

PRELIMINARIES FOR DESIGNING A MARKETING STRATEGY IN THE CULTURAL MARKET: THE CASE OF ROMANIA

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Abstract: *The development of the cultural sector and its specific branches has been (and still remains) a problem to be solved by all the involved stakeholders – public authorities, cultural operators or beneficiaries of cultural products, services and activities. The conceptual transition from the cultural economy, through cultural management, to cultural marketing produced in recent years has created important opportunities for adopting a marketing vision that gives priority to the consumer of cultural products and services and places meeting of his or her needs and expectations at the forefront. Cultural operators have thus had to bring their marketing vision to life by designing and implementing a marketing strategy.*

Paper presents the results obtained using the GE multifactorial analysis at the level of the main segments of the cultural market, described by the corresponding cultural activities conducted by the consumers – watching or listening cultural programmes on the TV or radio, reading books, going to the cinema, visiting historical monuments or sites, visiting museums or galleries, attending concerts, visiting public libraries, going to the theatres and seeing a ballet, dance performance or opera performance, in order to identify the overall coordinates of the marketing strategies to be designed and implemented to support the sustainable development of the Romanian cultural market.

Keywords: *Marketing strategy, cultural market, sustainable development, Romania*

1. INTRODUCTION

Scholars have begun to discuss and define the concept of cultural marketing in the 1970s and, since then, the academic literature approaching the subject became more and more extensive. Still, the organizations present in the cultural market, both public and private entities, seem to be only exploring its content and related opportunities. To a certain extent, the situation may be explained considering the ongoing transition from cultural economics, via cultural management, toward cultural marketing – to name the main concepts governing the economic perspective over the sector. On the other hand, the marketing myopia affecting the way in which a relatively important part of the operators active in the cultural market conduct their activities should be corrected by integrating a marketing vision needed to improve their way of performing and a corresponding strategy to improve this performance.

The classical view over the marketing strategy, as described by Kotler and Armstrong (2014), states that designing a marketing strategy involves four steps: market segmentation (dividing the total market into smaller segments with distinct needs, characteristics and behaviors), market targeting (evaluating each market segment's attractiveness and selecting one or more segments), differentiation (differentiating market offering to create superior customer value) and positioning (arranging the market offering to occupy a clear, distinctive and desirable place relative to competing products in the minds of target consumers) [5].

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Aghazadeh (2015) has recognized the essential contribution of the marketing strategy, within the overall strategy, in generating a sustainable competitive advantage for the organization. Thus, the marketing strategy should integrate the resource-based and market-based views, consider the internal capabilities and external position of the organization in order to produce a competitive advantage through the core competencies involved in creating value, attracting and satisfying customers based on a comprehensive model of an intelligent marketing strategy having as support the innovative knowledge employed to achieve superior performance [1].

Particularly in the cultural markets, creativity plays a critical role in developing a marketing strategy capable to generate appropriate marketing performances. As Slater et al. (2010) have found, although dynamic capabilities enabling the appropriate adaptation, integration, and deployment of physical, human or organizational capital to align organization with the changing business environment are a source of competitive advantage, creativity and implementation effectiveness of the marketing strategy are positively and generally connected with the capacity of the business units to achieve their objectives [9].

After getting the formal recognition within the Brundtland Report (1987), according to which the sustainable development was defined as development that meets the needs of current generations without compromising the ability of future generations to meet their own needs [10], the relationships between the sustainable development, sustainability and the marketing strategy have been reviewed in the context of the concern for gaining competitive advantage. Focusing on the concept of marketing strategy, Kumar et al. (2012) have discussed the evolution of sustainability in marketing along with the concepts of sustainability marketing and the issues and challenges related to sustainability marketing strategy and found that, besides the fact that gaining a competitive advantage remains a critical outcome of any marketing strategy, the analysis and evaluation of marketing strategy in terms of sustainability represents a unique objective and requires special attention [6]. Debating the concepts of sustainable and sustainability marketing, Belz and Peattie (2009, in Kumar et al., 2012) have identified and explained the differences between these terms: „sustainable” is related to something durable or long lasting and, therefore, sustainable marketing is „a kind of marketing, which builds long lasting customer relationships effectively – without any particular reference to sustainable development or consideration of sustainability issues”, whereas sustainability marketing is more explicitly related to sustainable development agenda and is defined as the „building and maintaining sustainable relationships with customers, the social environment and the natural environment” [2].

