the mother's social position is more important than father's in determining visits to art exhibitions. Generally, children of parents with a high occupational status have more often become art consumers than children of families with a lower status.

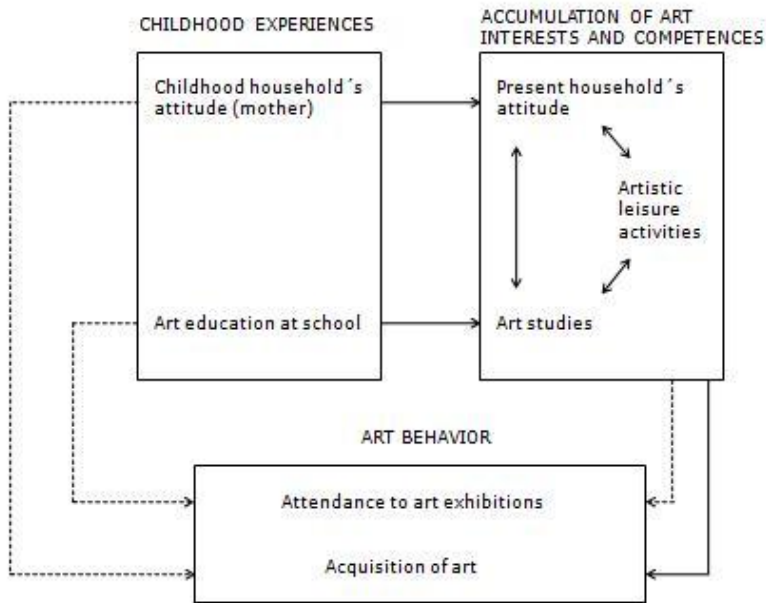
No linear connection was found between the general education level and purchasing of art; neither does the buying of art objects increase linearly with the occupational status. However, art purchases tend to be most typical of the highest group with academic background (and high income). Knowing the artist by name correlates with both exhibition visits and, even more, with the purchasing of art objects. Hence art knowledge and art consumption activities accumulate.

Development of art competence

Earlier empirical findings support the idea that childhood experiences, attitudes in the childhood home, art education in school, and friends influence the interest in art (e.g. Eskola 1976). This influence can be either positive or negative.

The relationships found in our explorative study are summarized in Figure 3. In the interview, positive attitudes towards art in the childhood home had a strong influence on artistic leisure activities as well as on art attitudes in the present home. However, negative attitudes towards art in the childhood home did not completely prevent an interest in art from emerging. Obviously a positive attitude towards art has increased over time because as much as 40% of the persons coming from art-negative-homes described their present attitude towards art as positive (90% of children from art-positive-homes had a positive attitude).

Experiences gained from art education in school influence interest in art and, above all, in further art studies. Art studies pursued after school correlate with other art interests and have a positive effect on the art attitudes in the present home. Consequently, art interest and art competence are interrelated. Further, the accumulation of competence and interest influence present, concrete art behavior; both visits to art exhibitions and acquisition of art objects. Visits to art exhibitions seem to be inspired by art education whether during school or after school. Interest in the purchase of art objects, in turn, already seems to originate in the habits of the childhood home. Due to the limited data base, these findings are only tentative. In the figure, black lines refer to strong influence and dotted lines to a weaker association.

Figure 3 Association between art competence, interest and behavior**General life attitudes do not explain art behavior**

The effort to explain concrete art behavior with general life attitudes was not very successful. For example, traditionalism, self-esteem or fatalism did not have significant effect on art consumption behavior. Of the general life attitudes only a cynical, selfish attitude towards life was significant in differentiating art exhibition visitors from non-visitors (the less cynical persons visit art exhibitions much more frequently). Art admirers tend to believe in the future, support human-relations-oriented values and have a higher self-esteem than non-visitors, but the findings are not statistically significant (Kantanen 1984).

The impact of general life attitudes on art tastes was not measured in this study. Several previous findings show, however, that conservatism, dogmatism and authoritarianism tend to be associated with a preference for traditional art and a dislike of modern, non-figurative art (Eskola 1963; Rubenowitz 1963; Lejonhielm 1967). The ability to enjoy abstract art only develops in a tolerant atmosphere which encourages experimentation.

Attitudes towards art – functionalist perspective

In order to identify some major dimensions that describe what people value in art, individual art attitudes were first grouped by means of factor analysis. Attitudes towards art were measured with the help of 18 attitude statements. These statements were grouped by means of factor analysis. On the basis of the eigenvalue criterion and easy interpretation, the number of factors was limited to four. The interpretation and the variables with the highest loadings on each factor are presented in the table below.

Table 1 Major art attitude dimensions. Factor interpretation and variables with the highest loadings on each factor

	FACTORS			
	I	II	III	IV
Art requires competencies				
It's difficult to understand paintings	.61			
Art education is necessary to enjoy arts	.62			
Modern art is a cheat	.61			
Art should be realistic	.59			
Art is a concern of the privileged	.55			
People visit art exhibitions only to show how "cultural" they are	.49			
Art is stimulating				
Art is relaxing		.77		
Art exhibitions are stimulating		.60		
Art is a good leisure-time interest		.56		
Art is a counter power to technologization		.52		
Art has an instrumental value				
Pictorial art is important for home decoration			.66	
Art should not include political messages			.52	
Art objects are bought for investment purposes			.49	
Visual art is a concern of all population			-.42	
Art is a counter power to technologization			.43	
Art brings content to life				
Art is a good leisure-time interest				.68
Art is one leisure activity among others				.67
Art cannot expand world views				-.67
Variance explained by each factor	14.3	13.7	9.1	8.4
Total variance explained 45.5%				

The received attitude dimensions can be used to construct sum scales for further analysis. They also give clues about possible functions of art in society. The attitude dimensions that emerged were the following (the corresponding, hypothetical functions of art are in parenthesis):

"Art requires competence" (*Distinctive function*). This attitude expresses people's fear of not being able to understand art properly, or not knowing enough to enjoy art experiences. The more negative aspects of a missing competence are feelings of hostility

or prejudice towards modern, non-figurative art or towards people who seem to enjoy art. People feel that art can be socially distinctive. Because of the capacity of desired social distinction, art behavior can sometimes become also ritualistic.

"Art is stimulating" (*Aesthetic/emotional function*). This attitude expresses the positively perceived function of art: art gives personal stimulant and aesthetic pleasure and provides imaginative experiences.

"Art has instrumental value" (*Utility function*). Art does not only bring immediate satisfaction as such but has instrumental utility as a means of increasing one's economic and symbolic capital through investments in art objects. Art can also be treated as a resource in home decoration, which refers to its importance in one's identity building or in family and social life.

"Art brings content to life" (*Emancipating/existential function*). Art gives meaningfulness to leisure and whole life by expanding one's world view. It can increase feelings of integrity with other people and generations, as well as increase the awareness of oneself in relation to the course of life.

The distinctive, aesthetic, utility and emancipating functions of pictorial art revealed here are very likely common to all art forms, although the relative importance of different functions can vary according to the type of art or cultural institution. For example, the aesthetic/emotional function can be most relevant for film and music, the emancipating/existential function for theatre and literature, and the distinctive function for genres of music, both classic and popular.

Some cultural institutions can have functions that are totally lacking or very weakly represented in pictorial art. For example, regression to a lower level of personal development, sexual arousal, extreme excitement, resulting in catharsis and relaxation or identification with the masses, probably are not needs that pictorial art would typically satisfy. Various forms of popular culture, television, film, video products, pop/rock music and even spectator sports or religious movements come closer to these functions (e.g. Uusitalo 1984).

In predicting the future of cultural life the key question is whether the cultural market is becoming more and more dominated by cultural forms that appeal to these last mentioned unconscious but effective "primitive" drives. Another big question is what could be the correct strategy for those art forms that are threatened by defeat in this

competitive struggle. Should they, too, try to provide more experiences of the regressive or shocking sort, or perhaps select another profile and other audience segments?

How do these attitudes influence art behavior? Of the mentioned attitude dimensions the first two, "Art requires competence" and "Art is stimulating", differentiated art viewers from non-viewers. Moreover, attitudes towards art competence (i.e. the distinctive function of art) also have a significant impact on the frequency of visits to exhibitions.

When considering the purchasing of art objects, buyers were less stimulated by art and more instrumentally oriented towards it than non-buyers. Buyers considered art to a much less extent an important life content than the non-buyers did. Assuming that these findings hold for a larger population, we can make the hypothesis that art exhibition visits are symbolically expressive, final "end" consumption of art, whereas art objects have been acquired much more for various instrumental purposes.

To sum up, artistic products resemble other products in that they, too, have several "product dimensions" or functions in addition to the aesthetic function. Art can also be stimulating, emancipating or bring instrumental utility. Moreover, art and art behavior perform extremely well as a means of social distinction, due to the competence needed to decode art objects. Art competence and interest partly develop in the childhood home and tend to accumulate later on. This accumulation is reflected in art behavior, both in quantity and quality.

The forms of art behavior studied here empirically were visits to art exhibitions and acquisition of art objects. These two types of behavior seem to differ in their background determinants and in their subjective meanings to the actor. Visits to art exhibitions are foremost inspired by art education whether in school or afterwards. Art buying is strongly influenced by art competence and income. For both kinds of behavior the attitudes and models of the childhood home are relevant. Seeing art in exhibitions fulfils many expressive, subjective functions to the consumers, whereas buying of art seems to include also many instrumental functions.

In the cultural market, pictorial art has to compete with other art forms and cultural institutions, which often have much more effective means of appealing to the subconscious, psychological needs of the consumer. Due to the significant importance of cultural competence needed for decoding art (e.g., paintings), pictorial art consumption tends to remain a field characterized by social distinction.

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9 A NOSTALGIC VISIT TO THE HERITAGE CENTERS AND MUSEUMS

Maaria Linko

Introduction

It is through museums that societies represent their relationship to their own history. It is too naive to think that institutions of culture can be neutral means for restoring and putting on display cultural products created by man. The institutions such as museums influence our understanding of the past as well as our perceptions of the present. In most western countries there has been critical debate in recent years about the sort of picture that is portrayed of history and culture by museums, cultural centers and other attractions. This article looks at this ongoing debate on ideology and on the role of the general public in heritage centers and museums from a critical perspective. Among the main sources are Robert Hewison's *The Heritage Industry* (1987) and "The Museum Time Machine" (1988), a collection of essays edited by Robert Lumley.

The term heritage production is used to refer to the dramatic expansion of museums in recent years and to their increasing economic and cultural significance. In many postindustrialist countries, perhaps Britain especially, manufacturing heritage has become crucial. Heritage is a commodity which nobody seems to be able to define, but which everybody is eager to sell, in particular those cultural institutions that can no longer rely on government funds as they did in the past (Hewison 1987, 9). Most particularly, this applies to museums with displays of Britain's industrial history. The heritage product is packaged and sold to the public in many different formats, although no one quite seems to know how the concept itself should be defined.

The key question in the debate is: what sort of view does heritage production convey to the general public of the past and the present? For example, is it possible that the prospering heritage industry draws people's attention too much to the past so that they lose sight of the present and future? Are museums starting to resemble mass marketed commercial culture, places in which to escape from the problems of the outside world? Or are they an innocent part of leisure activities whose participants are conscious of their role as consumers?

Criticism on the heritage industry

Robert Hewison looks at the thriving business around heritage and draws important connections to contemporary culture and to the future prospects in Britain. The writers of *The Museum Time Machine* (1988) discuss not only the situation in Britain but also that of France, Australia, the United States and Canada. The discussion on heritage has become lively in countries such as Sweden, Norway and Germany as well, and historical roots for the construction of identity have been sought more and more intensively since the late 1980's on both individual and national level (Smeds 1992). The Australian Donald Horne (1985) travelled to each European national capital and went through their "official" sights. Horne takes a critical stand on the picture of the past that is offered to tourists.

The background for Robert Hewison's book lies in the notion that even though the standard of living in Britain has risen since World War II, the relative position of Britain among other European countries has deteriorated (Hewison 1987, 35-39). At the moment, Hewison has noted, the whole of Britain seems to be turning into a museum. Paradoxically, at the same time, single museums are fine institutions whose purpose is to restore and display objects, educate the public and keep conceptions of the past alive.

For Hewison the heritage industry is in Britain an attempt to dispel the climate of decline by exploiting the economic potential of culture. He does not only criticize the heritage industry because so many of its products are fantasies of a world that never existed, or because it represents some undemocratic social values. He claims that it is ideologically based on escape from present times and problems such as recession: "Hypnotized by the images of the past, we risk losing all capacity for creative change," he writes (ibid 10). The concept "heritage industry" refers to a large business branch and not only to museums: We can escape to the "lovely past" by looking at a Laura Ashley catalogue or by watching a historical drama series on TV. (ibid 10).

The heritage industry examples come from Britain but at the same time art and heritage have turned into successful goods for consumption all over the world. The marketing of these goods is flourishing and it is based on augmented leisure time and chances to travel and the industry is not completely impervious to economic swings. Also, another explanation for the success of heritage industry is connected with the modern identity which is characterized by a need to new experiences in consumption. Modern hedonist is a modern consumer in the landscape of consumer goods. Instead of consuming real objects he is the consumer of more and more distinctive images or experiences

(Campbell 1987, 71; Bayley 1989, 5; Falk 1994, 138). Heritage centers and all kinds of heritage products are typical examples of this kind of consumption.

One of Hewison's illustrative excursions is that of Wigan Pier, a place described earlier by George Orwell in his novel "The Road to Wigan Pier" which is set in the recession of the 1930's. At the museum, a team of actors have been employed to perform episodes of life as it used to be in 1900. Hewison's point is that the meaning of the presence of actors is not to show that we want to be reminded of the past, but in fact, that we want to live in the past. An actor, even when performing the hardships of life in the past makes the past look picturesque - the emotional experience surpasses the cognitive elements.

Hewison does not seem to consider the possibility that the visitors may act self-consciously like the audience of television series or readers of popular fiction. Viewers may be conscious about the ways they use these cultural products, for instance in their social interaction or as other resources in their social life. Cultural products are not necessarily received as if they represented reality, and they can be experienced as resources for freedom and strength (Radway 1984; Seiter & al 1989).

Generally, Hewison's claims are interesting but highly provocative. A possible option might be that the new heritage centers had a minimum effect on the shape of industry and its prospects. Instead they might potentially have a relatively high indirect effect on employment in the tourist industry.

An embellished industrial history

The success of "historical tourism" has been enormous. Closed mines, factories, and other industrial sites have been transformed into either museums or elegant shopping malls. Lately these two and other functions have been combined at the same site. A luxurious shopping center might include an art gallery or a museum. In another case, a huge shopping mall may include a wide range of leisure activities such as an amusement park and a skating rink. An extreme example of this development is the West Edmonton Mall in Alberta, Canada (Williamson 1992). On the other hand, a heritage site might turn into a market of all kinds of consumer goods as has happened at Stonehenge historical site in Britain (Hetherington 1992). In Southern Europe, ordinary shops for tourists are often named as "exhibitions" or "galleries" ("entrance free"). The entrepreneurs of consumer culture try to imitate museums to gain high status, and at the same time many museums try to learn from the elegance, accessibility and sensual pleasures offered by different stores. The distinction between a shopping mall and an exhibition may be vague

in practice, too. Adrian Mellor's (1991) self ironic description of observing people in Liverpool's redeveloped Albert Dock shopping area is a good example of that phenomenon. He expected to find alienated and melancholic strollers. Actually, he found cheerful people with no difficulty to combine a museum visit, shopping and the pure enjoyment of leisure and strolling.

Bob West, a "Birmingham school" historian, has criticized industrial museums by using Ironbridge Gorge heritage center in central England as an example. Industrial museums are usually organized around associations which receive financial support from a broad range of charity organizations and private companies, and of course they are also founded by the state. What they all have in common is a view of the significance of history, and the museum faithfully reproduces this view in relics radically separated from their social relations of production and consumption. This is the crucial point in Bob West's (1988, 40-42) criticism. The collection and display of objects gives an overly positive view based on the life of the privileged classes. He even claims that values behind such museums "favor the privileged classes and antiprogressive accounts of history with their blindness to class struggle, gender inequalities, and racist legacy of (British) Empire" (West 1988, 51-52). At the same time an illusion of objectivity is maintained. West analyses idealized museum saw mills and compares them to "real saw mills" characterized by class conflicts, masculinity, contest, aggression and humor. My argument is that as a subtext there is also a notion of one, historically realistic saw mill in West's writing. West's point of view prevents him from appreciating some other aspects such as the way the machinery is reconstructed and represented to the public. The representation of a saw mill consists of several elements of which the representation of power relations is one and the representation of technology is another.

The values described above lead to the need to better understand visitor experience, West continues, and calls this effect image control. Every detail of the display has to carry the idea of good taste. A visit to a museum has to be an invitation to a "respectable day out" (West 1988, 47).

West even argues that amusement parks would be better places for leisure activity than heritage centers, because every visitor is aware of their meaning. Finding visitors critical of the view of reality in a heritage center display seem to be unrealistic. My impression is that West would get more pleasure out of a visit to American theme parks, as described by Umberto Eco (1986) and others with fine irony. Also at Euro Disneyland too, the need for the "authentic experiences" of the visitors is not being used; the inauthenticity is clear to everyone, or perhaps the question of originality is posed only within the Disney

culture. However, to make this distinction between heritage centers and amusement parks more confusing, Disney inc. is planning to build near Washington a vast historical theme park called Disney's America. This theme park would include an illustration of American history, hotels, and moreover, a golf course and a water park.

An interesting art and heritage industry project in contemporary Finland is called *Bonk Business Incorporated*. This case ties in the ongoing discussion about the heritage industry, especially with the history of industrialism. Bonk is an imaginary company producing mostly imaginary products. The idea was founded by a young Finnish artist Alvar Gullichsen. There have been several humorous Bonk-exhibits which have included the fabulated carefully documented and photographed history of the company and especially built machinery recalling the early phases of industrialism. These 'nonsense' machines are extremely well made and they are treated as elegant sculptures. According to the artist, there is one thing all the machines have in common: not a single one of them works. And most critics and the art public are thrilled.

The Bonk products include, for instance, paintings of the machinery and advertisement posters that resemble American posters from the fifties. An "official" history of the fictitious company has even been written - all in a humorous manner and with great elegance and polish. Shares in the company can be bought (with real money); reality and fiction are entangled in a manner that makes people curious. It is widely known that this artist is a descendant of the founder of a large industrial company with a long history in which his family is still the biggest shareholder. The concept that binds the Bonk business together could be called industrial nostalgia.

Bonk business includes features that are at least as absurd as those described by British heritage critics. For instance, a museum for Bonk items was opened recently in a northwest city Uusikaupunki whose economy used to be based largely on the automobile industry and before that on ship building. At the time of founding the museum the unemployment rate was high in the area and the future looked uncertain. A business that started out as a joke has turned not only into legitimate art but also into a potential business branch and employer, if its indirect impact on tourism and employment in the area is counted. In this situation it is possible to ask in a pointed way: what effect does it have on the identity of the area if its optimistic prospects rely on replicas of outdated machinery - which do not work? Yet, the answer is not necessarily simple. Humor, irony and reflectivity have turned out to be useful tools in difficult circumstances before, as well.

The ideology behind open-air museums

Heritage critics argue that the ideology behind open-air museums and heritage centers in particular is a romantic one (Bennett 1988). Museums are inclined to give an overly romanticized picture of the past. In heritage centers such as Beamish in Northern England (which Bennett uses as an example) the display of objects gives a harmonious and uniform general effect; even if the museum spans the period from the 1790's to the 1930's, the visitor is given "an overwhelming sense of an undifferentiated time suggested by the museum's setting".

The background for open-air museums is in Scandinavia. The first such museum, Skansen, was established in Stockholm in 1891 and Seurasaari in Helsinki in 1909. The interest in folk culture in Scandinavia was originally a progressive phenomenon. The national romanticism that developed in the 19th century was born out of the need of the cultural periphery for self-determination. However, this interest in folk culture turned, in many countries, into a form of backward-looking romanticism (Bennett 1988, 70).

According to Bennett (1988, 70), the open-air museums mediated an embellished image of the 'folk' as a harmonious population of peasants and craft workers. The claim may be true, but on the other hand, even from the beginning for example Seurasaari island was a people's park, a popular site where the city's workers in particular could make their Sunday outings (Järvelä-Hynynen 1992, 20).

The idea of open air museums was rooted in the United States in the 1920's and 1930's and the romanticization of the past went even further there (Bennett 1988, 70). However, different museums reflect not only the time period from which their collection dates but also the ideas and atmosphere of the era of their foundation. Bearing this in mind, the question of misleading the visitors turns out to be more complicated.

The Shelburne museum near Burlington, Vermont, which I visited in 1991, avoids the false sense of uniformity of culture with its astonishing eclecticism. This museum contains one of the most significant collections of American arts & crafts and utensils. Also, the residence of the founder of the museum, Electra Havemayer Webb in New York has been converted into the museum; a paddle steamer and a lighthouse have also been transported to the site. The collection consists of items produced by numerous ethnic groups. By a glaringly open definition of "Americana" the false sense of uniformity criticized by West and Bennett is avoided, though not necessarily consciously. However,

a sense of a beautiful and harmonic way of living in the past is engraved on the visitor's mind as he passes impeccable lawns on his tour from one beautiful restored building to another.