Taking into consideration their content and characteristics, cultural markets can be easily assimilated to the emerging markets in terms of building a marketing strategy, particularly in connection to the challenges posed by their five key characteristics presented by Sinha and Sheth (2018): market heterogeneity, sociopolitical governance, unbranded competition, chronic shortage of resources and inadequate infrastructure. The most important marketing problem at the level of these emerging markets (and, similarly at that of the cultural markets) is to diminish the negative impact of these characteristics in order to increase the ratio of first-time users to nonusers thereby resulting in large scale market expansion implementing one of the following eight marketing strategies rooted in a 4 A's framework [8]:

- Affordability through democratizing (offering low cost products for the mass market) and upscaling (enhancing consumer and consumption by adding new product categories or preferring branded over unbranded products or moving up from local to global brands) the offer;

- Accessibility through managing (expanding access to products by penetrating pre-existing marketing channels) and reinventing (innovating to expand access by leveraging and facilitating the use of modern means of distribution) reach;
- Acceptability through cultural (creating innovative products that combines traditional cultural elements with contemporary, global ones to increase product acceptability) and functional (creating innovative products that combine elements of both the developed and developing world in ways that better meets the product functionality needs of consumers) fusion;
- Awareness through building brand identity (by finding the right balance between globalness and localness and education of the consumers about brands) and engaging stakeholders (by actions and initiatives that are targeted at multiple stakeholders, such as the community, suppliers, employees and the environment).

2. METHODOLOGICAL NOTES

Designing a marketing strategy requires a careful assessment of the position held by the organization in the market in terms of the alignment to the marketing and business environment. One of the most powerful tools that can be employed in this respect is represented by the General Electric McKinsey Matrix that aims to offer (McKinsey & Company, 2008) a systematic approach to determine the best investment (and development) paths to be followed by an organization considering two factors that will determine whether it's going to do well in the future: the attractiveness of the relevant industry and the unit's competitive strength within that industry [7].

The content and significance of the GE McKinsey Matrix variables may be described by the following elements (Jurevicius, 2014):

- **Industry attractiveness** indicates how easy will be for an organization to compete in the market and earn profits on a longer term perspective and may be assessed in terms of one or more of the following factors: long run growth rate of the market, industry size, industry profitability, industry structure, product life cycle changes, changes in demand, trend of prices, macro environment factors, seasonality, availability of labor, market segmentation;
- **Competitive strength of a business unit or a product** measures the competitive strength of a particular business unit against its rivals (whether it has a sustainable competitive advantage and for how long it will be maintained) considering the following factors: total market share, comparative market share growth, brand strength, profitability of the company, customer loyalty, resources capabilities, strength in meeting industry's critical success factors, strength of the value chain, level of product differentiation, production flexibility [4].

For the purpose of this exploratory research approach, industry attractiveness and competitive strength of the business unit have been assessed considering dynamics (2007-2013) and level of involvement (2013) in the segments of the Romanian cultural market. The segments have been defined in terms proposed in the Special Eurobarometer 399 on Cultural Access and Participation in the European Union [3] and the specific data at the level of the Romanian and EU market have been selected, processed and analyzed.

3. MAIN FINDINGS

The Romanian cultural market has registered a significant decline between 2007 and 2013, the involvement in the cultural activities, respectively at the level of the cultural market, decreasing from 33.3 to 28.0 %, corresponding to an overall average decrease rate of 16 %. This evolution does not represent a surprising one if is to have in mind at least the following factors: the impact of the economic crisis that affected both the resources allocated by individuals and households for the acquisition of cultural goods and services and/or the participation in cultural activities; the similar evolutions occurred at the level of the entire European Union market (although at significantly different levels – an overall average decrease rate of only 5.9 %, as a result of a decrease in terms of the level of involvement in the cultural activities at the level of the cultural market from 46.3 to 43.7 %); finally, the overall low level of participation in cultural activities at the level of the Romanian market motivated mainly by demographic, economic and social reasons.

Table 1. Cultural activities, level of involvement in cultural market segments (2013) and dynamics of the cultural market segments (2007-2013) in Romania

Cultural activities / market segments	INV		MD
	2007	2013	2007-2013
Watching or listening cultural programmes on TV or radio	75	59	-21.3
Reading books	58	51	-12.1
Going to cinema	22	20	-9.1
Visiting historical monuments or sites	40	33	-17.5
Visiting museum and galleries	27	21	-22.2
Going to concerts	28	25	-10.7
Visiting public libraries	22	17	-22.7
Going to theatres	20	15	-25.0
Seeing a ballet, dance performance or an opera	8	11	37.5
Overall cultural market	33.3	28	-16.0

Notes: INV – level of involvement in cultural market segments (percentages); MD – dynamics of cultural market segments (percentages). Data source: Special Eurobarometer 399 on Cultural Access and Participation (2013).