Even if the ideology behind the new heritage centers in Britain is related to the romanticism of the older museums, there has been a change in the museums' displays. Whereas the everyday lives of ordinary working people were previously almost nonexistent in museums, many new museums work on the basis of popular memory and restyle it. This results in an easy-going at-hominess and familiarity (Bennett 1988, 73-74).

The British museum and heritage criticism is not quite applicable to, for example, Finland. It is true that the smell of dirt and blood is hard to imitate, but the modest local open-air museums in Finland do perhaps remind visitors of the hardships of life in the past rather than emphasizing its harmony. The modesty of living conditions and personal property do not lead the visitor to romanticized nostalgia. Instead the visitor might leave with a relieving sense of the Finnish people surviving despite difficult circumstances and high mortality rate. And a feeling of relief can possibly lead to the sort of optimism that some heritage critics have demanded.

The changing uses of museums

British heritage critics (Lumley, Hewison) have pointed out that in the late 1980's one new museum was opened in Britain every fortnight. In 1990 there were more than 80 million visitors to museums and galleries (Britain 1990). The number of museum visitors has risen also in other countries (Museum International 1993). Also, the uses of museums have changed. From the visitors' point of view they have become places to see an exhibition, to have coffee, to attend lectures or to study in a library, to watch a film or slide show, to organize panel discussions, to attend conference banquets, to meet people, or to go shopping. The museum is not only a building or an institution in a narrow sense but museums "map out geographies of taste and values, which is an especially difficult and controversial task when it is necessary to radically redraw the maps in response to major social change" (Lumley 1988, 1-2).

Inexperienced museum visitors as well as museum "regulars" usually have little understanding of art-historical periods and stylistic differentiations and do not use this system to structure their viewing, as Danielle Rice (1991, 130) has emphasized. Art is defined in the art world, which does not remain static. The participants in the "art world"

or the "insiders" (to use David Unruh's term) change according to who gets recruited, or to the resources available, or to the kinds of audience (Rice 1991, 131). In an art museum setting, the culture of the art world clashes perhaps more with the surrounding world than in other museums. The selection and display of art in the museum setting are often in direct conflict with the definitions of art of ordinary museum goers (ibid.).

Douglas Crimp (1990, 92-93) claims that modern art melted into commodity culture a long time ago. For example, exhibitions of the Museum of Modern Art in New York resemble displays of furniture in department stores. According to Crimp, the development in museums has completed a full circle, and in contemporary culture it is ready to return to the art market, the predecessor of the museum. The ideology behind the Museum of Modern Art in Stockholm has also travelled a full circle, but in another sense, argues Camilla Sandberg (1991, 39-42). When the museum was founded in the 1950's it evolved around some new ideas aimed at changing the traditional museum concept and creating a "museum for trespassers" (*genomgångsmuseet*), to make it as easy as possible for also inexperienced museum visitors to drop in to see an exhibition. In the 1960s this democratic ideology was even stronger. The decision makers claimed that if the museum were right in the city centre, instead of being situated on a historic island in a walking distance from downtown, it could reach those who are not very accustomed museum visitors more than before. In the 1980's when the extension of the museum was being planned, a more traditional museum concept became dominant again: museums' main tasks were again seen to collect, restore and display objects. This later development means returning closer to the enlightenment ideals of the previous century.

In many other countries, only recently have museums become increasingly aware of being dependent on their publics. More generally, the museum curators and directors have worked from within their own world views and have assumed that visitors share their values, assumptions and intellectual preoccupations (Hooper-Greenhill 1988, 214-215). Museums can be powerful identity-defining actors. The decision makers in museums control the representation of a community and some of its highest, most authoritative truths, Carol Duncan (1991, 101-102) argues. Those who share the values behind a museum and those who are experienced museum visitors have better access to this greater identity (ibid. 102, see also Delaney 1992). These are rather strong claims that leave a minor or no role to the visitors' own means of making sense of museum exhibitions.

Opposite views have, however, been proposed as well. The earlier Bourdieuan notion of museums as temples inaccessible to the inexperienced public is used by museum authorities as an excuse to justify the transformation of a museum into a more popular place, even into "a Disneyland". If the number of visitors is the only thing that counts, there is always the probability that the museum will be caught up in the logic of entertainment and transformed into an amusement park (Van der Gucht 1991, 366).

Whose culture is represented?

In all western countries the bourgeois upper class culture has gained more space in museums and in archives than the culture of other classes. The question is not always how groups marginal to power, such as servants, women, children, different ethnic groups are represented, but in many cases the question is more or less whether they are represented at all. One problem is the lack or small volume of documents from these groups.

In "The Great Museum" Donald Horne (1984) has noted that tourism in Europe is so patriarchal that it is even tedious to repeat it being so. The Virgin Mary and Jeanne D'arc are almost the only women in earlier history that appear as persons in European museums and sculptures. Otherwise women appear as servants in museum kitchens and naked in paintings as objects for male gaze. Gaby Porter (1988, 102-127) has studied the representation of women and ordinary life in museums, and she has noted that women are absent from virtually every trade and craft workshop display in small museums, and barely visible in larger industrial museums. Except as domestic servants and shop assistants the visitor is given an impression that women in the past did not work outside the home at all, and spent most of their time sitting at home and sewing.

Porter (1988, 105-125) has pointed out that only one third of museum professionals in British museums are women and has suspected this (among other structural features of the museum organization) as being one reason for the one-sided view of women offered to visitors. My impression is that the overall ideology or values and ways of thinking of the surrounding culture in question have more impact on the definition of what is interesting and worth saving than the museum staff and its hierarchical structures.

Studying the representations of gender in museum exhibitions and collections is one way of making the hidden presumptions behind museum practices visible, and by this process it is possible to start to develop alternative ways of classification, restoring and displaying objects. One way to make the museum more open to the outside society and to the

visitors would be to invite specialists from different fields of society to take part in planning exhibitions and other activities (ibid. 123-124).

Nostalgia as therapy

The critique of the current ideology behind heritage centers and museums discussed above has raised some interesting questions. To conclude, I would like to make some critical remarks on this discussion. First, the overall impression or "hidden agenda" lying behind Hewison's, West's or Bennett's texts is that there exist a correct idea of history that heritage centers and museums should represent and visitors should adopt. This idea includes a monolithic view of the past, even though our ideas of history are always connected with values that change over time. In addition, the museum critics' view of correct museum experience seems to come from above of ordinary visitors' own ways of giving meanings to objects as much as the ideology they criticize. Donald Horne (1984, 250-251), however, believes in the critical potential of visitors or tourists; sightseeing, for instance, can be one of the ways in which we can speculate on these "reality-making" processes. Horne agrees that tourism (and museums can be seen as a part of tourism) can be used to escape from reality and it is acceptable to do so: but we should recognize that we are simply using the past as therapeutic fantasy.

My second critical point is that perhaps people are simply not interested in museum experience that predominantly reminds a learning situation or raises one's level of consciousness. Different kinds of experiences that might, for instance be emotional or aesthetic in nature, also in museums other than art museums, can be most important to visitors. For instance, through a history museum exhibition it may be possible to visualize one's childhood again. For these reasons exhibitions which are based on popular memory are usually very successful. Seeing a familiar object, such as a Tupperware plastic container, in the Museum of Modern Art in New York can turn out to be the most cherished memory for a visitor. A Tupperware item can be associated with the visitor's own family history. Generally, the same item potentially carries symbolic meanings which can be associated with the rebuilding period after the war, with modernization and with the growth of international trade and contacts and with the beginning of suburban life, just to name a few options. Mihaly Csikszentmihalyi and Eugene Rochberg-Halton (1981) have pointed out that people's personal belongings in their homes are carriers of memories and emotions: impersonal objects are transformed into meaningful objects via the emotions attached to them. In other words, to most people the emotional dimension is present in their museum experience and, fortunately, it is being acknowledged more and more in new displays at museums.

It is possible, and also important, to ask what it is that people miss most from the past. Maybe it has to do with a nostalgic longing for stable values and group formations in a culture which has undergone rapid changes. Contrary to other writers on museums, I do not see why this longing could not also include integrating, harmonizing and creative elements.

Nostalgia can be a way to adopt to change. It is not only a longing for the past but a reaction to current circumstances. A nostalgic reaction is usually felt at times of discontent, worry or disappointment. In other words, nostalgia is useful in an anomic situation. Nostalgia is closely connected with the feeling of loss of authenticity, and the market uses this need for authenticity in many ways (Hewison 1987, 45-46). The focal point in the discussion on heritage is the kind of past we want to preserve and who decides on its content.

As part of the need to preserve the past, there is also a need to restore a conception of who we are. Objects in museums are important and meaningful as cultural symbols. A relatively stable system of giving meanings to these symbols facilitates adjustment to changes. Being charmed by nostalgia can be seen as means of adjustment. Nostalgia is not the problem; the problem is simply how deep in it we lose ourselves.

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10 CAN WE SEGMENT ART MUSEUM VISITORS? A STUDY OF SEGMENTATION BASED ON CONSUMER MOTIVES AND PREFERENCES

Eeva-Katri Ahola and Liisa Uusitalo

Introduction

The aim of this paper is to analyze the segmentation possibilities in art museums. Usually the basic understanding of segmenting is weak and managers do not consider it necessary to segment their visitors. However, art markets have grown rapidly due to the increase in the number of educated consumers. Also the number of art styles is proliferating. This gives possibilities for differentiated product planning in art museums. This article argues that there exists no such thing as a general public. Instead there are heterogeneous groups of visitors that art museums should recognize. It will also be argued that segmentation based on demographic factors is not satisfactory for segmenting art museum visitors. A more sensible idea is to segment according to the various missions of the museum, or according to consumer taste differences, art preferences, or the perceived benefits provided by the museum. The goal of the empirical analysis is to identify the main visitor groups of the Finnish National Gallery. This segmentation is based on people's main motives to visit museums which reflect the major benefits the visitors are looking for.

In recent years, researchers have become increasingly interested in the management of art museums (DiMaggio 1986; Frey & Pommerehne 1989, 61-77; Belcher 1991; Adams 1992; McDonald 1992; Mandelin 1992; Uusitalo 1993; Ahola 1995; McLean 1997). However, the theoretical discussions have often neglected to pay attention to market segmentation questions in art museums. Simultaneously the interviews of managers of art museums show that the basic understanding of segmenting is rather weak, and museum managers have great difficulty in conceptualizing why markets should be segmented (Mandelin 1992). This problem stems from the idea that (public) museums are given the mandate to serve equally the needs of every visitor. Thus, museum managers see visitors as a heterogeneous group of people called the "general public". As a consequence of this, intentional and planned differentiation of exhibitions for various audiences is still rare. However, at the same time, several museums are increasingly interested in broadening their customer base. Instead of the acquisition of art, the acquisition of attendance has become a primary activity and the criterion for evaluation of museum performance. Yet many of the art museums are not primarily founded to be comprehensive as to their collections or audiences but rather to concentrate on certain

art epochs or schools. For example, museums of contemporary art seek to be complementary rather than trying to replace the traditional 'generalist' museums of art (Uusitalo 1993).

This paper focuses on the market segmentation of art museums. The changes occurred in art field indicate that several parallel trends are fuelling the increased interest in market segmentation (e.g. Haley 1985; Kotler 1991; Aaker et al. 1992). First, there is the growth of individualism. Museum visitors are increasingly interested in differentiating themselves from the average consumer but the distinction is occurring in a more or less hidden manner. It has been proposed that visitors use consumption of art objects as a means for self-construction – increasing one's individual competences – rather than self-demonstration (Uusitalo 1998). Second, increased competition causes a need for product proliferation. So far, museums have understood competition in very general terms only, including other leisure interests which compete for the time use of consumers. Other museums and forms of cultural activity (theater, concerts, movies) are not usually perceived as competitors but instead as inspiring and supporting the interest in art museums. Often museums refer to the beneficial cross-over effects between the art forms, and to the fact that cultural activities – as leisure activities in general – tend to accumulate to the same consumers (Uusitalo 1993). In reality, however, the whole museum field has expanded rapidly during last twenty or thirty years. New museums have emerged in such a fast-growing manner that researchers speak of "heritage industry" (Hewinson 1987). Also commercial art markets have grown rapidly and the number of art styles is proliferating. All this refers to a growing competitive pressure among the art organizations, which also increases the need for differentiation.

We claim that the existence of a general public is largely an illusion and that art museums should better recognize that there are heterogeneous groups of visitors. We first discuss various criteria for segmentation and their suitability for segmenting art museum visitors. Our suggestion is that visitors should be segmented according to the needs, preferences, and expectations. In other words, benefit-based segmentation should be used instead of socio-demographic segmentation.

Different approaches to market segmentation of museums

Literature represents several types of market segmentation approaches for organizations (Winter 1984; Haley 1985; Kamakura & Mazzon 1991; Kotler, 1991; Aaker et al. 1992; Bucklin & Gupta 1992; Morwitz & Schmittlein 1992). Probably the oldest form of segmentation is geographic segmentation which calls for dividing the market into

different geographical units. The organization can decide to operate in one or a few geographic areas or operate in all but pay attention to local variations in geographical needs and preferences. A crude segmentation in a geographical sense is often necessary for the museum: It should define whether it mainly acts at local, national or international level. Geographical segmentation thus serves the purpose of marketing the museum as an organization, rather than helps in the differentiation of various exhibitions.

The second dominant form of segmentation is demographic segmentation which consists of dividing the market into groups on the basis of demographic variables such as age, sex, income and education. Demographic variables have been most popular bases for segmentation partly because of the fact that consumer wants, preferences and usage rates are often highly associated with them. Another reason for their popularity is that demographic variables are easier to measure compared to other types of variables. However, in museum exhibition planning and marketing demographic segmentation makes not much sense. The main task of the museum is not to classify customers according to their socioeconomic background but rather to emphasize that museums are open for all kinds of people interested in art, irrespective of age, gender, education or economic background. In one sense, however, demographic segmentation seems to be beneficial; in the special program planning for children. Children segments are usually treated with the help of normal collections or exhibitions available by providing selective theme collections of art works combined with additional guidance and material planned only for children.

In the third segmentation approach, psychographic segmentation, the aim is to divide buyers into different groups on the bases of social class, lifestyle and personality characteristics. This segmentation approach has been widely used especially in marketing cosmetics, alcohol beverages and furniture. This type of segmentation is partly applied when museums for example try to identify other cultural interests (life styles) of their customers. However, as a basis for exhibition planning, psychographic and life style characteristics seem to be quite irrelevant. Moreover, they often involve extremely many measurement problems.

In behavioral segmentation, buyers are divided into groups on the bases of their knowledge, attitudes and use or response to a product. One type of behavioral segmentation is benefit segmentation where customers are partitioned according to the different benefits they seek from the product. Benefit segmentation calls for identifying the major benefits that customers look for in the product class, the kinds of people who emphasize each benefit differently, and the major brands (e.g. art styles, artists) that

can offer each benefit. This type of benefit segmentation relies on various consumer needs and expectations concerning the museum visit and it seems to be especially suitable for segmenting museum visitors.

Besides segmenting audiences according to the benefits provided by the museum, there are several other criteria that can serve museums with sensible foundation for segmentation. Museums could consider segmenting according to the main missions of museums (art collections and audience education). This means that museums should divide their visitors for example into the already knowledgeable connoisseur segment and the general public segment interested in learning about the art. Equally, it is possible to segment according to taste differences or art style preferences. This would mean that a museum separates the public for instance into three groups of visitors, so that the first group is mainly interested in 19th century and older art, the second early 20th century modern art, and the third one favoring contemporary art. The problem with this division is that it is difficult to draw the line between modern and contemporary art, and preferences can include artists from all groups. It is also possible to divide visitors by using their preferences for figurative and non-figurative art.

Museums do not systematically practice any of the above mentioned segmenting possibilities, and the primary understanding of segmentation is weak among museum managers. However, in interviews, children, the retired and handicapped persons are mentioned as specific target segments, which indicates that some kind of demographic segmentation seems to be taking place in art museums. However, maybe other museum services and facilities are more thought of when using these criteria, not the artistic supply as such. Nevertheless, we can question whether demographic segmentation is a reasonable way to segment art museums since, for instance, age and sex seem to be poor predictors of a person's interest and needs in art.

There are several reasons why museums so poorly practice market segmentation. For one thing, the mandate given to art museums strongly emphasizes the democratization of art. Rather than confine art to a narrowly defined membership, the intent is to make it an achievable right, potentially for everyone. This is the case especially in several European countries, where the government has a significant impact as a provider of museum financing and where the ideas of the democratization of art have been strongly emphasized (Zolberg 1986, 184-185; Uusitalo 1993). However, the democratization principle is not in conflict with market segmentation, if behavioral, benefit-oriented, or art taste preferences are used as segmentation criteria.

Furthermore, the conflict between quality and broad audiences, between elitism and populism, which is a perennial feature in all art production, has made the implementation of visitor segmentation more difficult. Since the objectives of the museum are unclear, this leads to situation where museums do not even know who their main customers should be. Proponents of democratization of access emphasize public education as the most important task of art museums. Elitists, in contrast, consider quality of collections, preserving art objects and research to be the museum's central functions. At the moment, museum managers feel a constant need to legitimate the museum by claiming to show both aspects: a high quality of collections/exhibitions and market success in the form of high attendance (Uusitalo 1993). However, this dualism prevents museums from concentrating on the areas where their actual strengths lie. The weak basic knowledge of market segmentation also has to do with the educational and interest background of managers and their assistants. For instance, the National Gallery of Finland which is the biggest art museum in Finland has not hired anyone with a professional background in marketing.

In general, art activities should be treated as an important field of consumption where systematic marketing efforts are a powerful tool for recognizing art consumers' specific needs or for acting proactively by introducing new, unexpected experiences. Specific marketing programs should be planned for different segments, and various product-market strategies should be considered, for example, whether to develop new products and increase the involvement of existing customer segments, or to try to sell old products to completely new customer groups (Laczniak 1980, 125).

The visitor segmentation – an experiment

Some of the above ideas about market segmentation were further explored in the following experiment. The aim, with the help of factor and cluster analysis is to shed light on the question whether it is possible to partition the heterogeneous art museum audience into homogenous segments. The empirical data consists of a random sample of visitors at three different museums of the Finnish National Gallery: Ateneum (the Finnish Art Museum), the Sinebrychoff Art Museum (the Foreign Art Museum) and Museum of Contemporary Art. The total number of respondents in the survey was 454. Factor extraction is done with the help of principal components analysis.

Identifying main motives

Factor analysis of visiting motives was applied in order to find out the underlying benefit dimensions of visiting art museums. As stated in Chapter 3 the visiting motives in the National Gallery study were classified into three major motive dimensions of visiting art museums: the aesthetic-hedonic dimension, the knowledge dimension and the social dimension (see table 2 in Chapter 3). We recall here the main motives, since they help to interpret and describe the identified visitor clusters.

The *aesthetic-hedonic* benefit dimension deals with visitor's motive to search new experiences and aesthetic pleasure. The visitor sees the museum as a field of pleasures aim of which is to offer something that breaks everyday routines. The knowledge dimension is associated with benefits that increase visitor's art knowledge. Intellectually motivated visitor sees museum as a field of knowledge and learning. Visiting art exhibitions is a way to learn to know more artists and art styles, and better understand the codes meanings, and cultural associations that artworks represent. However, as mentioned before, knowledge motives are not necessarily a sign of modernistic enlightenment era as earlier, but rather a hint of post-modernistic need for self-construction. This knowledge dimension also includes socio-cultural aspects; a need to belong to a culture or community and to learn more about its mental history.

The *social dimension*, or better *sociality dimension*, deals with the visitors aim to fulfill social motives such as seeing friends, being among people or increasing one's personal social status with showing interest in art and art knowledge. Although being a secondary reason for a visit, this dimension is important for planning a holistic museum experience, e.g. in the form of designed cafeterias and museum shops where one can stay and chat about the art works.

Clustering the visitors

Cluster analysis was run in order to find out if there are internally homogeneous but externally different museum visitor groups. Variables measuring consumer background, information sources, visiting motives, art style preferences, and museum service preferences were included in the analysis. A researcher confronts several difficulties while using cluster analysis. It is usually difficult to evaluate the quality of the clustering. There are no standard statistical tests to ensure that the output does not represent pure randomness (Aaker & Day 1991, 591). The lack of appropriate tests stems from the difficulty of specifying realistic null hypothesis (Green & Tull 1978, 447-448). However,

the most difficult problem in using cluster analysis is its ability to see clusters everywhere. The aim of the cluster analysis is to search grouping structures with an open mind. Sometimes this objective turns into the opposite if the researcher forces the data to fit a specific pre-defined theoretical structure used in the study. The key question here is whether the researcher is able to discriminate the actual, existing groups from the rather illusory groups that are produced by the method.

The algorithm used for determining cluster membership in the k-means cluster analysis procedure is based on nearest centroid sorting. That is, a case is assigned to cluster with the smallest distance between the case and the centre of the cluster. While forming the segments the aim was to find a solution that would fulfill the following criteria. First, minimum size of each group was set to 20 % of the sample (N=454). This way, each group stays large enough for further analysis. Second, the aim of the analysis is to find a few segments, since it is difficult for art museums to concentrate on serving a large number of different visitor groups. Third, the profiles of the segments should be clearly distinctive from each other. With these criteria, the clustering analysis provided three segments whose special characteristics were more closely evaluated with the help of cross tabulation. The main visitor groups of the Finnish national Gallery were: inward-oriented self-constructors i.e. 'Identity weavers', 'Traditionalists' and 'Art enthusiasts' (For a detailed analysis see Ahola 1995, 157-172).

Main clusters of art museum visitors

The first group was named "*Identity weavers*". For this group the aesthetically oriented motives are the most important reasons for visiting art museums. Motives leading to knowledge acquisition are generally not as important as aesthetic-hedonistic motives. However, the identity weavers group stresses the fact that visiting museums helps to learn oneself and one's culture. This group prefers to visit art museums either alone or occasionally also with family members or friends. Thus, this indicated that social motives are somehow present in the identity constructors' minds but somehow in a more private form. They do not see museums as meeting places for people, or as places where "you are seen". This indicates perhaps that the visiting motives of this group are more private and not related to sociality or art world communities (Shields, 1992; Uusitalo, 1995).

While visiting museums this group sees that the best ways to learn to know art are guided tours, information tables alongside the art works, or knowledge acquired before the visit in art museum. The art preferences of the Identity weavers were not limited to one specific period, rather these inward-oriented self-constructors seem to have quite

versatile art tastes. For instance, this group was simultaneously interested in 19th century art, early 20th century art and contemporary art. Majority of this group has a certain favorite art work in the museum that he/she constantly comes to observe. They are also interested in seeing both permanent collections and changing exhibitions. Their main sources of information concerning the exhibitions are articles or advertisements in newspapers, whereas visits by co-incidence (passing by the building) are relatively rare. Moreover, one special characteristic of this group was that it comprised a bigger proportion of academically educated visitors compared to the other two groups. The aesthetically-oriented Identity weavers form the largest visitor group of the Finnish National Gallery, 48% of visitors belonging to this group.

The second group was named "*Traditionalists*". This group is relatively more interested in older and figurative art than modern, contemporary and non-figurative art. This group stresses mainly aesthetic experiences, but not as much as the Identity weavers. They are fascinated by the atmosphere of art museums, and visits there bring change to their lives. For this group, the knowledge motives are not as important as for the other groups. They express only low interest in art discussions with friends, although they visit art museums mainly with friends, family members or someone that knows art. For them art museum visit seems to be a socially oriented happening. This group does not have the habit of visiting art museums regularly as a motivating factor for additional museums visits. They think that information tables besides art works and guided tours are the most helpful tools in learning to know art while in art museum.

Majority of the traditionalists did not have any particular art object that they regularly come to see but they are particularly interested in permanent collections. Rather many visitors belonging to this group do not point out any particular source of information where they receive information about the exhibition. Instead majority of the traditionalists tells that the visit occurred mainly because of co-incidence or because he/she was walking by the building and decided to drop by. In this group there is the smallest proportion of visitors for whom art is part of their profession. The "*Traditionalists*" are museums' second largest visitor group, 30% of the sample.

The third visitor group was named "*Art enthusiasts*". This group does not stress one visiting motive above the others, but seeks satisfaction for many different needs. Thus, besides aesthetic motives, they also satisfy various kinds of knowledge motives during their art museum visits. Their art museum visiting belongs more to their habitus than for the other groups. One reason for this is perhaps the fact that this group includes the largest proportion of people who pointed out that art is part of their studies or profession

and they have a professional interest and expertise in art. Art enthusiasts prefer to visit museums alone. According to art enthusiasts the best way of getting most out of your visit is to acquire beforehand information about the artists and art works. This group is not interested in taking part in guided tours or reading information tables by the side of the art works. Most of the art enthusiasts consider newspaper articles that deal with the art exhibitions the most important way to find information of the exhibitions available. The art taste of this group resembles the preferences of Identity weavers, since art enthusiasts are interested in figurative and non-figurative art as well as older and contemporary art. However, for majority of art enthusiasts there is no particular art object that he/she frequently visits and they are especially interested in changing exhibitions, whereas the Identity weavers were more interested in basic collections. The size of this group was 22% of the sample.

Discussion

The results of the empirical experiment indicate that art museum visitors can be segmented. The cluster analysis shows that museum visitors are not forming one big homogenous group who has the same motives for visiting museums. Equally, different segments do not share the same art preferences. However, we see from the results that market segments are overlapping rather than being very distinctive and separate from each other. This is partly due to the shortcomings in the variables used in forming the market segments. The questions used in measuring visitors' motives leave for the visitor some room for individualistic interpretations. Also a larger number of variables measuring visitors' motives to visit a museum would have made the interpretation of segments more distinct.

However, the overlapping character of groups is also due to the fact that it has become increasingly difficult to construct ideal types of visitors. This is due to the fact that present-day individuals have a plurality of "social words" or "roles". The consumer can become attached and belong to several of them at the same time with a varying degree of intensity (Becker 1982; Uusitalo 1998). He or she can easily join new worlds and leave others. The sociologist Zygmund Bauman (1994) talks about consumers as pilgrims or tramps travelling from world to world in order to find important elements for their life strategy.

Visiting art exhibitions represents also a form of consumption that is closely connected to visitors' competence and taste. Individual competences have an impact on distinction possibilities of art museum segments. Visitors' capacity for processing art objects varies

considerably. The higher the competence or the ability to read and decode art object, the more the visitor can get out of the experience. A visitor possessing a high competence level can more easily travel from segment to segment. However, if the competence needed to interpret certain art styles is missing, the visitor stays more firmly as a member of a certain segment. Taste is closely connected to competences, since liking and disliking of an art work is partly based on the fact that the person can recognize the style or interpret the message connected to the artwork. Taste is no longer tightly connected to social class but is more individualistically oriented towards self-construction. However, it is most difficult to locate those visitors that possess versatile art taste. Visiting motives are therefore a complicated base for consumer segmentation. Visitors can have simultaneously different motives to visit art exhibitions, and the motives do not stay constant.

Museums should realize that it is increasingly unrewarding to practice mass marketing. Kotler (1991, 262) says that mass markets are becoming "demassified". This means that they are dissolving into hundreds of micro markets characterized by different lifestyle groups pursuing different products in different distribution channels and attending to different communication channels. However, according to our previous research (Mandelin 1992; Uusitalo 1993; Valpas 1995), it seems that museums are, in many cases, still practicing a sort of mass marketing where they provide mass production, mass distribution and mass promotion of one product for most of their visitors. This product is, for instance, the base exhibition which year after year remains the same without any changes. Some museums are also practicing product-variety marketing, where museums produce several exhibitions that represent different art styles and epochs. These exhibitions are designed to offer variety to all visitors rather than appeal to different market segments. However, a museum cannot attain any marketing efficiency if it treats the whole market as having equal exhibition interest and equal art competencies. Museums should recognize that people not only have different reasons to visit museums but they do not have the same intensity of interest in the exhibitions. Correspondingly, the museums do not have the same intensity of interest in all members of the market.

Art consumption has shown considerable growth during the past few decades. This development is strongly connected to the increase in the educational competencies of consumers. Also, the number of art styles is expanding. Thus, the changes in consumption and production of art offer art museums an attractive opportunity for target marketing and more differentiated product planning. Instead of scattering their marketing effort in the shotgun manner, they can focus it on the audiences whom they

have the greatest chance of satisfying. In segmentation procedure the market is divided into distinct groups who require separate tailored products and marketing mixes (Aaker et al. 1992, 117; Kotler 1991, 263).

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11 THE VALUE CREATION OF THE VIRTUAL AESTHETIC COMMUNITIES

Michela Addis

Introduction

Art is both a scarce good and a collective good which makes its evaluation extremely difficult. In this paper I try to show that new communication and information technologies makes it possible to bring together the above mentioned two specific features of the art sector. The view of art as a channel through which symbols and meanings within a community can be communicated makes the display of art in the Internet an important vehicle of creating value. Virtual aesthetic communities can thus be perceived as 'the place' for value creation for arts. From this follows several challenges concerning the role and mission of cultural institutions.

The cultural sector is a typical sector with limited supply. Artistic and cultural goods cannot be increased indefinitely, as the offer is the result of the unique work of artistic geniuses. The non-reproducibility and scarcity of an artistic good are the original sources of the value of art, and they thus emphasize the importance of 'cultural economics' (Frey & Pommerehne 1989). Economists teach that all sectors with a limited offer function according to the revenue mechanism. In the case of the artistic and cultural sector this is reflected in raising the ticket price or raising the price of an art object.

This, however, is in conflict with the second characteristic of the art sector: 'common interest' for the educational and ethical value of art. Culture has always been regarded as a universal value, and this recognition is translated into countries' mission to protect every expression of human creativity. The governments of continental Europe (with France and Italy in the first place) have been active in the promotion of art already since the medieval period (Frey & Pommerehne 1989). They have invested heavily in order to keep the sector outside the typical commercial logic of the market.

"Although museums are a small part of our economy, they are a vital part of our national life. Ordinary market forces cannot support an appropriate level of museum activities. This is recognized by the public's willingness to support museums through contributions of money, art donations, and by the government's support through grants and through the special tax treatment of charitable gifts" (Feldstein 1991: 10).

The recognition of the significance of the sector for the well-being of the whole community and of future generations has an important consequence at the level of the access and use of the good itself. One consequence is that it is not possible to increase the museum's ticket prices indefinitely. Human communities have explicitly declared their intention that the cultural good and cultural service should be available to all. The market mechanism cannot be applied in this sector. Cultural goods are like public goods, or free goods that have no market value and which are used by several individuals at the same time.

Hence, one could ask a natural question: Is it possible to combine these two characteristics – (1) the limited offer which is usually settled by market mechanism; and (2) the universal value which means treating art as public good - in an efficient way? However, the answer is not as easy as the question.

Recently we have seen many efforts that try to combine these characteristics. However, one could hardly argue that it is an efficient solution. Indeed, this combination can lead to trivialization of genuine art experience into mass consumption, for example by introducing only blockbuster exhibitions (Uusitalo & Ahola 1994). The requirement to make art accessible to the masses has oriented the sector towards a superficial spectacular consumption. The traditional 19th century institutional orientation towards cultural elite, which are numerically a small but a very well defined target, made art institutions the principal places of encounter for specialists (Kotler 1999). Binding together works of art and the lack of guide services was one of the expressions of the institutions' exclusive orientation towards art scholars. The scholars were knowledgeable about the good, and its historic background, and thus focused their attention exclusively on the institute's central service – the exhibition of artistic goods (Normann 1984).

The historic inability to attract large numbers of visitors has led to the popularization of consumption as a solution. Blockbuster exhibitions can be seen as an effort to satisfy the need for culture, status and experience of a great number of people. Such mass demand is very different from the elites that were served earlier. Exhibition events are often *"characterized by inaccuracy, superficiality and poor research and content definition"* (Piccardo 1996: 158), but also by considerable success. It is also clear that museums striving for the mass consumption find themselves in direct competition with all other types of performance entertainment:

"The greater the success of these malls and theme parks, the greater the pressure on museums to emulate these in various ways; to mount spectacular

and expensive displays (to compete with, say, the Disney organization's EPCOT in Florida) or even to place museum shop in a prominent site" (Morton 1988: 138).

It is in this context possibilities offered by the new information and communication technologies emerge as a new way to combine the above mentioned two dimensions. New technologies have been interpreted as a tool to replicate and distribute the work of art. However, the work of art is by definition not replicable. Its value lies in its scarcity. If art becomes too abundant its value would drop to zero.

This paper has the objective of answering the following research question: What is the impact of the new technologies on art and its value? To answer this question, it is necessary to begin with the consideration that the value of art here refers to its value in a community, because art is a communicative channel of symbols and meanings within a community. Within this interpretation, an exploratory study will identify the sources of value created by the application of new technologies. Moreover, the legitimacy of the virtual aesthetic communities will be discussed, as well as the implications for cultural institutions.

Art communities: art consumption as social process

Before assessing the impact of the new technologies on art it is worthwhile defining what is 'consumed' when someone visits a museum and sees the works held there. This is necessary, because I want to show the differences between the direct experience of art and the art experience mediated through technology.

A real visit to a work of art is a moment of encounter between the artist's subjectivity and that of the person admiring the work. The interaction between the work and individual visitor makes for an exchange between the two entities: the visitor is enriched by the aesthetic experience, and the work of art is legitimized by the quality of experience of the visitor. The interaction does not take place just between the work and one individual, but with many other individuals as well. The work of art is thus rich in symbols and meanings in the relationship with the individual, and these symbols are made concrete in the process of interpretation, in the meanings that many individuals share. The shared nature of the attribution of symbols and meanings to a work of art is working as glue for a 'community'. The members of the community are all those who have individually been attracted by the work of art or artist. What unites them is the sharing of meanings and symbols attributed to the work. By way of example, let us

consider E. Munch's painting 'The scream'. It is regarded as a masterpiece of expressionism, and has a particular way of expressing life as tragedy, pain and death.

Art is a source of symbols and meanings, and the communication of this attracts the public. Through this transmission a process of osmosis occurs as a result of which the visitors gathering around a work of art or an artist become themselves the interpreters and holders of meaning, first in the community in which they are valued, and then in the society in which they live (Kelly 1987).

Critics of economic theory claim that the applying the concept of the rational individual to all behavior is in practice an unrealistic abstract from social life. An alternative view sees the consumption of whatever goods as profoundly rooted in the social process, from which it cannot be abstracted. An additional reason to see consumption as a social process is that the shared consumption of the good among individuals transforms the good itself. According to this view, which is shared here, the real value of goods lies in their consumption process:

"In the protracted dialogue about value that is embedded in consumption, goods in their assemblage present a set of meanings, more or less coherent, more or less intentional. They are read by those who know the code and scan them for information. Goods are neutral, their uses are social; they can be used as fences or bridges" (Douglas and Isherwood 1980: 5, 12).

This is basically also the interpretation of consumption given by the French sociologist Jean Baudrillard: objects are languages, systems of meaning, structures of exchange. It also explains the behavior of the consumer-collector (Guerzoni & Troilo 1998) and many aspects of the social differentiation of consumption and life styles (Uusitalo 1979).

The communities thus are formed around real works (for example in museums), but before the sharing of symbols can take place, there are obstacles of time and space. People, who can see the work, interact with it and attribute meanings to it, have to be in the place where the work is kept. To enter into contact with other individuals, who have a similar interaction with the works of art, these people must first have a way of knowing them and exchanging their experiences with them, thus cultivating that which unites them. They will have to be in the same place at the same time in order to meet and define the sense of community belonging and group identity.

The impact of the new technologies: Provision of virtual communities

The first use of the new technologies in the arts was focused on effective way to spread information, a great benefit from the institution's point of view. Since the new technologies make the same information available and accessible to a much larger public, we could call this effect the informative function of the new technologies. As a result, the costs of using the mass channel are much lower.

However, alongside this clearly beneficial effect for cultural organizations, the new technologies develop other benefits, even deeper, with regard to consumers. From the consumers' point of view new technologies can also enrich the cultural experience (Rullani 1997). This can happen through:

1. the personalization of consumer selection process;
2. the consumer creative interpretation of the work of art.

In the individual consumption of virtual art, the consumer has the possibility to select sites to visit in a virtual museum, on the basis of theme, artist, fashion, etc. It permits the enjoyment of the service to be personalized. The offer can vary from occasion to occasion, and is offered on demand. For example, the new website of the Metropolitan Museum of Art in New York offers to its virtual visitors the possibility to create their own gallery. The surfer must sign the Metropolitan's guestbook and give his/her personal information. Doing so, he or she can choose the preferred works of art from the Met collection on line and collect them in a personal gallery.

The new technologies have a much higher potential for value generation than what has emerged at the level of given information. Their greater use can be seen when they are applied as communication technology. In fact, the new technologies allow for the expansion of the meanings and, consequently, the value of the works of art. The creation of new meanings mediated by technology occurs at both the individual and the collective level.

The interaction between the work of art and the individual in a computer mediated environment (Hoffman & Novak 1996) is detached from the real situation. The experience that the individual has of the art work is virtual and unreal because it is not direct, but no less valid for that. On one hand, direct contact with the work is lost but, on

the other, new possibilities for interaction are acquired. The digitalization of the works of art allows the consumer to make changes in the selection; the individual can create the experience he wants. Anyone can construct his or her own collection.

Moreover, in the case of multimedia art works, the consumer can even modify a detail, according to taste, the size of the object, a more, an attitude, a smile planned and created by the artist. It is worthwhile to consider some examples of this playing with multimedia art. One of the creations of a Marita Liulia, one of the first leading artists in multimedia art, is a CD called SOB – Son of Bitch, a multimedia mystery tour round men's world. This work of art is completely based on the participation of the individual visitor through which the piece of art continually changes.

Other important examples of multimedia art, called also Internet art, can be found in the website of the Whitney Museum of American Art. In 1995 the Whitney Museum acquired their first work of Internet art, "The World's First Collaborative Sentence" by Douglas Davis. However, the organization has placed particular emphasis on the Internet art at the Whitney Biennial – 2000 Biennial Exhibition. For the first time, this important American exhibition for contemporary art has included several works of the Internet art by some of the most famous artists, such as Mark Amerika, Lew Baldwin, and Ben Benjamin. In Whitney's website there are the links that directly connect to the works of those artists.

The possibility of interpreting and 'playing' with virtual objects seems very important in relation to art, because in this field more than others, the subjectivity and personality of the individual play a fundamental role in defining and qualifying the visit experience. In the real visit this 'play' takes place at the mental level only in the process of interpretation. Art is a good whose consumption goes beyond economic rationality into the area of feeling, experiencing. The individual thus has the chance to create new symbols and to attribute them to the art. In this way the work of art becomes a pretext for the liberation of creativity, a vessel that anyone can fill as a function of his own taste and pleasures (Rheingold 1992).

The interaction between the work of art and the individual also contributes to new attributes of satisfaction at the highest level, the community. The shared creation with other individuals of new meanings is one of the most interesting phenomena of present times.

The technology can act as an amplifier for the creation and transmission of symbols and meanings originating in the work of art. It manages to go beyond the boundaries of local aesthetic communities. Interaction among people no longer presupposes a real meeting. One can meet on the Internet people who live in different continents but who share the same meaning of an art work, by virtue of experience and personal life history. In other words, virtual art communities are larger than real ones. Further, people who enter into them are more heterogeneous than people in real art communities, because they come from different realities. This difference constitutes a potential that was previously excluded, a potential of growth and enrichment.

New technologies also make the obstacles related to time to collapse. All the members of the real community have to devote their attention to art and community simultaneously. In virtual communities everyone is free to decide when to enter into contact with others, or rather when to activate the communication channel that, thanks to technology, is always open.

The absolute irrelevance of time and space not only allows people with the same aesthetic tastes, thus the same community, to meet, it also allows for meetings between different communities. This facilitates the encounters between different aesthetic tastes and also allows an individual to have simultaneous membership of different communities.

In virtual communities, as in real communities, the interest and passion for the work of art is the common denominator of group members. The differentiating factor of virtual communities is "the tacit understanding of shared experience, care and community present in cyber communing" where by cyber community is referred to "a group of individuals with shared values and standards of behavior (Dann & Dann 1998, 379-380). Virtual art experiences, therefore, become the glue of the community, the broker among people with the same aesthetic. The cohesion thus created among community members is the prerequisite for value creation. Value comes from sharing the same tastes and interests with other individuals and from their interaction. This is possible only if they share a common language, supplied by the semiotics of art. The common language is thus the prerequisite for both community membership and its activities, such as the modification of meanings by consumers. The sharing of new meanings, amplified through technology, reinforces the link among members of the community.

In order for this sharing to take place, connectivity among community members is essential. As a result, communication and discussion among community members

become factor of prime importance, as they are the vehicles that make links and reinforce them. Communication and discussion are made possible by two factors:

1. A shared language supplied by the semiotic meanings attributed to the art;
2. Trust, which allows the community to amalgamate well, and to make the creation of new meanings more innovative

Both factors are, however, reducible to a passion for art. Passion is therefore the final source for the link. Emotion is a powerful impulse for community participation by individuals. Emotion is often strong enough in aesthetic communities to be called passion, and this is its remarkable strength.

The economies obtained through the creative interpretation of the works of art are the most developed manifestation of the new technologies. They allow the consumer to control over his or her own experience (Rullani & Romano 1998) and to create new meanings different as compared with visitors of the real work of art. What becomes important and increases value is not the work of art but the meaning that the visitor attributes to it. In other words, the visitor uses the new technologies to express his or her own subjective identity. The community is reinforced and enriched from a profound sense of identity that has been created by the participation and co-operation of individual members in the creation and sharing of new meanings, new value.

Conclusions and implications

The above description of the impact of the new technologies on art consumption has attempted to illustrate the liberating power that they can have in the field of art. They have deep effects on the value of art in a community.

First of all, they broaden the museum's audience by demolishing barriers related to time and space. As consequences, the audience consists of a larger group of people. The audience is likely to be more heterogeneous, since people come from very different backgrounds and situations.

Secondly, and most importantly, the application of the new technologies to arts has the potential to enrich consumer experience. This can happen through the interaction with different actors. The consumer can interact with the supplier, e.g. the museum, through a new two-way communication channel. However, the consumer can interact in many ways also with the art piece. This can happen at the mental level and at the virtual level.

At the mental level he has the possibility to give the work of art new interpretation and, through it, categorize artworks according to the new meanings. At the virtual level, the consumer can actually play with the work of art, this possibility is especially emphasized in the media arts.

Finally, the consumer can also interact with other consumers. Through this interaction among individuals the personal interpretations related to a work of art are shared and discussed. This sharing of personal meanings and symbols can also create other new meanings, besides a feeling of belonging to a common community.

Despite the interesting benefits of their use, cultural institutions are still a long way from understanding and developing the possibilities offered by the new technologies. Far from all cultural institutions are present on the web. Further, where they are, most sites are structured as windows of information rather than as channels for dialogue. It is clear that the Internet is being under-used in these cases. Cultural institutions do not manage to gather and develop occasions for interaction and dialogue among themselves, between themselves and the individuals, or among visitors.

The present situation is confused and unclear, but there are already some examples. One example is that of the Imperial Fori in Rome. The Internet site offers the chance to make virtual visits to the Fori. Two special 24-hour motorized telecameras have been installed on the Senatorial palace in Piazza del Campidoglio and they offer the view that can be enjoyed from the terrace of the Senatorial palace. What makes this experiment even more unique is the possibility offered to the visitor to control the telecameras' functions through the Internet site for 20 seconds, making a reservation while others are moving the camera. It is also possible to take a virtual picture of Rome. (Similar type of arrangement offers a 360 degree tourist view of Helsinki television tower, or another example, a camera placed inside a bird's nest by Finnish birdwatchers that has collected hundreds of thousands of birdwatchers to follow the yearly life of the nest.)

Although virtual aesthetic communities are an interesting phenomenon, they are still at the beginning of their development cycle. One problem is the museums' attitude toward consumer communities. In fact, they often are so focused on their managerial problems that they do not have time and effort to develop visitors' communities. This is, for example, the case of the Museum of Modern Art in New York, which considers itself involved in the competitive battle with all of other well-known cultural institutions in the city. Its main sources of information about its visitors are several quantitative studies, but it does not rely on Internet dialogue or any qualitative research on visitors for mainly

two reasons. Firstly, in the MOMA's opinion, the communities are not a useful tool to understand the whole universe of their visitors. Secondly, it is not worthwhile to control a chat of a group of visitors, because they usually discuss so many different topics, even very far from arts.

Moreover, the existence of an Internet site for a cultural institution does not necessarily include the organization of communication channels for the navigating public. In the end of 1990's a research examined the dialogue services offered by 390 museum sites – and it was found that only 35% of these were equipped with the facility (Forte & Franzoni 1998).

The limited number of dialogue, community and individual channels in the artistic field is closely linked to the difficulty of designing them, and this is the result of several elements. Among them, we should mention the lack of the necessary professional competencies. The question to be dealt with by subjects is: Who should organize and acquire these new competencies?

The problem is very important because it involves different actors. These include cultural institutions (galleries, museums, libraries, theatres, etc.) which have the 'raw materials'; universities, that should be in the front line in the development of new competencies that are socially useful; public institutions, which are in some way responsible for cultural consumption and the utility and value that society places on them, private enterprises (computer companies, electronics companies, graphics companies, consultancies, etc.) which develop the technology and invent the applications for problems that businesses are facing; and the general public that has to see that its own cultural needs are satisfied.

Cultural institutions are clearly at an advantage in the race to become the fulcrum for virtual aesthetic communities. Over time these institutions have developed the competencies which attract community members. Up to now, however, the role of museums has been quite marginal. One could take as an example the virtual aesthetic community Artlark Visual Art Society. The site was built as a free access forum devoted to discussion of the visual arts with particular regard to the most experimental ones. It is managed by an artist.

The room for maneuver is still vast, but cultural institutions have to be ready to act by investing in new value sources for their visitors, and seize the opportunities for communication. It is only through investment in the service offered to visitors that the

museum can pursue its mission and thus genuinely makes the work of art valuable. Irrespective of the level of analysis, individual or collective, the work of art is a tool for social growth and development, and it is from this point of view that it has to be regarded and managed.

The museums are not the only ones who lack competencies. In fact, the consumer capabilities to surf in the net are still far from an equal by distributed in the populations, as well as the necessary infrastructures are missing. This is not only a problem of individual consumers, but it also involves schools and educational organizations who do not often have access to the virtual world.

Finally, another problem must still be mentioned: the copyright law. In fact, the law forbids the museums to display contemporary works of art. Of course, this can be a great obstacle to the creation of new value in a virtual world. Moreover, in the future it is likely for the artists to claim copyright royalties every time one of their works is displayed and "this will certainly mean a stop in the development of the virtual museums which for many young generations would be the only way to become interested in art" (Uusitalo 1999: 633).

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12 CULTURE FOR THE VIRTUAL CONSUMER – THE EFFECT OF DIGITALISATION ON THE MARKETING CONCEPT

Liisa Uusitalo

Introduction

The paper will discuss the impacts of the new media on cultural consumption. Especially two emerging trends are pointed out: First, there are new possibilities for the consumer to search and shop for cultural services in the internet. This means that the internet offers a new marketplace, distribution channel, or interactive communication medium for the marketing of traditional cultural products and services. Secondly, there will also be available totally new types of 'virtual' cultural and media products for the consumer. It will be suggested that these developments may lead to profound changes in the marketing paradigm as well as in the way of conceptualizing the consumer choice processes.

Development of the Internet markets

The technological development and the World Wide Web have opened totally new markets for the consumer. Since 1993-94 when the first navigator programs (Mosaic, Netscape) were introduced, both the supply of internet services and the use of them have grown rapidly. Estimates of internet users are given in Table 1 (December 2007). The highest absolute numbers of users is in the United States, China, and Japan. The highest penetration figures ca over 70 % be found in Australia, United States, Canada, Japan and several European countries (such as Netherlands, Portugal, all Scandinavian countries). The penetration rate of Internet in the European Union (25 countries, in December 2007) was at the average 55.7 %.

Table 1 World Internet usage statistics

World regions	Internet usage, latest data Million	% Population (Penetration)
Africa	44	4,7
Asia	510	13,7
Europe	348	43,4
Middle East	33	17,4
North America	238	71,1
Latin America/Caribbean	126	22,2
Oceania/Australia	19	57,1
WORLD TOTAL	1319	20,0

NOTES: (1) Internet Usage and World Population Statistics were updated for December 31, 2007.

Opportunities and competencies to use the internet are not yet evenly distributed among the population. In fact, it has been claimed that these abilities, or lack of them, may badly divide the population. Therefore, it has been the primary task of governments to increase the internet usage abilities through education programs, and to improve access to the 'information super highway' by way of investments in the equipment for schools, libraries, internet cafés and so on.

The government programs have been inspired by various visions of 'information society' or 'media society' and the assumption that internet is a major source of knowledge, and perhaps, a means to exert democratic influence. It is only lately that the interest has turned to understanding more about the real usage patterns of the consumers, and to the development and design of the contents of the net services. The fact that consumers, in addition to information search, also use internet for expressive purposes, that is, as a form of end-consumption, has become obvious. Via internet the citizen may take care of daily finances, it is used as a shopping place for a variety of products and services, as a place to consult medical doctors and dietary experts, as an amusement park for playing games, and as a place of meeting and interacting with other persons all over the world who have similar interests. A growth of internet sales is expected in almost every product and service category.

Table 2 Top ten internet shopping categories in 2001

1. Books
2. Computer hardware
3. Music/video
4. Financial services
5. Travel
6. Event tickets
7. Apparel
8. Collectables/ Auctions
9. Consumer Electronics
10. Toys

Source: Boston Consulting Group (2001): The multichannel consumer

As for cultural products or services, these figures include only products or services bought through the internet (books, records, videos, tickets to performances). On the

other hand, they do not express usage patterns of the bank services or the many cultural services provided and 'consumed' in the net space, such as, for example:

- art museum or art gallery visits;
- reading internet issues of papers, books and comic series;
- viewing TV-news and other TV programs directly in the internet, or spending time on the other services on their pages, and
- previewing of art collections and auction objects, movie trailers, and television programs, or pre-listening to music products.

Also on-line "window-shopping" and seeking background information for purchases made in the traditional channels is typical for present-day consumers. Actually, to form reliable statistical information on the visits to cultural web sites is rather difficult, because in most cases the internet visits will take place anonymously, and if registration is needed, consumers often prefer to use fabricated user names and other characteristics. Neither does the frequency statistics make any difference between very frequent visitors, the so called heavy users, and purely random visitors.

The supply of all kinds of internet consumer services has been fastest in the USA. There are retail experts' estimates from 1990's that one quarter will be moved to the internet market by 2010. This assumption was based on the popularity of already existing types of non store retailing such as buying from catalogues. A new estimate in 2004 expected 13 % in 2010 (Business First 2004). However, even this may be a rather optimistic view since, in the end of 2007, the e-commerce sales accounted still only for 3.4 % of total retail sales in the United States.

One reason for the slow development is that the main effort for instance in Europe has till now concentrated more on developing 'intranet' and 'extranet' services for the business and business customers. Also, the risks involved in the card use and other payment system has delayed the adoption of internet as a shopping place for individual consumers. According to a net survey, the reasons why shoppers abandon their shopping cart without buying are manifold. They consider shipping charges too high, the site requests too much personal information, not enough product information is available, the order form is too complicated etc. The future will also show whether the American commercial dominance of hyperspace will continue, or whether other cultures and non-economic concerns, including cultural, educational, citizen influence issues, will increase their share in the internet (Stratton 1997).

The most important barrier to the growth of the internet as a market place for commercial or non-commercial purposes is, however, the *lack of structure in supply*. So far the market is rather chaotic. Structured, focused navigator and browser services and categorizing intermediaries, i.e. the 'wholesaler' function, are missing, and it may turn out to be very difficult to find anything in the space unless by laborious effort in trying the various links on search engines or by pure chance. In planning the content of the new media, consumers and their needs have been neglected too much.

Moreover, the weakly developed structure places the consumers in very different positions depending on their previous surfer expertise, an expertise that has nothing to do with their knowledge of the product itself, e.g. the art form in question. This is in contrast to normal choice situations in which it is easier for the decision makers who have better knowledge of the product class to search and process information (Brucks 1985; Alba & Hutchinson 1987; Srinivasan 1990). In the internet, it is not the product expertise but rather the surfer expertise that counts most (Ylikoski 1999, 2003).

We have been used to think that the most important qualifications of successful cultural management and cultural consumption are acquired cultural and social competencies, that is, the knowledge of the cultural sub-field or domain (e.g. Jyrämä 1999). In media society, however, this alone is not enough. For example, cultural organizations and their managers should try to be in the first wave in applying new media to the creation of customer contacts, because the internet users are very likely their potential customers (young or younger middle age, highly educated, great interest in visual language and forms of culture) (Zeff & Aronson 1997). Moreover, communication and marketing through internet is recommendable to cultural organizations, because it gives also to small and medium size cultural enterprises a possibility to overcome the entry and mobility barriers created by heavy advertising budgets or large distribution channels (Uusitalo & Oksanen 1989). In the internet they can enter the global markets at a relatively low cost.

The various roles of the Internet

Cultural organizations should also give some thought for the purpose for which they wish to use the internet. The decision is mainly whether to use the internet as an alternative communication and distribution channel, or to use it beyond these traditional ways and provide new meaningful cultural contents and sites that are meant to be enjoyed in their own right.

Internet can thus be used either for promotion, transactions or content - or for a combination of all three. *Promotional* sites are about creating awareness and reinforcing the brand image and reputation of the cultural organization and its products. In this case home pages are not intended to give very detailed information, but they assign the place where more information can be obtained. They also stop short of providing any transaction facilities, but again, it is important that they set out where the product can be purchased.

Transaction sites aim at selling the products or services 'on-line'. It is therefore crucial to picture the product as thoroughly as possible and give all the necessary information, including the price. For example, when selling tickets the location of seats in various price classes should be presented, and when selling art or design objects, it should be possible for the consumer to look at them closer and from different angles.

If sites are used for *content* it means either *giving information* or *art experiences*. Sometimes these contents support the marketing of the core products, but very often the new virtual products or services are totally detached from the core products of the organization. The audience is attracted, for example, with specific customized information services for library users, book content reviews for book buyers, descriptions of the artists, or published art critiques for art exhibitions visitors, or description of the style and condition of the objects in an auction.

Experience contents are more or less created as distinctive virtual products that give room for self-expression, entertaining, and interacting with other consumers. By these we refer to chat groups or more serious discussion groups, membership clubs, games, viewer contests, recipes, interesting pictures, media and music links, images of moving in a virtual space, e.g. inside a virtual multiple cinema complex, concert hall or opera foyer, and so on. These interactive sites attract audiences in their own right. From the organization's point of view they are rather demanding; they require careful design and many persons to keep the site alive.

Both informational and experience contents usually presuppose interactive elements such as e-mail or message centers such as Facebook-type of interaction. The content pages are often thought to act as a step stone towards eventual interest in the products and services later on; often their purpose is to support the promotional purposes and contribute to a positive image of the organization in view of its target groups. So far there is very little research of these impacts on consumers.

It is still unclear which paths of using the internet will become the most popular ones. Obviously there are very many variants of how the internet world will develop in the future (Randall 1997). For example, will it mean a totally new management logic in whole society in which networks are used to build up information and customer systems for business purposes, will it develop into an efficient sales channel for certain products, or will it act mainly as an amusement park or source of sensual experience for future consumers who want to escape for a while into a playful virtual world? Some social scientists predict deep-going changes in the whole societal system. In the future, by the terms society and community may be referred to the 'actor-networks' which consist of computers and of human actors connected to them in a hyperspace ('cyborgs') (Haraway 1991; Featherstone & Burrows 1995; Siivonen 1996).

A common feature in all of these variants is that the geographical space, to a certain degree, will be decontextualised and replaced by a non-geographical 'hyperspace'. It is only in the sales channel variant that geographical distances still matter; at least this holds for products that are provided for the local customers. Most cultural products or services, such as books and theatre, concerts or other life performances, are still sold on a geographically local basis. In this sense, internet shopping of culture does not always mean a step toward globalization of the cultural content, it can also help to keep the local cultures alive.

Examples of culture in the Internet

In an explorative study in 1999 we examined some of the most common cultural services of the internet: book stores, orchestras and concerts, art museums, and television channels. In the following they will be described briefly from the viewpoint of what role the internet has in their marketing.

Net book stores

Searching for the word 'book store' gives 14 000 items in the internet, which shows that existing book stores and publishing companies often have their own internet pages. However, the more interesting are the new virtual record book stores that have no corresponding counterpart in the real world but are designed directly as virtual services. Their main function is sales. In fact they act as intermediaries that collect together lists of all books and transmit the sales orders. The interaction with the customers consists only of taking and confirming orders.

The American *www.amazon.com* has been the one with the greatest success as measured by the number of customers. In 1998, Amazon also merged with the two big European net book stores Bookpages (UK) and Telebook (Germany). Moreover it has subsidiaries in both countries. Its leading position is based on being one of the first in the net book business. However, it has several local competitors now, especially in the non-fiction fields such as university text books. Amazon acts as a generalist; its pages are not very elegant because they are in an American style stuffed up with too much commercial information and sales offers, but its main advantage is a brand name that is easy to remember and that everyone learned before the competitors came to the market. For example, in the Nordic markets, the Swedish *www.book.com* has grown in popularity, and there are other European net stores that are somewhat more specializing in European writers and publishers, for example *www.bookshop.co.uk*.

Although net book stores as a whole form a totally new service provided only in the net, from the consumer's point of view they still function in the manner of catalogues or other forms of direct sales. Some of them provide information about the books, such as content page or a short description of the contents, but there are no additional autonomous virtual services available, and there are no systematic links to the more specialized book stores. Later on, Amazon has added services which give other readers' evaluation of the book, and suggest other titles that may interest the buyers.

Orchestras and concerts

Many symphony orchestras have their own web sites which have been constituted for promotional purposes only. Only few of them sell tickets to the performances on an online-basis, but some of them give links to the ticket offices. As for the outline and design of pages, great variations exist. For example the Boston Symphony Orchestra (*www.bso.org*) and Helsinki Philharmony (*www.hel.fi/filharmonia*) pleased our evaluators with their visually coherent style which communicates about the quality of the organization, whereas the home page of the Los Angeles Symphony Orchestra (*www.laphil.org*) more or less reminded an advertisement (In 2008 when I revisited the site the style was totally different and tasteful, showing the chief conductor on the first page). Also the City of Birmingham Symphony Orchestra (*www.cbso.co.uk*) and the London Symphony Orchestra (*www.lso.co.uk*) had well organized pages. It also helps the consumer that concerts are classified into subcategories. The American sites were technically more advanced and full of information, but the British sites were more consumer-friendly and easier to move within.

The pages work rather well in giving program information, but no one of the orchestras fully utilizes the possibilities of the internet; there are no test pieces of the concerts, links to the artist's own sites or to specialized magazines, books, radio and TV-programs in the field. Neither do they include any music education programs about composers or musical works which would utilize visual spatiality, moving pictures and music samples.

As for the *popular music* concerts and events, the net situation is more or less in a catastrophic condition due to the lacking intermediaries which would collect the sites by the name of the band or artists. If the surfer does not know their addresses beforehand, it is very hard to find them at all. By artist or band name one usually finds sites that are kept by some fan, and therefore they are not always reliable and up to date.

The best way to find the sites of popular music is to go through the sites of rock magazines or specialized TV-programs, for example such as www.pollstar.com and www.mtv.com. It appears much easier to find out what is going on in the popular music front by going to the sites of the local major concert halls. In some countries various festivals have a common umbrella organization which has listed both classical and popular music festivals and provides links to them (for instance in Finland www.finnfestival.fi), but the surfer seldom knows about the addresses of these sites.

Internet live concerts are in a developing stage; television still provides better quality for picture and voice although much promising research work is underway to develop a concert hall acoustics in net surroundings. For example, in the sites of the Sibelius Academy one can find a list of live net concerts in Finland (www.siba.fi), but finding corresponding concerts abroad is difficult.

Earlier it was assumed that when television will be digitalized, it will be used as an internet connector, and the on-line net concerts will be technically satisfying and more common. However, it seems that television has not gained such a position in receiving Internet music. When Internet is used as music media the consumer chooses which concerts to visit, and when to withdraw if the program does not satisfy. In the future, people will also be able to take a look at what is going on in the concert via the picture in their mobile phones which have a wireless connection to the internet.

Art museums

The majority of art museums use the internet, as the orchestras, for promotional purposes only. However, there are also museums that are developing themselves into

the direction of a virtual museum by displaying their collections in the internet. For example, the Museum of Modern Art in New York (www.moma.org), the Hermitage in St. Petersburg (www.hermitage.ru), Centre Georges Pompidou in Paris (www.cnac-gp.fr), and the Finnish National Gallery (www.fng.fi) all display a part of their permanent collections also directly in the internet. The collections are categorized according to the style and time periods, or as in Paris, according to specific collections. It is almost easier for the art consumer to find the favorites or to systematically study the various art styles in the internet than in the museum itself. MoMA also provides the opportunity to have an audio commentary of the displayed works. Lately, many art museums have removed the displayed artworks from their pages, probably afraid of copyright problems.

The contemporary artworks cannot be displayed. From the consumers' point of view it is harmful that the strict copyright rules already now prevent from displaying contemporary art in the internet. Even more difficult times are coming, if the artists in the future will be able to claim royalties not only at the transaction of the artwork but at every occasion when the artwork is displayed. This will certainly mean a stop in the development of the 'virtual museums' which for many young generations would be the only way to become interested in art.

Of the studied museums, the Museum of Finnish Art, Ateneum has developed specific 'theme walks' for children, and they were also displayed on the internet sites. Later on they also have been removed. The Museum of Modern Art, in turn, has a special on-line museum shop service in the Internet. In the American art museums, museum shops play a very important role in the finances of the museums and they are very well planned.

However, the museums have neither constructed interesting virtual spaces, games, chat clubs or other entertaining services, nor do they provide enough links to other interesting sites in the art world.

TV-channels and newspapers

Among cultural institutions examined here, television and radio channels and major newspapers have developed their internet services furthest. Besides program information classified according to the program types and news and sports services, pages usually include interesting entertaining material. This goes for both the commercial channels and, to a lesser amount, for the public channels. The educational goals of the public channels do not show on the pages; for example, they could have much more links to cultural sites elsewhere.

The main pages of the public channels in Finland are rather traditional in that they give foremost supportive information to the programs. The independent contents can be found mainly on the sites of individual programs. The commercial television MTV3 has become a very popular site to visit for its own sake. The content pages: games, competitions, opinion polls, recipes, employment services, traffic time tables, and links to other sites have an autonomous standing and do not necessarily have the same audience as the programs in question. The difference between public and commercial channels is shown by the fact that the commercial channels sites are full of commercial links and advertising banners. The commercial program pages are thus a kind of market place for brands and a bulletin board for the advertisers.

The above examples show which were the first efforts to introduce cultural products and services in the Internet by the end of 1990's. By 2008 the examples have multiplied, and additional cultural fields included. In pictorial art and music, the trend seems to be that individual artist's sites rather than gallery or museum sites are dominating. All auctions and bid pricing have become popular, including collectables and art works. However, strict copyright rules badly reduce the possibilities to create efficient virtual art or music markets and increase direct virtual consumption.

Changes in the marketing and consumer concepts

From the marketing point of view the Internet changes radically the paradigm in several ways. It allows a true *interaction* between the marketer and the consumer. It also transfers the emphasis towards the consumer's decision making; the consumer has the power to decide about the interaction. The consumer is actively seeking for information, perhaps also for sensory or emotional experiences, but s/he cannot be targeted and influenced in a similar manner as when using mass communication and segmentation marketing. In the internet, the consumer creates his/her own markets. This new market for the intangible virtual contents is a very exciting one because it is based on interaction between the artists, art institutions, new media enterprises, multimedia producers, and the consumers. Above all, it deviates radically from earlier, 'one-to-many' model of mass marketing or targeted mass communication, because in the new 'many-to-many' model the consumer has a decisive role as a co-producer of his or her experience in the internet.

The primary relationship is no more that between the sender and receiver; instead, the hypermedia acts as a mediating environment with which all participants are interacting.

The web is not a simulation or representation of real-world environments but an alternative to them (Hoffman 1996). Many writers also emphasize the intermingling of the previously distinct production and consumption processes. In the internet, activities are becoming converged into one and the same process where production, transaction, delivery, and consumption all take place simultaneously (e.g. Glazer 1991, Hoffman 1996).

The earlier theory of marketing mix will have to be questioned as well. For example the elements of the promotion mix that have been listed so far (advertising, public relation, personal selling, sales promotion and direct marketing) do not cover interactive marketing, although some writers (e.g. Kotler 1994) include it in direct marketing. Should interactive marketing then be added in the list as a distinctive way of marketing of its own? This may be a solution, but we can also go deeper and claim that the whole idea of mass marketing and combining various P's (product, place, price, promotion, people) will be somewhat outdated in a digital future and should be dismissed (Deighton et al 1997, 156). In the internet, the various marketing parameters cannot be perceived and evaluated separately. They are perceived by the consumer simultaneously, in a holistic way. In fact, there are no value 'chains' any more, rather value 'stars', since in producing internet contents, all production and consumption processes take place simultaneously and the consumer becomes a co-producer (cf. Wikström & Normann 1994).

The old concept of marketing is based on the idea that something is done *to* the consumer; consumers will be informed, persuaded, researched, classified and segmented. Relationship marketing, in turn, invented the idea that something is done *with* the consumer. In present-day interactive marketing *the consumer chooses* whether s/he likes to do something with the material the marketer has supplied into the net. Since marketing thus means an interactive dynamic process, it is not enough if marketing merely pays attention to consumers' needs and registers their actions. What is now required is the ability to approach the consumer in a way that constantly takes into account his/her earlier reactions. Successful interactive marketing means a meaningful *dialogue* between the parties. Paradoxically, the new technology may thus contribute to the development of markets that have more humane characteristics than the markets of mass marketing of the pre-digital world.

Many marketing books also make an error by fancying that market segmentation can be employed easily also in the internet context (Bickerton, Bickerton & Pardesi 1996). However, even if it is still wise for the organizations to define target groups, it may be

extremely difficult to reach these people, because the internet users do not let themselves to be grouped and contacted but form their own groups on their own premises. Also, positioning has become more difficult because of the lacking structure of the internet markets. So far the categories and subcategories of virtual services are at the initial, formation stage.

Both in segmentation and positioning, then, the visual outlook of the pages and what is provided in them become the only tools available to attract the target groups and to distinguish oneself from the competitors. In the case of cultural organizations, however, the main problem probably is that the organizations have never defined clearly their position as compared with their competitors, and therefore cannot easily profile themselves in the internet either. As for the examined cultural institutions, for instance, art museums and some of the TV-channels had positioned themselves to a certain degree, but this was only partly reflected in their internet sites. For others, for example orchestras who have no focusing or distinction strategy, it is difficult to appeal to the right audiences if the organization does not tell what its specialty is.

Consumer theory also needs to be adjusted. The contraction of different production, promotion, information search and buying processes means that we have to revise earlier theories of consumer buying behavior perceived as sequential decision making or hierarchy of information processes. Surfing behavior in the internet follows quite different, not yet revealed patterns. Along with theories of postmodernism, the view of the consumer has already changed; for example we are aware of the multiple roles and interests, of the replacement of social norms and traditional communities with short-time emotive commitments and virtual communities, and of the increasing importance of imaginary consumption and the symbolic meanings attached to consumption (Uusitalo 1998). In cultural consumption this means less loyal, split audiences which constantly are seeking new ways of satisfaction. The abundant content supply in the internet may accelerate this kind of behavior. An interesting question is to ask whether fluctuating interest and 'surfing behavior' will extend itself to other fields of cultural consumption and decision making, or maybe even become a universal attitude or way to act in the 21st century.

The new technology will obviously shorten the time span of decision making. Already now we can notice that especially young people use mobile phones to avoid planning in advance what they should do together in the next days, or even hours. The decisions are usually made 'en route' to the meeting place and changes of plans take place all the time.

Another example of the impacts of the new technology on the consumer is that the attitudes towards new technological products, including the new media and their contents, tend to be very playful in the beginning before the new product becomes 'domesticated'. The new medium is a toy to play with (Pantzar 1996). The cognitive developmental psychology of art perception supports this idea. For example, in the analysis of the different stages or behavior patterns which the person can adopt when meeting new art objects, the first stage is usually favoritism; the intuitive delight or fun perceived (Parsons 1987). It is only later that other reaction patterns come into the picture, meaning a more rational evaluation and judgment of the new object. As for the internet, in the first years the consumer takes the use of it and any new contents found in it as a new game and also expects to have fun with the new toy. Favoritism, the over-optimism at the beginning phase of new technology, is common also in business circles. This was witnessed when the IT-bubble burst in the beginning of 2000's.

In some cases virtual contents and virtual communities can become substitutes to the 'real' experiences that maybe are no more even longed for. For example, it is in principle possible to construct a virtual art museum (or concert hall) for customers who are not very willing or, because of the distances, not able to attend the museum and see the works in nature. Also, the virtual museum with a heavy emphasis on the visual contents and sensual experience might act as a pre-viewing place where, let us say, school children would get their first art education. This would mean accomplishing 'a museum without walls'. Internet can also be a platform where various fan clubs or cultural genre enthusiasts can meet and exchange opinions and information.

Conclusion

Internet markets are growing rapidly. From a cultural point of view the internet can act as an alternative communication and distribution channel for cultural products. However, it also gives a possibility to develop completely new virtual products and services which are produced and consumed in the hyperspace. So far the cultural organizations have used the internet mainly for the first mentioned purpose of promotion and advancing the sales of their core products. The organizations seldom recognize the full possibilities of the internet. Neither are they aware of the high requirements for visual planning and for organizing easy interaction with the consumer. Cultural organizations should also be better prepared to move towards interactive marketing. It would also be useful for them to understand the changes that the new network technology brings about in consumers' behavioral patterns and decision making.

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13 CONSUMING THE CITY – PLACES OF IDENTIFICATION AND THE SPECTACULAR

Liisa Uusitalo and Annukka Jyrämä

Introduction

The task of this paper is to discuss the importance of the city and other localities for consumers' identity in a global economy. The city is perceived here not only as an organization providing cultural services but also as a cultural artifact that citizens are assumed to evaluate holistically. For a functioning city it is necessary that, in addition to financial and social capital, it also offers cultural capital, that is, shared symbols and cultural artifacts that can serve as basis of identification. As a good empirical example of citizen-initiated, co-operative ways of creating local cultural capital we present the 'Nouveaux Commanditaires' program in France. The paper also analyses some changes in consumers' attitudes and behavior that indicate a trend from modern to more postmodern ways of 'consuming' the city. We will claim that the aesthetics of desire has partly replaced the aesthetics of representation, and that there is a shift from contents and the historical narrative towards immediate experiences of the spectacular and images. Empirical results from an explorative study on consumers' preferences of places and views in the city of Helsinki will illustrate the outlined tendencies.

Places as networks of economic and social capital

In present-day society, economic and political power is no more associated with certain places such as government or industrial buildings. Instead, power is increasingly exerted through global networks and information flows, which are very much dominated by financial capital. In this paper we claim that places – cities and other localities – could act as important counterparts to the economic globalization. This is because they – in addition to being centers of financial capital – also can provide social capital and cultural capital, both important for a meaningful life of citizens.

So far, also in city management, the main emphasis has been given to the various flows of economic capital. This emphasis is exemplified in the creation of new urban concepts such as 'Technopolis', 'Business Cities', 'Innovation Centers', 'Silicon Valleys', shopping malls etc. However, recently the term '*social capital*' has been adopted by social scientists and planners to stress the importance of values, norms and practices that people share in a community (e.g. Dasgupta & Serageldin 2000). Without social capital

the development of a city – or society in general – is impossible, because the lack of it means that there is no trust and confidence in each other, and it is difficult to reach any co-operative tasks and cohesion. Therefore, social capital has become a fashionable term especially for developmental economists (e.g. in the World Bank) and analysts of the transition economies. In the broadest sense, social capital includes not only communitarian relationships and interaction networks between people but also more formal systems such as legal and regulatory practices that are needed to secure a minimum level of trust and confidence in society.

On the personal level the term social capital refers to the *social competencies* of the actor, for example, to the contact network or important background knowledge and expertise of the person. This research tradition has been very much influenced by institutional theory and particularly by Bourdieu's (1984) ideas of cultural competition and dynamics. For example, in cultural management studies, social and cultural competencies have proved to belong to the key factors of managerial success, and in consumer studies, they have shown to be important motivational factors behind cultural interests and activity (Jyrämä 1999; Uusitalo & Ahola 1994).

The importance of “cultural capital”

What strikes most in the discussions of economic and social capital is the almost total lack of insight in the importance of *cultural capital*. By cultural capital we refer to the shared ethnic and local traditions and cultural categories, symbols and signs. These are all matters that can provide *cultural identity with the place*. Cultural capital is thus only partly overlapping with social capital which emphasizes the functioning of civil society, the networks, and trust between people. Cultural capital of a city includes concrete and abstract elements with which individuals can identify and which they use when constructing their own unique identities. If social capital can be interpreted mainly as shared normative systems and trust, cultural capital, in turn, instead has more to do with *shared symbolic language and history of meanings*; including signifying symbols, places, architecture, cultural artifacts and shared conceptions of nature, beauty.

At the personal level, cultural capital means that the person has through education and experience control over and is able to interpret the shared language of symbols and identify with them. To restore the important cultural identity, cities and local governments thus need to fight against the general tendency of destruction and disintegration of localities. Castells (1989) suggests that cities and other localities should construct their own world-wide network together with other local places to balance the

global flows of power. Another task is to revitalize the civil society; to support non-governmental organizations, social movements and networking and interactivity between citizens. But this is not enough. Maintaining important old and providing new cultural symbols and signs is as important. Therefore, in cultural management research, more emphasis should be given –in addition to studies of cultural organizations and their services – to studies of what citizens and consumers perceive as important institutions, traditions, places and symbols for their meaningful lives. In other words, what is important for building cultural identity.

In the first example we will describe a case in which the city has tried to come across these needs by encouraging co-operation between citizen's initiative and artistic planning in creating new cultural symbols. This example comes from France.

Case 'Nouveaux commanditaires', France: a city initiative to increase cultural capital and strengthen citizens' identity with the city

Traditionally cultural monuments and artifacts in a city have been selected by art experts and according to artistic criteria. The citizens have not had much to say to what is acquired and where the artwork has been placed. The 'Nouveaux commanditaires' (new patrons) program of the Fondation de France is different. Since 1969 it tries to bring contemporary art and artists closer to the rest of the population and society (L'Aventure des nouveaux commanditaires 2000).

Any citizen or group of citizens, inhabitants of a certain neighborhood, or employees of an enterprise can take the initiative and order an artwork from the foundation. The foundation acts similarly to the cultural patrons in previous centuries in trying to create a link between the original citizen-consumers and the art world. In this program, only such projects are supported that can influence some shortcomings of living surroundings and correspond to some existing needs in society. The final subscribers or 'patrons' must also be committed and contribute to the financing.

In practice, the program is carried out with the help of independent mediators who are art experts working in the field. They also can help in looking for financial sources. Usually the foundation pays only for the project plan and part of the acquisition costs. The mediator is responsible for the project's artistic process and helps to select the artist. Usually only well reputable artists have been accepted to carry out the project plan, because the project's primary task is to support the idea initiated by the community, and not to support young, inexperienced artists.

One example of these co-operative projects between citizen initiative and the art world was the renewal of the mortuary of the Hospital Raymond Poincaree de Garches. The mortuary workers took the initiative, because they felt that the mortuary, where relatives and friends had to take farewell from the departed, was depressive and degrading for the departed. The workers especially wanted to make the project an artistic one, because they felt that a mere architectonic solution would not be enough.

Consequently, this project served as a way for hospital workers to participate in the current discourse about how patients and their relatives are treated in the hospitals. The initiative met resistance within the hospital. Many felt that the money should rather be spent to cover some more practical needs than being invested to the 'humanization of the mortuary'. However, the foundation was interested and found the mediators to the project (Mme Catia Riccaboni and M. Jean-Yves Bobe), who in turn found the artist (Ettore Spalletti).

The artist was clearly willing to listen to the initiators; he started the process with discussions with the subscribers. However, the projects are not meant to become any kind of 'democratic consensus art'. In the end of the process the artist had to learn something more of the citizens' needs. The finished mortuary had to be completed afterwards by adding vases, because it was found out how important it was for the grieving relatives to bring flowers to the farewell. In this way, the world-famous artist also was forced to listen to the opinion of ordinary citizen and learned many things about the everyday context of his artwork. This helped him to make changes in his plan – as exemplified here by designing of matching vases for the mortuary.

The mortuary was introduced to hospital personnel by those who had taken the initiative. In this way, they also gained esteem within the hospital community and increased the possibility to get their voice heard within the hierarchy. During the process, also the subscribers had the opportunity to learn many things of artistic work and language; for example that a 'plan' could consist of some kind of cursory drawing on a corner of a piece of paper and not a written report. These insights decreased the gap between esteemed artists and the average citizen.

Of other similar projects we can mention the painting of portraits of the kitchen personnel on the university dining hall in Maret-university (the artist was Yan Pei Ming, and as mediator acted M. Xavier Douroux, one of the most famous mediators of the

foundation). The portrait idea was based on the personnel's wish for improved acknowledgement of the often 'invisible' work and persons in the shop-house.

Another known project was the Red Square in Villars-Saintogne, a village in the deserting countryside Bourgogne. The environmental artwork of Gloria Friedmann is from one side a red square and from the other side a little house with glass windows. In the beginning the artwork was criticized for being waste of money. However the local citizens supported it, and now the village has become famous as the 'Red Square's Village'. The artwork has gotten an important role in how the village inhabitants identify themselves, and it is an organic part of the image of the whole region.

Other projects of the foundation's program include, for instance, a new way of furnishing a multicultural cafeteria. The idea is based on movable tables made of photographs on maps from various parts of the world. When customers are free to move and put the tables together in various combinations, an image is created of improved understanding between people representing various cultures and geographical parts of the world. Moreover, other examples to be mentioned are a book project on autistic persons, a photo exhibition of village children, and a calendar of the history of a college are examples of results of the patron program.

We can recognize that several various forms of art and culture are applied in the above described projects. Essentially, the main task has been to create a channel of influence for people who want to do something in favor of their environment, or who want through art to bring out an important issue for discussion.

New ways of consuming the city

Above we claimed that a rich supply of cultural symbols is necessary for the citizen as base of their identity construction. However, cultural city management also has to pay attention to another aspect, the changing ways of 'consuming' the city and its symbols. At least the following tendencies have been proposed to indicate a shift towards a new postmodern pattern of consuming the city and of constructing urban identity.

Mixture of commerce and culture

The first postmodern tendency is that the strict differentiation between commercial and cultural fields of the modern era is replaced with de-differentiation. We can see that in increased commercialization and rationalization of cultural fields, but at the same time, in

the development by which the commercial field is also becoming more and more embedded with cultural symbols and practices.

'Management by aesthetics' becomes a crucial skill, not only for cultural organizations but for all kinds of organizations including city management (Schmitt & Simonson 1997). It means an organization's ability to profile the product or services, company, and selling practices by visual symbols. As Lash & Urry (1994) propose, ordinary manufacturing industries have become more and more similar to organizations producing culture. It is the cultural industry that nowadays seems to form the template that the normal commodity manufacturing industries then follow. Management by aesthetics has usually first been applied by multinational companies with strong global brands, but also many arts and scientific organizations and institutes have adopted a holistic design concept for their marketing purposes.

For strategic city marketing, the importance of profiling the city and the use of cultural symbols and artifacts in doing this has largely gone unnoticed despite that some local cultures are emphasizing place-specific characteristics which differentiate them from other similar cities, e.g. London theatre, Milan opera, Parma ham etc. (Zukin 1995). Moreover, cultural city planners have only recently become more interested in supporting various types of mixtures between commercial and public culture that attract people in a very specific way.

In the symbolic economy, a new feature is also that local images and products of cultural industries are distributed on a global scale. Therefore, the importance and scale of the symbol economy and image-setting is much larger than before. In this development, the world-wide networks and the possibility to virtually consume images through the Internet have a decisive role. Local consumers' identity more and more depends on global matters. And from a local point of view, what has started as peripheral in a geographical sense (e.g. some subcultures or ethnic cultural features) may become very central and global in a symbolic sense (Cantell 1998, 255).

This symbol and image production has forced the city management to move from the earlier rather rigid 'planning culture' more towards 'cultural planning', and from urban managerialism towards supporting service and cultural entrepreneurs (Harvey 1989). City centers are back on the agenda but not, as earlier, as places of production, but rather as places of cultural and image consumption. The moderator of the new upheaval urban and city centers is the cultural sector.

In a city, the postmodern mix of commercialism and culture shows, for example, in the development where earlier geographically separated areas, industrial, administrative and cultural, tend to mix. Old factory buildings are restored for small media enterprises, museums and art exhibitions. Former industrial and business districts and blocks are rebuilt to include also cultural activities as well as cafés and ethnic restaurants. Among the many new forms of mixture of culture and commercialism in a city, piazzas, plazas, parks, and architecturally designed shopping centers and malls form typical examples (Falk & Campbell 1997). These tend to be very rich on cultural symbols and references. Other examples are the new cafeteria and restaurant culture as well as the construction of multiplex cinema complexes, a kind of shopping centers for cultural products.

Toward generalized forms of sociability and simulated experience

Another new (post-modern) feature is that sociability in cities tends to take more collective urban forms (Lash 1990). Instead of visiting friends at home, people increasingly meet in public, at cafés and restaurants, and sit in the park watching by-passers. Or young persons just gather at certain meeting points in the city, for example such as the railway station.

However, these generalized forms of sociability are often expected to take place in nostalgic intimate surroundings, in places that simulate such surroundings. For example restaurants, libraries, waiting rooms and entrance halls that *imitate home-like atmosphere* (convenient furniture, books, carpets) have become very popular. The consumer seems to prefer a simulated home or homelike urban setting to the authentic one, or rather, the *simulated is perceived as more authentic* than the real experience (Baudrillard 1988).

Desire for the immediate and sensational

Due to the new communication technology, sociability also takes the form of socializing in parallel with both the physically present others and the distant others via the mobile technology. This can also exemplify the postmodern tendency of consumers to prefer *immanent, 'unmediated' and individual experiences* instead of the mediated, distant experiences of modern mass media consumption. Something heard from a friend via the mobile phone gives the feeling of intimacy and immediateness, whereas getting the same news on television or other mass media is less satisfying. For example in Finland, which has a very high density of mobile phones for all age groups, it is part of the city culture

nowadays that the majority of people hear from big disasters, important sports results or scandals via their mobile and not mass media.

The wish for immediate experiences is contributing to the 'new aestheticism' in cities. Because the visual culture, architecture, and the spirit of places become important, this sets new requirements also for organizers of the cultural events and services. One has to pay attention also to the place and surrounding, the atmosphere, cleanliness and so on, that is, to the framing of the event, not only to the quality of the performers.

Often this new framing is done in a very radical, carnivalistic manner, especially when dominant representations of places that represent power and history are transformed to representations of counter culture. Cantell (1998) gives an example in which the monument of power, the neo-classical Senate square in Helsinki was in the beginning of 1990's utilized as a scene of a big rock concert. Other symbols of history were involved too, because the rock band had invited a big Russian military band to sing as background choir for the Finnish rock group (mocking and carnivalizing the earlier historical dependence in the form of the 'friendship pact' between the former Soviet Union and Finland).

The desire for the immediate shows also in the decreasing importance and ignorance of the historical narrative of the places, and in the growing emphasis of the spectacular and sensational. A sight or monumental architecture is interesting for postmodern consumers, not that much anymore because of its history and story, but because of the immediate feelings and emotions it arises in the tourist-citizen.

Club culture

Along with the new middle classes, a new type of '*self-demonstrative insider culture*' is becoming obvious. Social distinction of tastes and the identification with cultural trends and genres and with *imaginary groups* with identical taste is signified by visual symbols or showing up in the right places, e.g. in the right restaurants, cultural events etc.

Some writers speak about new type of tribes or insider clubs in urban culture (e.g. Maffesoli 1996). Present-day distinctiveness in youth culture is not only shown in clothing taste or music taste but as much in which places and events are chosen – or not chosen – as appropriate meeting points.

Uncommitment to common goals

Another change, that has more to do with consumers' attitudes than actual behavior, is the growing anonymity and indifference. It has been also proposed that especially in big metropolis the citizens' attitude towards the city becomes increasingly detached and uncommitted. People act as if they were strangers or visitors looking at their surroundings with a *detached tourist's gaze* (Bauman 1997, Urry 1990, Rojek & Urry 1997). Cities may unintentionally support this attitude by marketing places and events as tourist products.

The danger is that also inhabitants start to perceive their home city in a detached tourist-like manner. If pre-commitment to one's city is strong, people tend to be proud of the tourist sites and want to preserve them. In contrast, if the commitment to the own city is very low, some citizen may act as vandalizing tourists irrationally destroying their very own surroundings. To be successful, for example environmental and anti-littering programs have to try first to build up a committed, communitarian attitude: that people feel that they belong to the local community and perceive the city environment as their very own public property. Usually no one wants to destroy one's own property.

The proposed development of distancing from the contents and discursive practices in society, and the turning of the interest towards the sensational, visual and spectacular is often claimed to be the most obvious sign of a postmodern attitude. The postmodern tendencies described above are maybe not overhauling all citizen groups and all practices, however. They concentrate in the realm of leisure and culture (Uusitalo 1998). In the following we will try to identify some of the above listed tendencies that came up in our exploratory citizen interviews.

Case Helsinki: consumers' perception and preferences of public places and what they symbolize

Qualitative interviews were made in Helsinki to identify the most preferred places and views in the city. The results were interpreted with the help of the above mentioned tendencies.

The trend towards preferring places of desire and the spectacular can be seen in the respondents' answers. They were *open, wide views* for example on the shore but also in other open places of the city centre. *Parks* were also among the most frequently mentioned. Instead, any historical or cultural buildings and sights of the city that have a

more narrative, national content, were very seldom mentioned (e.g. the architecturally beautiful Senate square with its neo-classical Government and University buildings with a very rich history was not mentioned). Instead, what makes the sight aesthetically pleasing is that it somehow is connected to the viewer's personal history or narrative, his or her memories from the childhood or earlier years. The aesthetics of personal desire seems to override the aesthetics of historical representation.

The place or sight is considered beautiful because it has contributed to the person's own identity, and it appeals to his/her emotions. Taken the importance of the open space and views to the citizen in the interview, the city of Helsinki may be on wrong grounds when it tries to build up a very compact city and suburbs with high-raised buildings. Even the most beautiful architectural creations do not find response in citizens, if this is offset by the loss of open views, greenness and wider horizons.

Preferences for nature, the sea and the greenness, possibly somewhat untypical for city dwellers as compared with metropolis or capitals in other countries, indicate a strong desire for nature-close life and isolation, still so typical to the Finnish culture. This stays somewhat in contrast to the highly developed technological culture that citizens have eagerly adopted. The proximity to the agrarian life of the previous generation, and the specific wish of 'going back to nature and homely solitary life' in the summer period may contribute that city dwellers in Finland are less urban-minded and more crowd-avoiding than city consumers in other cultures. Being by oneself but simultaneously socializing with distant ones via mobile phone seems to be the most visible urban style. However, young generations show more the features of postmodern urbanism that were described above. For example, there was a very clear awareness of the cultural and aesthetic distinction and categorization of restaurants and preferred meeting places.

The most preferred sight in Helsinki was the market square at harbor, close to the old city centre. Market Square clearly represents a *mixture of commerce and culture*, and the desired sociability in which people remain anonymous. The proximity to the harbor symbolizes the *openness to international contacts* as well. Partly the choice of the market square as the most popular sight was influenced by a '*tourist's gaze*', because the city has deliberately presented the Market Square as the most typical tourist product in Helsinki and used it regularly in all marketing material of the city.

Conclusions

In this article we have tried to show that, in a globalizing world, local environments, public places and their symbolic elements have received increased importance for citizens' identity and in their everyday experience. The first empirical case of the paper described some examples how art and everyday life can be brought closer to each other with the help of a mediator. It showed how new artistic ideas – especially in the environmental art – can be based on the initiative and needs of ordinary citizen, however, without forcing the employed artists to compromise with their artistic quality and personal views. The case also demonstrated new opportunities, not only for artists and designers, but also new business possibilities for a new type of intermediary organizations between the patrons and artists.

In the second part of the article we explored some postmodern tendencies and mental changes in consumer behavior that may lay behind the new ways of experiencing urban environments and places. They included, for example the following trends: (1) the willingness to mix cultural and commercial experience; (2) new ways of socializing in public places and in public places that simulate private environments; (3) the quest for immanent, unmediated individual experiences and communication instead of mass mediated; (4) the replacement of local member groups with broader virtual or imaginary groups with similar interests; and (5) an increasingly detached, uncommitted attitude toward the city.

Some of these tendencies were supported by an exploratory survey where we asked people in Helsinki about their favorite places and preferred views in the city. We found, for example, that the aesthetic of personal, individual desire seems to override the collective and historically valued. The respondents in Helsinki may differ from inhabitants of other metropolis in that they very much emphasize open, distant views and the greenness of the city, parks and the sea. Instead of immediate sociability they also seem to prefer a distant form of social interaction, for example communicating frequently with distant friends via mobile phone instead of concentrating on the persons, family members, friends and happenings ambient to them.

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IV EFFICIENCY AND EFFECTIVENESS OF MUSEUMS

14 MARKET ORIENTATION AND THE EFFECTIVENESS OF ART MUSEUMS

Hilppa Sorjonen & Liisa Uusitalo

Introduction

The task of this article is to suggest a framework model for evaluating the performance of arts organizations. We first define the concepts and then try to clarify the relationship between market orientation and organizational performance. Our paper builds on an earlier empirical study on the role of market orientation in the program planning of performing arts organizations (Sorjonen 2004). In this study, market orientation was conceptualized comprehensively. Especially, the cultural antecedents and different forms of market orientation were in focus and they were addressed as separate and distinct both from structural antecedents and market orientation behavior. Now we will use the same data to examine what consequences market orientation may have on the performance. The data was gathered by interviewing artistic and administrative directors of ten performing arts organizations. The organizations were purposefully selected to represent different performing arts, organizational forms, and funding bases.

The paper is structured as follows; first, we give a short overview of the concept of market orientation and briefly describe how market orientation was manifested in the program planning of the performing arts organizations under study. Second, we describe elements of performance, and develop a framework model for evaluating performance of arts organizations. Third, we analyze further the above-mentioned interview data for examining how market orientation is related to the performance.

Customer orientation as a part of market orientation

The concept of market orientation

Market orientation is defined here as a management process directed at the creation of superior value for customers and other stakeholders by means of behaviors based on market information generation and dissemination in the organization (cf. Kohli & Jaworski 1990; Narver & Slater 1990). A performing arts organization is market-oriented when it designs and produces services that yield superior value for customers and where activities are based especially on information about the needs and expectations of customers and other stakeholders, such as artists, media, and competitors (Sorjonen 2004).

Market orientation requires that certain elements of organizational culture support and promote market orientation behavior. These elements, values, norms, beliefs, and artifacts, form the *cultural antecedents* of market orientation. Market orientation as a management process is also contingent on the socio-structural system of an organization (see Allaire & Firsirotu 1984). Important prerequisites of market orientation behavior are the commitment of top management, interdepartmental dynamics, and organization's decision making and reward systems, called here *socio-structural antecedents* of market orientation (cf. Kohli & Jaworski 1990).

Two different forms of market orientation, *reactive* and *proactive*, have been identified earlier by Atuahene-Gima et al. (2001) and Jaworski and Kohli (1996). When an arts organization gathers information, and tries to understand and respond to the manifest needs and expectations of customers and other stakeholders, market orientation behavior is reactive. When an arts organization also tries to uncover and respond latent, unmet needs and expectations, market orientation behavior is proactive.

The art organization can act even more radically and independently of the manifest needs by *driving markets*. This refers to creating new options and changing the structure of the market and market behavior. Conceptually, 'driving markets' falls in the category of proactive market orientation, if based on acquired intelligence on customers and competitors. Market behavior can be modified directly by adding real or imagined benefits into the buying experience of consumers, or indirectly, by creating new preferences and reversing the existing ones (see Jaworski et al. 2000). Active audience education is one example of the driving market-approach. The purpose of education is to change the behavior of audiences, and teach them to accept and like the offered product (program or repertoire).

Previous findings of market orientation and performance

According to Gainer and Padanyi (2005) there is a positive association between market-oriented culture, customer satisfaction and peer reputation. In their study, the focal measure of performance was customer satisfaction. The respondents were asked to assess both the satisfaction level and the level of satisfaction when compared to similar organizations. Gainer and Padanyi treat market-oriented culture and market-oriented activities as separate causally related constructs. However, they use cultural antecedents and activities in the operationalization and measurement of both concepts. Therefore, the intercorrelation between the two scales is quite high, and the claimed causal relationship

of their model becomes problematic. They argue that client-oriented activities result in stronger client-oriented culture, and this in turn increases client satisfaction.

Contrary results have been presented by Voss and Voss (2000). They used a multidimensional conceptualization of (market orientation) strategy that includes customer orientation, competitor orientation and product orientation. They found that customer orientation was negatively associated with both subjective and objective measures of performance when performance was measured by subscriber attendance, and had no effect on single-ticket attendance.

In a qualitative study, Sorjonen (2004) had identified three different styles of programming: a *creativity-based* approach, a *resource-based* approach and a *mission-based* approach. She also examined how market orientation manifested itself in the context of these three approaches (For a detailed analysis, see Chapter 7 in this book).

Only *the customer orientation* component of market orientation was found to vary between the organizations representing the various programming approaches. Further, organizations emphasized slightly different forms of market orientation, the reactive, proactive and market driving. However, there was no variation at all in other components of market orientation, such as *market intelligence generation* (in all organizations intelligence was created mainly based on subjective experience), *dissemination* (no dissemination of market knowledge took place within the organization), and *inter-functional coordination* capacities (all exercised informal coordination). Consequently, Sorjonen's study shows that most variation can be found in the customer orientation component of market orientation. Therefore, this dimension of market orientation was selected for further study of the influence of market orientation on performance.

The study showed further that there were no differences between the studied organizations in their *artist or media orientation*; it was clear or rather clear in all organizations, meaning that artistic directors in all studied organizations were responding to the needs and expectations of performing artists and media. There was no *competitor orientation* in mission-based organizations, whereas in other types of programming approaches it varied. *Financier orientation* was very rare in the interviewed organizations.

To conclude, when comparing organizations with different programming styles, we were not very successful in finding differences in any measures of market orientation (except the dimensions of customer orientation, and to a lesser degree, competitor orientation).

In the following we will use the above mentioned results by selecting customer orientation as an indicator of market orientation, and explore whether organizations with unclear and clear customer orientation differ in their performance.

Elements of performance

For examining the performance related to customer orientation in arts organizations we first discuss elements of performance, the concepts of efficiency and effectiveness, as well as various performance indicators. Then, we introduce a framework model for performance evaluation and present the research questions for the empirical study.

The concepts of efficiency and effectiveness

Organizational performance can be assessed internally or externally. As Pfeffer and Salancik (1978, 2) posit, organizations survive to the extent that they are effective, and their effectiveness derives from the way they can handle demands of different interest groups upon which the organization depends for resources and support. Organizational *efficiency* is an internal standard of performance and measures how well an organization accomplishes its stated or implied goals or objectives given the resources used (Pfeffer & Salancik 1978, 33). The *effectiveness* of an organization is an external standard of how well an organization is meeting the demands of the various groups and organizations that are concerned with its activities. The effectiveness is sought as a natural outcome of the organization's requirements for survival. The first task of being effective is to have an adequate model of the real environments within which the organization operates: to understand the factors that determine how the organization responds, how it perceives and what it believes about the world. (Pfeffer & Salancik 1978, 11, 89)

Performance in the short term may conflict with the long term performance (Child 1984; Kanter & Summers 1994, 226). Also, different performance criteria may be appropriate for the short, intermediate, and long runs. For example, in the short term, criteria related to production, efficiency, and customer satisfaction are emphasized. In the intermediate term effectiveness can be defined in terms of environmental adaptability and the capacity to improve one's position on the market, and in the long run, in terms of survival in the competition, or in terms of cultural and social significance. Moreover, it has been proposed that performance criteria may vary according to the stage of the life cycle of the organization (Scott 1998, 346). However, to study the social, long-term impacts on art organizations requires historical, qualitative data from a long period of time. Therefore, long-term performance is left outside the scope of this study.

Types of performance indicators

Organizations often state their goals in very general terms, but they have to be articulated in more specific terms for the purpose of measuring performance (e.g. specifying quantitative and qualitative targets). Three types of indicators have been identified: indicators based on outcomes, processes, and structures (Scott 1998). *Outcome indicators* focus on specific characteristics of the quality of output. To measure efficiency, the output should be related either to specific stated goals or resources used. Changes in the knowledge, attitudes or satisfaction of the audience are examples of outcome indicators. Scott says that outcomes are never pure indicators of quality of performance, but they also reflect the current state of the technology and the organization's environment. Scott suggests that because of the inadequate knowledge of cause-effect relations, the performance should be compared with other organizations carrying on similar work, which means using relative rather than absolute performance standards.

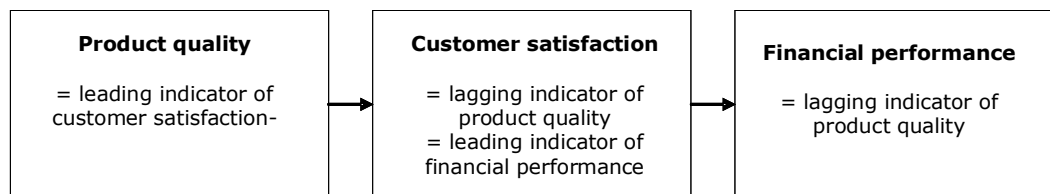
Since there are many difficulties in assessing and interpreting outcome measures (e.g. timing of measurement, losing contact with the customers served), *process measures* are often preferred. Process measures focus on the quantity or quality of activities carried on by the organization, and they assess invested effort rather than effect. For example, they assess how well a program or plan is followed, but not the adequacy or success of the programs themselves. Unfortunately, to gather information on real work inputs and processes may also be problematic and expensive, and self-reported activities may be biased. Therefore, *structural indicators* of performance are used. They assess the capacity or competencies of the organization to achieve effective performance (e.g. number of work force, expertise of the personnel, and size of budgets). Structural indicators mainly focus on inputs as surrogate measures for outputs. They focus not on the work performed but the capacity to perform well (Scott 1998, 354-359).

Some typical performance indicators for arts organizations are defined by Gilhespy (1999), Soren (2000) and Sorjonen (2001) among others. They include (1) outcome measures such as attendance, sales, or ticket income as indicators of customer satisfaction; sponsorship revenue as an indicator of stakeholder satisfaction; quality ratings of customers as indicators of artistic quality; quality of critiques and reviews as indicators of artistic quality and peer satisfaction; (2) process measures such as the number of new compositions and first performances (premiers) in the programs (measuring innovativeness); and (3) structural measures such as the number of

musicians/actors and the share of public funding in the budget of an arts organization. The last-mentioned indicator, the share of public funding, is ambivalent and can be interpreted at least in two ways. It indicates either high standard of quality required before public funding is allowed, but can also refer to inability to function without high share of public financing.

In the management accounting literature, control models describing performance measurement systems are often recursive (see e.g. de Haas & Kleingeld 1999). The idea of the so called feed-forward control means that we should have foreknowledge about which process variables will be mediators in achieving outcome targets. Having this foreknowledge, those process measures should be selected which have predictive value regarding outcome. Kaplan and Norton (1996) assume causal links between so called 'leading' and 'lagging' performance indicators in their framework called Balanced Corecard. Following their line of thought we can study the relationships between product quality, customer satisfaction, and financial performance (see Figure 1).

Figure 1 Causal links between leading and lagging indicators



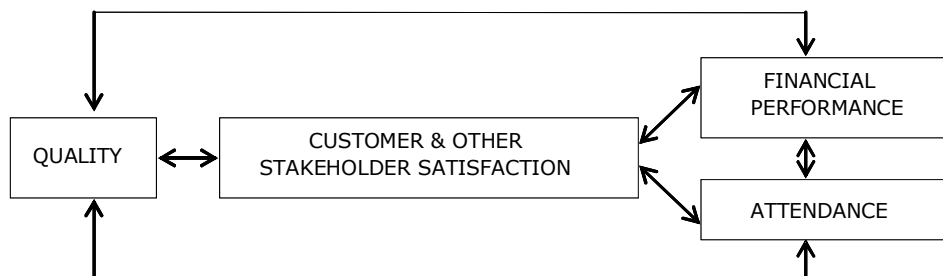
Customer satisfaction is a leading indicator of financial performance, but as it is determined partly by product quality, it also is a lagging indicator of product quality and production process. If financial performance is weak, we should improve product quality, provided that the assumption of the causal chain between product quality, customer satisfaction and financial performance is valid. Epstein and Manzoni (1997) claim that, in practice, the leading and lagging indicators form a continuum. As any notion of causality is merely assumed by organizational actors, de Haas and Kleingeld (1999) warn that the validity can at best be demonstrated only afterwards, when success or failure in achieving the target indicators has been established.

A framework model for evaluating the performance of arts organizations

The purpose of the framework is to assist in examining further how performance is related to different manifestations of market orientation in arts organizations. Therefore, the performance indicators preferred should be in some way related to the behavior of customers and other stakeholders and they should be responsive to signals from the market. The indicators should reflect the attainment of the goals concerning current and future customers, artists, media, and funding bodies. In addition, the indicators should form a continuum (causal chain), and the model should be interactive or recursive in nature.

In our simplified model of the performance of arts organizations, the main dimensions are quality and customer and other stakeholder satisfaction (see Figure 2). Quality refers to the product/service quality. Two kinds of measures for artistic quality have been distinguished in the literature: innovativeness (e.g. demanding, highbrow repertoire) and the quality of production such as virtuoso performance, high-quality staging, lighting or costumes (DiMaggio 1987, 207). Stakeholder satisfaction is determined by quality and reflects the attainment of the goals of customers, artists, media and funding bodies. Financial performance and interest in further attendance are seen as the consequences of stakeholder satisfaction, but there are also feedback effects. As shown in Figure 2 good quality, good financial performance and high attendance all contribute to stakeholder satisfaction.

Figure 2 A framework model for evaluating the performance of arts organizations



The dimensions of the model form a chain with the indicators of dimensions having leading and lagging effects on each other. There exists no common list of performance indicators suitable for every organization, instead performance indicators depend on the

art form and are often organization-specific. Therefore we emphasize that each organization should design its own measurement system of outcome indicators, process indicators, and structural indicators measuring efficiency and effectiveness. This also requires a careful analysis of causal links between the indicators.

In the empirical part of the study, our research questions are twofold:

How is performance perceived by artistic and administrative directors? Does it differ in organizations representing different programming and market orientation styles?

Is there any relationship between market orientation and performance of arts organizations measured by some quantitative indicators?

We start from the hypothesis that organizations with a clear market orientation perform better than organizations with an unclear market orientation. To explore this relationship we use customer orientation (clear or unclear) as an indicator of market orientation. As indicators of performance we use one output measure (growth of ticket sales), one process measure (number of first performances measuring innovativeness), and one structural measure (percentage of public funding in total financing). Because our data comes from limited number of organizations, and covers only a narrow time period, the results will be very tentative.

Data on performance indicators

The subjective interview data were collected in an earlier study (Sorjonen 2004) and reinterpreted and further analyzed for the purpose of this paper. Interview data were gathered 2001-2003 from ten purposefully selected performing arts organizations: two theatres, three music festivals, four orchestras and one opera. The interviewed persons were artistic or administrative directors responsible for the program planning.

The quantitative data on performance indicators were collected from the annual reports 1999-2004 published by the national associations of orchestras and theatres. Annual reports contain information on attendance, sales record, sales revenue, sponsorship revenue, and programs (first performances) of respective member organizations. Festivals are private entities and their association publishes only attendance figures but no financial or other information.

Results

What kind of performance criteria do artistic directors use in their subjective evaluations?

The performance criteria can be derived from success conceptions expressed by artistic directors. As shown in Table 2, all interviewees mentioned the appreciation and recognition by colleagues and media as important indicators of success. Positive, approving comments and reviews, “*excellent reviews*”, and media visibility were interpreted as success. “*Even if we play extremely well, but the world does not know it, there is no success,*” as one orchestra intendant expressed it. Colleagues are seen as “*experts of the highest level*” (theatre director) and therefore, it is important to achieve peer appreciation. Appreciation and recognition are related to the stakeholder satisfaction. The number of positive statements in reviews and the prizes and awards received from the artistic community are indicators of these attributes.

Artistic directors who applied a mission-based approach and who had an unclear market orientation emphasized artistic integrity as the main indicator of success. Artistic integrity was expressed as follows: “*...our doings be it recordings, international activity etc. will not be questioned [by anyone]*”. Artistic directors representing a creativity-based approach and some customer orientation emphasized strongly artistic accomplishments, such as the maintenance of artistic excellence judged after their own criteria and the ability to convey the spirit of art works. These attributes are related to the product quality and its qualitative assessments.

Table 1 Art managers’ conceptions of success by programming approach

Mission-based approach/ (Customer orientation unclear)	Creativity-based approach/ (Customer orientation rather clear)	Resource-based approach/ (Customer orientation clear)
<ul style="list-style-type: none"> • Appreciated by colleagues • Recognition received • The artistic integrity of the organization • Ticket income and attendance(secondary) 	<ul style="list-style-type: none"> • Appreciated by colleagues • Recognition received • Maintaining artistic excellence • Ability to convey the spirit of art works • Attendance • Ticket income 	<ul style="list-style-type: none"> • Appreciated by other artists and colleagues • Recognition received • Well-known, strong image • Attendance • Ticket income • Sponsorship income • Economic integrity/independence

Further, for artistic directors having resource-based approach to programming, success was manifested by being well-known and having a strong image among customers and media, both home and abroad. They described the image strong when the organization is perceived as a well-known brand, and the audiences and media trust in the quality of its offerings. These attributes are related to the stakeholder satisfaction and can be appraised through qualitative ratings. Contacts and recognition coming from different parts of the world indicate that the organization is internationally known.

All interviewees mentioned attendance and ticket income as well as other income as indicators of success. For artistic directors having resource-based approach to programming, attendance indicated box-office success, and ticket income indicated economic success. Also sponsorship income and the capability to balance the budget were essential indicators of success. One director told that the goal of his organization was economic integrity, referring to the goal that the organization would be less dependent on public subsidies. The artistic directors having mission-based approach to programming emphasized that for them audience and financial performance mean success only if the artistic ideals and criteria of the organization are first met.

Beliefs concerning causal links identified between the components of the performance model

We found in the talk of artistic directors several indications of reasoning in causal terms and on long term about the performance. The music festival director told that a two-three week festival is designed to form a whole of separate concerts under one theme. For holistic impression of the themes, a customer should stay a couple of days at the festival. On average, the visitors stay five days. Long stay proves about customer satisfaction, which leads to better attendance numbers and financial performance. Also the artists are satisfied in seeing the same loyal customers in the audience from one concert to another.

One of the music festival directors believed that investments in the quality of the festival increase stakeholder satisfaction. He compared a high quality music event with a visit to a three star Michelin restaurant. The festival visitor having great expectations and investing both time and money to the visit has to be served with high quality offerings. This in turn reduces the need of marketing communication activities, which decreases expenses and leads to better financial performance. He said: *"In the long run, an honest high quality work of passionately investing on the artistic quality will be rewarded and*

then, a relationship of trust and commitment between the audience and the producers will be developed ... the significance of marketing then considerably diminishes, because we have been able to keep this audience positive to our way of thinking."

The high quality of the festival also leads to better artist satisfaction. The inspiring atmosphere of the festival attracts artists who see the festival as an important forum for their musical development. Every artist is paid the same fee, irrespective of whether he or she is world famous or nationally recognized and consequently, lower artist costs lead to better financial performance. Further, the artistic director told examples of the satisfied artists all over the world praising the festival in the media and to fellow artists, which in the long run leads to increased attendance.

One theatre director also believed that there is a link between a high artistic quality and stakeholder satisfaction. For example, a contemporary play in the program may first reach a small audience only, but it receives high media visibility because media always becomes interested in new plays. The media visibility will in the long run attract audiences to the theatre. Actually, the interviewees had often witnessed an immediate increase in sales after positive reviews in newspapers.

The artistic directors also talked explicitly about the causal link between programs and attendance: *"Of course we must have such program that encourages people to come"*. They clearly pointed out the stakeholder satisfaction: *"[the concert] should be an experience [for the audience], it is important for us artists"*. They also believed that the stakeholder satisfaction manifested as media visibility and recognition will nourish *"new success and esprit de corps"*. Media visibility promotes awareness and attendance, which is important because, as an orchestra intendant said, *"the orchestra lives on its audience ... the audience is needed for the success"*.

Does performance vary according to the degree of customer orientation?

In this section, we present preliminary results of performance comparisons between organizations manifesting clear or rather clear customer orientation and organizations manifesting unclear customer orientation. As performance indicators, we use three quantitative measures: the average annual change (%) of ticket sales (an outcome measure), the percentage of public funding of all expenses (a structural measure), and the number of first performances (a process measure).

Table 2 supports the hypothesis that market orientation leads to higher performance. The average annual growth of ticket sales (%) is higher in the organizations having clear or rather clear customer orientation as compared to the average growth of the whole industry. However, there are some exceptions (Table 3).

There are two exceptions in the clear customer orientation category: the growth rates of one theatre (-1 %) and festival (-9 %) are below the industry averages (0,4 % for theatres, and -4 % for festivals). One explanation for the exceptions may be a change in the competitive environment. In the city where these organizations are situated, a new concert hall was opened in 2001. As a venue for the concerts it seems to have attracted customers away from the theatre and the festival of the same city. The average growth of ticket sales of other customer oriented organizations however exceeded the average, which indicates that customer-oriented arts organizations may perform better than those which are not customer-oriented.

Table 2 The average annual change (%) of ticket sales by customer orientation 1999-2003

Type of arts organization / Customer orientation	Customer orientation unclear Average change (%)	Customer orientation clear or rather clear Average change (%)	Average change (%) of whole industry
Orchestra 1 Orchestra 2 Orchestra 3 Orchestra 4 Whole industry	-1 -6	18 18	1
Theatre 1 Theatre 2 Theatre 3 Whole industry	-1	18 -1	0,4
Festival 1 Festival 2 Festival 3 Whole industry		2 2 -9	-4

Table 2 shows that performing arts organizations adopting customer orientation perform better when it comes to sales figures. However, there are limitations for the use of sales growth as a measure of performance. The seat capacity may hinder sales growth, if the usage rate of the seat capacity continues to be close to full capacity, 90-100 %. In the organizations studied, this was not a problem. Hence, we conclude that customer orientation increases ticket sales.

Public funding can be seen as a resource that enables an arts organization to concentrate in artistic performance instead of financial problems, and this may result in a higher artistic quality. On the other hand, an arts organization that with a smaller public support than other comparative organizations produces artistic quality that satisfies customers and other stakeholders can also be seen as a more efficient performer. Table 4 describes the relationship between public funding and market orientation.

Table 3 Public funding (%) of all expenses 1999-2003 and customer orientation

Year/Customer orientation	Customer orientation unclear (%)		Customer orientation clear or rather clear (%)	
	Opera (1)	Orchestras (2)	Theatres (2)	Orchestras (2)
1999	78	86	81	75
2000	80	90	77	74
2001	79	89	74	77
2002	79	88	77	77
2003	81	90	78	73
Mean	79	89	78	75

As shown in Table 3, for orchestras we found a negative relationship between market orientation and public funding. The orchestras with clear or rather clear customer orientation received less public funding (mean 75 % of all expenses) than those with unclear customer orientation (mean 89 % of all expenses).

Public support may be art specific. The economies of scale at the opera, as compared to orchestras, might somewhat explain the differences between them, as the attendance per performance is much larger at the opera than at the orchestras. However, more data is needed for examining the relationship between public support and customer orientation. Based on our tentative result, we assume that customer orientation may increase sales and thus decrease the need for public support in performing arts organizations.

Next we try to assess the relationship between market orientation and innovativeness of the organization. First performances are premieres of new compositions and plays. The number of first performances can be considered as one aspect of innovativeness and therefore, as an indicator of artistic quality.

We found a negative association between innovativeness and customer orientations. The number of first performances is smaller in those organizations with a clear customer orientation. The differences may be explained by the type of performing arts organization (opera and some orchestras being more innovative). However, when we consider only orchestras, the difference still remains. Hence, we can at least propose that customer orientation probably does not have any positive influence on innovativeness measured by first performances. Instead, mission-based strategy may lead to more innovativeness than market orientation. Also, security about high public financial support may release managers to adopt more innovative work including those with a high risk. In this way, public funding can increase innovativeness in the form of broadening the repertoire. Since information about the attendances of first performances was not available, we are not able to assess whether the more innovative organizations show better values of outcome measures. In a recent study (Werck & Heyndel 2007), in theater a decreasing rather than increasing share of new plays had a positive impact on attendance. Audiences do not always value the new and experimental. Thus, too much consumer orientation may well reduce the innovativeness.

Discussion

In this study, we first developed a framework model of the relationship between market orientation and performance. Before that, the multifaceted concepts of market orientation and performance were discussed in detail. The model presented a simple causal chain and the idea of leading and lagging components of performance.

With the help of the model we first studied with qualitative interview data, what kind of indicators artistic and administrative directors perceive as measures of performance and success of an art organization, and how they understand the links between performance measures. In the talk of directors we could recognize causal linking of the elements of performance. Especially this causal reasoning took place in organizations with a clear market orientation. Some earlier studies show that this kind of recursive thinking of managers results in better performance (Ittner & Larcker 2003).

We also tried to examine the market/customer orientation—performance relationship with the help of some quantitative, objective measures. As quantitative performance indicators we used sales (sales growth), the share of public funding, and as an indicator of artistic quality and innovativeness we used the number of first performances. Our tentative results support the assumption that customer orientation as one component of market orientation increases performance measured by ticket sales. Secondly, the results

show that market orientation is negatively associated with public support, or has no effect on it. We conclude that possibly market orientation decreases the need for public support. In contrast to our expectations, our study indicates that market/customer orientation has no positive effect on the product quality and innovativeness of an art organization if measured by the number of first performances. We conclude that innovativeness is probably not at all related to market orientation. Causal explanations for innovativeness have to be found elsewhere; maybe it is the mission-based approach of art organizations that leads them to experiment with new first performances. In some cases, high public funding, i.e. the security about the public financing, may also release the management to engage in more new productions with a high risk.

Due to the small data base and difficulties to find documented figures on the selected measures, these results are rather speculative. However, perhaps our qualitative study helps to formulate interesting hypotheses for further research on the market orientation and performance of art organizations.

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15 THE MISSION OF ART MUSEUMS -EXPLORING OBJECTIVES OF FINNISH ART MUSEUMS

Mervi Taalas and Outi Uusitalo

Introduction

Finnish art museums are non-profit art institutions in which performance cannot be assessed in terms of financial returns as in for-profit enterprises. Rather, they can be analyzed according to how well their "mission" has been fulfilled. The concept of mission used here includes the institutions' ideas of their primary functions and objectives as well as the interrelations and hierarchies of their objectives. In addition, the mission is often seen as an answer to the "eternal" question of legitimization of an institutions' existence. As Kanter and Summers (1987) write: "without a mission, the organization's reason for being collapses." The conception of mission provides the possibility to avoid the problems arising from the obsolescence of the classical economic concepts such as profit when analyzing of the non-profit art museums. (see, e.g. Bekemans 1989).

The aim of our paper is twofold: on the one hand, to show the contradictory character of the perceived objectives of the managers, and on the other hand, to combine qualitative and quantitative approaches in the analysis of the mission of the art museums.

Our analysis of the mission of Finnish art museums has three levels. First, the functions of art museums are outlined, and some remarks on the hierarchies of those functions are discussed. The idea is to explore whether the analysis of the interrelations and hierarchies of the functions could cast light on the perceived objectives of the managers of art museums.

Second, the perceived objectives of the managers are evaluated. The focal points are the discrepancies between artistic vs. non-artistic objectives and quantifiable vs. non-quantifiable objectives.

A further topic is the economization of museums' objectives due to the changing financial environment. We examine to what extent the managers of Finnish art museums use economic concepts or artistic terms when expressing the objectives of their museums. To support this analysis, the economic environment in which the managerial decisions are made is presented in a summary fashion.

Fourth, a tentative LISREL model is presented in which the idea is to construct a map of the perceived objectives of museums' managers and their interrelations using the structural equation modeling approach.

Our study is based on a questionnaire sent to all Finnish art museums (altogether 60) in 1993. The reply percentage of the questionnaire was 75. The sample is assessed as "unbiased": there is no systematic lack of responses on the basis of the size (budget and personnel) or the geographic location of the museums.

The questionnaire addressed to managers of the museums included two open questions and 56 structured questions. The first open question asked the managers to state the objectives of their museums, and the second asked the managers to suggest some appropriate ways to measure the performance of their museums. The structured questions were divided into two sections: in the first section the managers were asked to appraise the relative importance of the different functions of their museums (1 = a function not at all important...5 = an extremely important function); the second section included claims about the performance of the museums (1 = strongly agree... 5 = strongly disagree). Along with our own questionnaire, in Chapter 4, we use data collected by the Finnish Museum Association.

Functions of art museums

In this chapter we focus on the functions of the art museums and the relative importance of the functions. The functions, and their interrelations and hierarchy are examined because the mission of the art museums can be derived from the decisions of how, what, when, and to whom the museum offers its services. The managers of the museums have an important role in weighing the different functions and goals and designing the overall mission of the museums. It is argued that the way in which the manager perceives the functions and objectives of his/her museum sets the basis of the mission. The objectives of the managers of the art museums are to some extent determined by the Finnish cultural policy and established by the professional practices and standards of the field.

The data used in this chapter comes from the structured questions in our questionnaire in which the managers of the art museums were asked to evaluate the relative importance of the different functions of their museums (1 = not at all, 5 = extremely important). The assessed functions of the museums were a) *collecting*, b) *listing & cataloguing*, c) *conservation & storage*, d) *research & publishing*, e) *arranging exhibitions*, f) *counseling & guidance*, and g) *art education*. This classification of the functions is based on the

museum policy of the Finnish Ministry of Culture (Museopoliittinen ohjelma KM 1984:64). The managers' evaluations of the importance were as follows:

Table 1 The managers' perceived importance of various functions of the museums

	Appraisal	Frequency	Per cent	
a) collecting	2	2	4,7	
	3	5	11,6	
	4	10	23,3	
	5	26	60,5	83, 8
b) listing	4	12	27,9	
	5	31	72,1	99,0
c) conservation & storage	4	15	34,9	
	5	28	65,1	100
d) research & publishing	2	1	2,3	
	3	1	2,3	
	4	12	27,9	
	5	29	67,4	95,3
e) arranging exhibitions	1	1	2,3	
	3	1	2,3	
	4	4	9,3	
	5	37	86	95,3
f) counseling & guidance	3	2	4,7	
	4	19	44,2	
	5	22	51,2	93,4
g) art education	2	2	4,7	
	3	1	4,7	
	4	16	37,2	
	5	24	55,8	93,0

The general conclusion is that the managers perceived all the functions to be of great importance: for all functions the evaluations fall mainly in categories 4 and 5. Actually, there are two functions for which only the two highest appraisals are given; in the other cases the frequency of the low appraisals is relatively small.

Although the difference between the functions is very small we can try to find some minor differences in their relative importance. For the function *collecting*, the cumulative percentage of lower evaluations up to 3 is relatively large (16.3); it is the largest among all the functions. This indicates that the function *collecting* is relatively not of the highest importance. On the other hand, the percentage of those who appraised the function as extremely important is above 60.

The managers were most unanimous about the importance of the functions *listing & cataloguing* and *conservation & storage*, the importance rates concentrate in categories 4 and 5. The number of managers who ranked *listing & cataloguing* as extremely important was about the same as for the function *conservations & storage*. Function *research & publishing* follows the line of *conservation & storage*. The appraisals fall mainly in categories 4 and 5.

The function traditionally considered as one of the main activities of the art museums, namely *arranging exhibitions*, receives the highest share of rank 5 (extremely important). Among the managers, there was one exception who regarded exhibitions not at all important for the art museums. Functions *art education* and *counseling & guidance* were not regarded to be the most important functions. For the former the cumulative percentage of appraisals up to 3 is relatively high 9.4% and 55.8% gave it the highest appraisal 5. Function *counseling & guidance*, in turn reaches 51.2% of the highest appraisal. The difference between functions *arranging exhibitions*, *counseling & guidance*, and *art education* is interesting: While the percentage of giving the highest evaluation for *arranging exhibitions* was 86%, for the two latter functions it is only 51% and 55% respectively. However, the art educational functions are often closely related to exhibitions and they are also considered to be of great importance in cultural policy. One explanation is that art education may have been conceived as some outside activity (e.g. lectures) and not as education through exhibitions. Also, it is understandable that *arranging exhibitions* is rated higher than the two other functions, since good exhibitions are a prerequisite for educational activities, counseling and guidance.

By and large it seems that the managers of the art museums regard the functions as slightly hierarchically ordered, but there are no significant differences between the importance of the various functions. However, when studying perceived objectives, the ordering of the functions provides some predictions. The function labeled *arranging exhibitions* gained most of the highest ratings, which implies that the function is regarded as extremely important. This also suggests that artistic objectives and artistic values will be put forward by the managers. Arranging exhibitions is the most visible function of an art museum and probably the most important output of the museum from the visitors' perspective. In addition, this function is a potential source of income to the museum through entrance fees, or indirectly, through the legitimization of public financing. By arranging high quality exhibitions a museum can attract customers and raise incomes. However, the functions were here presented on a very general level, and thus it is possible that within these broader functions, managers may give different priorities to

different activities, for example, they may have different opinions of arranging exhibitions for different audiences.

Perceived objectives of managers

The aim of this section is to explore the perceived objectives of the managers without in beforehand providing a definition of the objectives of an art museum. This is partly due to Kirchoff's (1977) notion: "Operational definitions [of objectives] have failed to clarify distinctions between organizational effectiveness, managerial effectiveness, and manager and subordinate behaviors and attitudes."

In the case of non-profit art museums, finding a clear-cut objective is problematic. In the for-profit enterprises, e.g. galleries, the most important objective (at least according to economic theory) is to increase art sales and to make profit. A commercial gallery may also have other objectives, such as high quality exhibitions and large attendance, but they are clearly subjugated to the drive to market art and make profit. In non-profit art-museums there is no such clearly dominating priority among the objectives - like making profit, minimizing costs, or maximizing sales. The art museums attempt to fulfill the requirements of their various interest groups: local artistic community, visitors, supporters, local politicians, employees etc. Hence, the multiple objectives of various groups interact and form some kind of "museum field" in which the hierarchy and relations of different objectives establish the mission of an art museum. In an art museum multiple objectives exist and are pursued with different vigor in the different parts of the museum organization and among the interest groups. The art museums have many objectives, such as to promote local art, to provide experiences to the public, and to arrange high quality exhibitions. Because of this, there is no single constituent or group to steer the management process in a non-profit organization. This is accompanied by another problem, namely how to measure the successfulness, or in more classical economic terms, the efficiency of the art museums. Without a clear dominating goal and the means of assessing the achievement of it, a pure financial analysis could not give much insight into the successfulness of a non-profit art institution.

The analysis of the perceived objectives of the managers is based on the two open-ended questions. The first question asked the managers to state the objectives of their museums, and the second question asked about appropriate ways to measure the performance of the art museums. On the basis of the answers, three general conclusions can be made: first, the perceived objectives of the managers are closely influenced by the more general conceptualizations prevailing in cultural policy and by the need to

legitimate of the institutions' existence. Second, the importance of the quality of the performance is very much stressed by the managers. Third, the objectives are usually stated in non-measurable units only. To highlight these remarks, some results from the structured and non-structured questions of our questionnaire are used as example.

The first remark, that the objectives are closely connected both to the conceptualizations made in cultural policy and to the legitimation of the institutions' existence, is actualized in managers' conceptualizations of the perceived objectives', which are quite general and abstract in character and thus very much remind general goals expressed in presenting cultural policy.

- "To promote Finnish art."
- "Offering experiences."
- "To arrange good exhibitions."
- "Conservation of cultural heritage."
- "Improving the quality of intellectual life."
- "To convey human values and experiences through art."

Almost all kinds of art museums seem to use these kinds of broad definitions as a legitimation for their existence; there is no great variation between different types (size, location, or specialization) of art museums. Exceptions are some very specialized museums, which did not explicate their objectives on such an abstract level. A question arises as to whether these kinds of objectives are aimed to satisfy the stakeholders, especially financiers, rather than to contribute to the everyday management process and guide the museum's activities.

The second remark; *the importance of the quality of the performance*, was detected when the managers emphasized the quality of the "production" and the prestige of their institutions. Quality as such seems to be one of the main objectives of the art museums, even though the meaning and the context of the concept "quality" vary considerably in the managers' answers as given below:

- "Improving the quality of the non-permanent exhibitions."
- "...publishing high quality research."
- "Providing high quality art experiences"
- "Availability, high quality, ..."

The third feature; *the dominance of the non-measurable or only qualitatively measurable objectives*, could be read from the managers' answers. There was neither any sign of the conceptualization of the objectives in terms of measurable units, such as profits, sales, or own revenues, nor any quotation of figures, such as attendance, the number of exhibitions, or the growth of collections and their value. According to the managers, the best measures of the performance of the art museums were reaching their artistic goals and the quality of their performance (both evaluated in qualitative terms).

The disapproval of any quantity-based measures of museums' performance can be clearly seen in the responses to the statement "the financial and quantity based measures reflect best the performance of the museum"?

Table 2 Managers' opinion about the claim that financial and qualitative measures are best in reflecting performance (1=strongly agree, 5=strongly disagree)

Appraisal	Frequency	Per cent
1	1	2,3
2	2	4,7
3	3	7,0
4	17	39,5
5	20	46,5
Total	43	100,0

Despite the obvious reluctance of the managers towards the financial and quantity based measures in the structured question, the managers, however, proposed some quantitative measures when they were asked to suggest some measures of the objective attainment in an open question. The main trust relies, however, on the qualitative artistic goals as can be seen from a selection of managers' responses below:

- "Professional evaluators' qualitative, not quantitative evaluations."
- "Common evaluations with priests, doctors and artists, ..."
- "Feedback from the audience and artists."

Noticeable is that, in addition to qualitative measures, almost all the answers included a mention of quantitative measures, of which the number of visitors was most commonly mentioned (supported or refuted). The managers probably saw a dilemma between the qualitative and quantitative measures, and most often they defended the qualitative evaluation. One interpretation is that the quantitative measures and objectives are increasingly expected by various stakeholders, mainly by financiers. Quantifiable

objectives are unambiguous and easy to measure whereas qualitative objectives are less clear. Therefore the managers do not seem to perceive their grounds strong enough to totally reject the quantitatively expressed objectives, and are willing to make concessions to the demands of their stakeholders. This is exemplified by the quotes below, when managers argued:

- "The number of visitors is one measure, but it does not measure everything."
- "A mere number of visitors cannot be a main target of the performance"
- "Evaluating the quality of exhibitions, and other qualitative indicators in addition to the quantitative ones (the number of visitors etc.)."

On the grounds of these three characteristics it can be concluded that the objectives of Finnish museums as perceived by the managers are not explicitly formulated and implemented, but remain implicit. The managers refer commonly to common phrases and ideas given by cultural policy in order to legitimate the existence of their institutions. However, the managers feel threatened by some stakeholders' pressure to introduce quantifiable measures of which would distinguish them from other museums attaining the objectives and defining more explicitly formulated specific objectives.

Economization of objectives

The aim of this section is to introduce some ideas of how the perceived objectives of the managers could be "economized". The term economization refers to the implementation of the economic measures and calculations in the analysis of art museums' activities. This is done by analyzing the structured questions of our questionnaire as well as briefly describing the financial framework in which managerial decisions are made. The data of the magnitudes and variations of the costs and the financing of the museums is based on the surveys made by the Finnish Museum Association.

The results of our analysis will focus on two points. First, we want to assess managers' views of which stand they should take and how to react on economic pressures, when costs are increasing and public support diminishing. Second, we will describe the managers' views on the question to what extent the museums should be able to rely on increases in public support from the government and the local authorities instead of aiming at increasing their own revenues.

The increasing economic pressures, is partly due to the fact that there has been an increasing trend in costs in the art museums, and more generally, in all Finnish

museums. For example, the sum of average total costs in all Finnish museums have continued to increase more rapidly than their incomes. These pressures have already been recognized by the managers: the answers to the question "the museum should develop new strategies to respond to the changing economic environment" imply that in the managers' opinion "economic realities" have to be taken into account:

Table 3 Managers' attitude towards the need of responding to economic pressures

(1 = strongly agree, 5 = strongly disagree)

Appraisal	Frequency	Per cent
0	1	2,3
1	18	41,9
2	15	34,9
3	3	7,0
4	6	14,0
Total	43	100

Despite the relatively consistent agreement on the subject there are still 14% who disagree and 7% of those who are in the "middle ground". One explanation for these "deviations" might be the differences in the economic environment of the various museums in terms of costs: the total costs of the art museums vary considerably. For instance, there are non-professional museums with practically very low costs and then there are professional museums with relatively high total costs.

The second issue, how to take the "economic realities" into consideration and to what amount these needs are present in the managers' objectives, is a complicated question. For the art museums, a strategic issue is their finance, and hence, the balancing between public support and raising a certain amount of own revenues, is important.

The Finnish art museums are financed through four channels: government financing (statutory); local financing (municipalities); a museum's own revenues; and other subsidies (discretionary financing). The most important sources of financing are public support from government and local financing from municipalities. The art museum's own revenues - composed of the admission revenues, publications, services and other sales - are marginal in most of the museums, which implies that the museums rely mainly on public support, not on their own revenues. However, there have been pressures towards diminishing the public "burden". For example, the proportion of local financing in the total financing of all Finnish museums has decreased considerably since 1980's, e.g. from 70% in 1980 to 56% in 1990.

According to our questionnaire, the idea of a changing the financial structure of the museums from the mainly publicly financed institutions towards more "self financing units" is perceived to be highly undesirable, which shows that art museums and their services are very much perceived as public goods. The managers, when answering to the question "public support should be diminished and the museums' own revenues from the services should be increased" reject the need for a change.

Table 4 Managers' attitude toward a structural change toward self-financing

(1 = strongly agree, 5 strongly disagree)

Value	Frequency	Per cent
0	2	4,7
1	1	2,3
2	1	2,3
3	4	9,3
4	17	39,5
5	8	41,9
Total	43	100

However, in an economic environment where there is an increasing trend in total costs and a decreasing trend in public support and local financing, the managers are forced to make some concessions and to take action. The conventional options available are the following: to convince the financiers to pay more, to cut the costs, or to increase the museum's own revenues.

The first option, *convince the financiers to pay more*, may be out of the question especially during an economic recessions, however important the preservation of cultural heritage is considered. The claims for increasing public support are rejected by the authorities, and they demand museums to cut *costs*. Personnel costs are particularly in focus, as they constitute half of the total costs in many museums. The managers' reaction concerning the option of cutting costs by reducing the functions of the museum was negative. When we asked "which functions could be cut down because of financial constraints (changing economic environment) without jeopardizing the mission of the museums", the managers stressed that all of the functions described in Section 2 are essential to the mission of the museums and could not be cut down. Also, the option concerning *increasing own revenues* is problematic. The willingness of consumers to purchase discretionary services is depending on the general economic situation. In time of recessions, when museums would need own revenue, consumers are not willing to pay extra for culture because of their decreasing incomes and increasing uncertainty about

employment. Moreover, art museums are also among consumers perceived as public goods to be paid by tax income. Thus, it seems that the conventional approaches to revenue problems are not of much use, and totally new approaches and ideas are needed.

In the light of the answers to our questionnaire, there seems to be some ambivalence towards the 'economization of the objectives'. However, the managers seem to have adapted to the "necessities of the economic realm" to some extent. One reason for this might be that the managers probably do not perceive their position strong enough to totally reject the quantitative objectives and to rely solely on artistic objectives. Another explanation to this might be that the differences between for-profit and non-profit organizations are diminishing as regards stressing either social missions and values or economic goals, foremost revenue. For-profit enterprises are taking the concepts of "mission" and "values" into their repertoire while at the same time non-profit organizations are "economizing" themselves. This is also the case in the Finnish art museums: as a counterpart for the "artistic" criteria there is an increasing pressure to use more quantifiable and economic conceptualizations of objectives similar to the development elsewhere (Ouchi 1981, Kanter 1983). Another explanation could be that economic pressures, and thus economic goals, have been only recently introduced to the domain of non-profit art museums. Thus, economic terms may have found their way into the rhetoric of the managers (especially the rhetoric concerning the legitimation of the existence of publicly supported museums), but the concepts have not yet reached the level of implementation.

The managers of Finnish art museums have not adopted a strategic management conception and marketing orientation of the for-profit enterprises. That is, they do not seem to scan and analyze their business environment. Thus, what they might be lacking is the preparedness and facilities for strategic decision making. So far, the managers seem to concentrate on managing the functions which they regard as essential to an art museum. Those functions reflect more cultural policy than own strategic choices.

A tentative model of the mission of art museums

The aim of this section is to present a tentative LISREL model that tries to capture the features of the perceived objectives of the art museum managers treated in the previous sections. We will test a single hypothesis, i.e. whether we can find one or two latent variables that capture the essence of the mission of art museums, or the perceived objectives of the managers.

The data for the model are based on the structured questions of our questionnaire, which have been scaled from 1 to 5 (1=strongly agree... 5=strongly disagree). The method used is based on the linear structural equation modeling approach and all the analyses are done using PRELIS I and LISREL VII programs. Also, the notation used is derived from LISREL.

Our starting point is the estimation of four latent first order variables reflecting the different relevant aspects of decision making in art museums which are assumed to be the following: co-operation, customers, functions, and finance. These variables are seen to present abstract conceptions related to the decision making process, and are grounded on a priori assumptions of the topics important in the construction of the model. This new approach changes the perspective of our analysis: in the previous section the subjective views of the managers of the art museums were analyzed, whereas in this section the abstract constructions are used in order to capture the essence of the perceived objectives. Even if the managers of the art museums do not perceive the aspects of the decision making similarly, we argue that the above mentioned categories have some relevance in explaining the mission of the Finnish art museums.

The variable *co-operation* (ξ_1) aims to capture the views of the managers towards the need of co-operation between art museums. Among all the questions describing the views of the managers towards co-operation between art museums, three were chosen on the basis of the contents, that is, in terms of the viability of the "theory". Formally the model describing *co-operation* is given by:

$$x_1 = \lambda_{11}\xi_1 + \delta$$

$$x_2 = \lambda_{21}\xi_1 + \delta$$

$$x_3 = \lambda_{31}\xi_1 + \delta$$

In which $x_1...x_3$ stands for the observed variables, $\lambda_{11}...\lambda_{31}$ for the factor loadings, and ξ_1 for the latent variable *co-operation*. The overall test statistics indicate a good fit: $\chi^2(2) = 2.21(p = 0.331)$, Goodness of fit index (GFI) = 0.965 and Total coefficient of determination (R^2) = 0.542. The Generalized Least Squares (GLS) parameter estimates are as follows:

parameter	estimate	t-value	smc
λ_{11}	0.331	1.653	0.139
λ_{21}	0.607	3.469	0.352
λ_{31}	-0.571	-3.180	0.324

The variable *customers* (ξ_2) presents the managers' ideas about taking into account the customers of art museums. Hence the observed variables aim to map the importance of customers in the management process. With the concept "customers" we here mean an abstract construct expressing the importance of artistic experiences from the art museums. The procedure of choosing the observed variables in construction of the latent *customers* is done as in the above model. Formally the model describing *customers* is given by:

$$x_1 = \lambda_{12}\xi_2 + \delta$$

$$x_2 = \lambda_{22}\xi_2 + \delta$$

$$x_3 = \lambda_{32}\xi_2 + \delta$$

$$x_4 = \lambda_{42}\xi_2 + \delta$$

$$x_5 = \lambda_{52}\xi_2 + \delta$$

$$x_6 = \lambda_{62}\xi_2 + \delta$$

In which $x_1...x_6$ stands for the observed variables, $\lambda_{12}... \lambda_{62}$ for the factor loadings and ξ_2 for the latent variable *customers*. For the model the χ^2 statistics remain well below the critical value: $\chi^2(14) = 19.88$ ($p = 0.134$). Besides, $GFI = 0.842$ and $R^2 = 0.777$. In this measurement model all the parameter estimates are statistically significant:

parameter	estimate	t-value	smc
λ_{12}	0.624	4.106	0.439
λ_{22}	0.448	2.739	0.287
λ_{32}	0.689	4.713	0.488
λ_{42}	0.479	2.961	0.315
λ_{52}	0.439	2.674	0.279
λ_{62}	0.498	3.097	0.332

The variable *functions* (ξ_3) is used to describe the view of the managers towards the development of the functions of the art museums. We aim to capture the managers' ideas about the diversifying of "traditional" functions, such as exhibitions, to contain also new ones, such as concerts and seminars. Formally, the measurement model describing *functions* is given by:

$$x_1 = \lambda_{13}\xi_3 + \delta$$

$$x_2 = \lambda_{23}\xi_3 + \delta$$

$$x_3 = \lambda_{33}\xi_3 + \delta$$

$$x_4 = \lambda_{43}\xi_3 + \delta$$

In which $x_1...x_4$ stands for the observed variables, $\lambda_{13}... \lambda_{43}$ for the factor loadings, and ξ_3 for the latent variable *functions*. The parameter estimates are statistically significant and the overall fit is good, $\chi^2(5) = 6,08$ ($p = 0.298$), $R^2 = 0.731$, and GFI = 0.928.

parameter	estimate	t-value	smc
λ_{13}	0.620	3.986	0.414
λ_{23}	0.693	4.653	0.469
λ_{33}	-0.506	-3.080	0.320
λ_{43}	0.598	3.800	0.397

The variable *finance* (ξ_4) is constructed using the answers reflecting the managers' ideas about the means of financing the activities of art museums. The questions revolve around the dilemma of public financing vs. own revenues. Formally the model describing *finance* is given by:

$$x_1 = \lambda_{14}\xi_4 + \delta$$

$$x_2 = \lambda_{24}\xi_4 + \delta$$

$$x_3 = \lambda_{34}\xi_4 + \delta$$

$$x_4 = \lambda_{44}\xi_4 + \delta$$

In which $x_1...x_6$ stands for the observed variables, $\lambda_{14}... \lambda_{44}$ for the factor loadings, and ξ_4 for the latent variable *finance*. As reported below, all the parameter estimates are statistically significant, even though the overall fit of the model is not very good: $\chi^2(5) = 13.76$ ($p = 0.017$) and GFI = 0.836.

parameter	estimate	t-value	smc
λ_{14}	0.775	5.828	0.686
λ_{24}	0.858	6.849	0.728
λ_{34}	0.821	6.369	0.710
λ_{44}	0.576	3.911	0.547

On the grounds of these estimations it seems that the four measurement models describing the abstract constructs co-operation (ξ_1), customers (ξ_2), functions (ξ_3), and finance (ξ_4) are proper and thus they can be used as a basis in the subsequent analysis:

the constructed first order latent variables are used in examining the hypothesis of whether there is one or two second order latent variables capturing the perceived objectives of the managers.

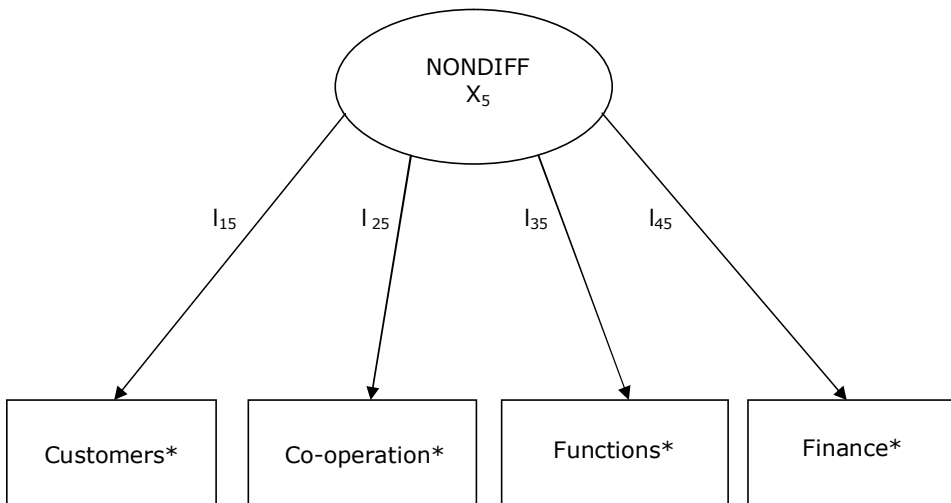
The testing of the hypothesis is started by transforming the gained first order latent constructs - co-operation, customers, functions, and finance - to "observed" variables. The transformation procedure relies on the factor scores which are employed to "collapse" the observed variables of each latent variable into four new "observed" variables: co-operation*, customers*, functions*, and finance*. These four new "observed" variables are then used to test whether they constitute either one "second order" latent variable or two second order variables. Two contradictory models to capture the character of the mission of the Finnish art museums are estimated using the attained new variables:

- a) Model with one latent variable NONDIFF (ξ_5)
- b) Model with two latent variables TRAD (ξ_6) and ECON (ξ_7)

The first model (a) puts forward the idea of that there is no differentiation of the managers' views concerning the mission. This is to say that any kind of economization could not be discerned from the answers. The second model (b), an opposite model, assumes that there exists some differentiation within the managers' decisions and objectives between the "traditional values", i.e. a primacy of non-competitive co-operation and a tendency to emphasize functions, and "economic values", i.e. a tendency to produce revenues (admission revenues) and to guarantee financing.

The first model including a single latent variable, NONDIFF (ξ_5), is as follows:

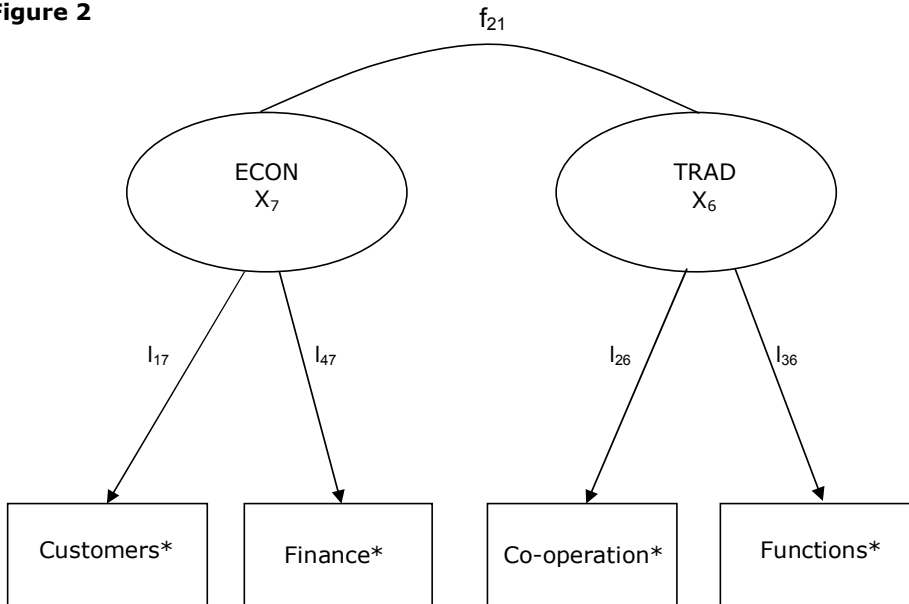
Figure 1



In the model all the parameter estimates are not statistically significant; however, the overall fit of the model is fairly good. The χ^2 statistics remain well below the critical value $\chi^2(5) = 0.58$ ($p = 0.989$), even if $R^2 = 0.373$ and $GFI = 0.993$. Besides, the scm's remain relatively low for each new "observed" variable.

The opposite model assumes that there is differentiation of "traditional values" TRAD (ξ_6) described by co-operation* and functions*, and more "economic values" ECON (ξ_7) described by customers* and finance*. The model is as follows:

Figure 2



Also in this model all the parameter estimates are not statistically significant; however, the overall fit of the model is good: $\chi^2(4) = 0.51$ ($p = 0.972$), $R^2 = 0.429$ and $GFI = 0.994$.

The choice of the best model out of these two - a model with one latent variable NONDIFF (ξ_5) vs. a model with two latent variables TRAD (ξ_6) and ECON (ξ_7) - is done by applying Akaike Information Index (AIC). For the former model $AIC = 8.51$, and for the latter $AIC = 10.58$. This is to say that the model with two second order latent constructs seems to be more appropriate. Thus it seems that the managers differentiate their management decisions on the grounds of "traditional values" and "economic values". On the basis of the estimated models the idea of non-differentiation of the views of the

managers concerning the mission of the art museums has to be rejected. In other words, the economization could to some degree be revealed from the answers of the managers.

Conclusion

The aim of our paper was, first, to explore the perceived objectives of the managers of the Finnish art museums and, second, to explore how the managers view the mission of the museums. The focus was particularly on investigating whether the pressures of the economic environment have influenced the managers' perceptions of the importance of the museums' functions and the nature of the art museums' objectives.

The analysis was carried out in three stages. First, the major functions of the art museums were outlined and some remarks on the hierarchies of those functions were made. It was noted that the managers evaluate all the functions of the art museums to be of great importance, and only slight differences in the relative importance of the functions were reported. Arranging exhibitions was regarded as the most significant of all the functions. It was also shown that the artistic quality is highly appreciated by the managers.

Second, the perceived managerial objectives were evaluated. The focal point was in finding common features of managers' expressions of the objectives: the emphasis was on discrepancy between artistic vs. non-artistic objectives and quantifiable vs. non-quantifiable objectives. Three main points were found: first, the perceived objectives were closely connected to the conceptions of Finnish cultural policy and to the legitimation of the institutions' existence; second, the importance was placed on the quality of the museums' performance; and third, there was a clear dominance of non-measurable, i.e. qualitative, formulations of the objectives. In the further analysis of the perceived objectives, the 'economization' of the objectives was examined. It was noted that due to the changing economic and financial environment, there are rising pressures towards the economization of the objectives, and the managers of the art museums are to some extent aware of them, and this awareness can be expected to keep increasing gradually in the future. However, it seems that the artistic criteria have effectively persisted and remained as the main criteria despite the outside pressures to implement economic and quantitative objectives. The managers appeared to consider all forms of economization as a threat rather than a possibility.

Finally, tentative LISREL models were estimated. The focal point in building the models was the "formalization" of the discussion of the perceived objectives presented in the

previous sections; however, the models were constructed in a rather ad hoc manner. First, four first order latent variables - co-operation, customers, functions and finance - were constructed to reflect the topics which were assumed to be important in the managerial decision-making of art museums. The empirical testing of the models seemed to suggest that there was some sense in the priori assumptions of the models: all the measurement models were proper. Second, it was analyzed whether these first order latent variables could produce one or two second order latent constructs. The model with two second order latent variables seemed to fit better to the data, and there was no empirical evidence supporting a single second order latent variable. The supported model which differentiates decisions made on the grounds of economic values and traditional values is also in line with the findings of the qualitative and descriptive analysis: the managers of the art museums bear in mind the outside economic pressures in addition to maintaining the artistic values.

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