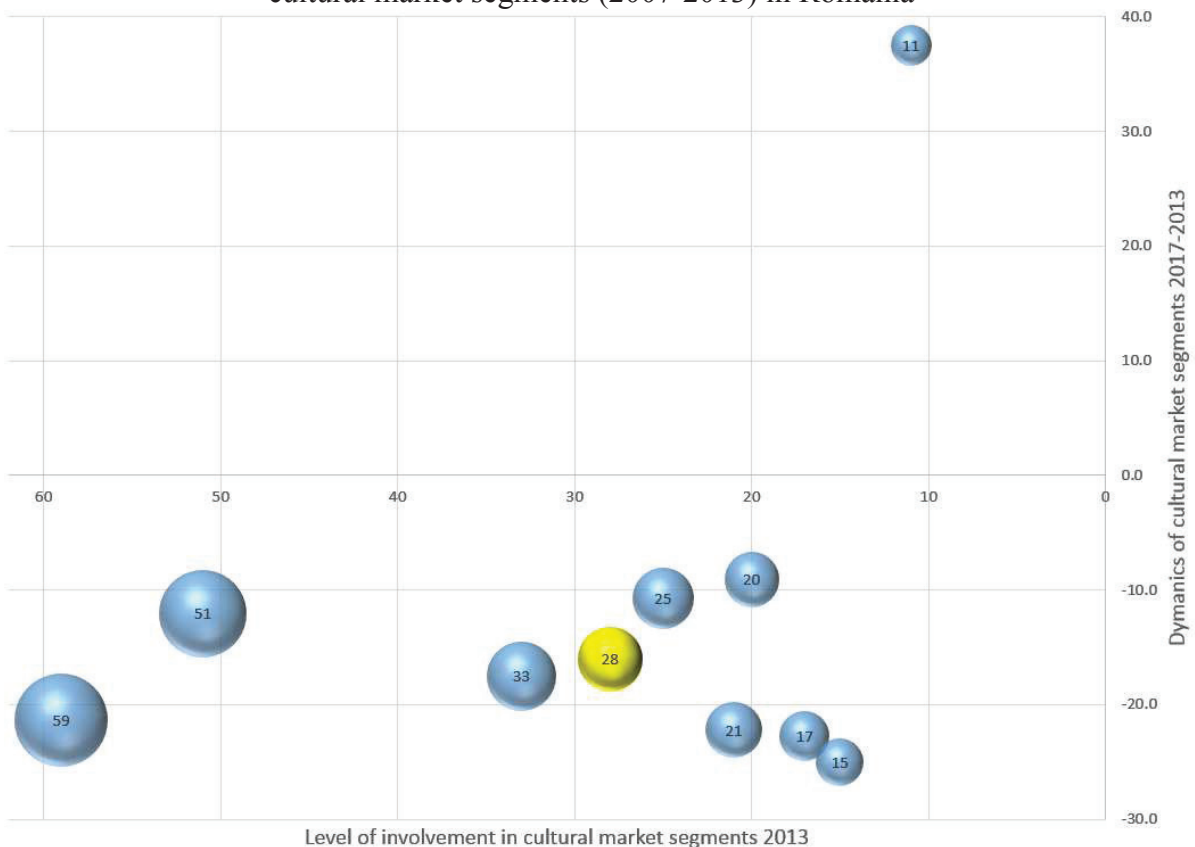
Analysis of the dynamics of the cultural market segments reveals that, between 2007 and 2013, eight of the nine considered segments (and the corresponding providers of cultural goods, services and activities) have registered a relatively significant decline. The most affected segments were theatres (-25.0 %), public libraries (-22.7 %), museums and galleries (-22.2 %), TV and radio cultural programmes (-21.3 %). Less consistent declines were registered by the segments of historical monuments and sites (-17.5 %), book publishers and distributors (-12.1 %), concerts (-10.7 %) and cinemas (-9.1 %). The exception from the rule is represented by the segment of ballet, dance performance and opera providers that has registered an apparently strong increase of 37.5 %; only apparently, as it is about an increase in the level of involvement in ballet, dance performances and opera from 8 to 11 % (this segment being the most fragile in terms of involvement).

Analysis of the cultural market segments allows building a structure including three categories of these segments in terms of market dynamics: first, comprising segments with an average decrease rate of no more than -8.33 % (no market segments included here); second, comprising segments with an average decrease rate between -8.34 and -16.66 % (going to cinema -9.1 %, going to concerts -10.7 %, and reading books -12.1 %); third, comprising segments with an

average decrease rate between -16.67 and -25.00 % (visiting historical monuments and sites - 17.5 %, watching and listening cultural programmes on TV and on the radio -21.3 %, visiting museums and galleries -22.2 %, visiting public libraries -22.7 % and going to theatres -25.0 %). Seeing ballet, dance and opera performances (+37.5 %) appeared as a market segment totally outside of the cultural market but its evolution did not generate important effects at the level of the whole market.

Analysis of the level of involvement in the cultural market segments allows building a structure including three categories of these segments in terms of involvement: first, comprising segments with an involvement of more than 40 % (watching and listening cultural programmes on TV and on the radio – 59 %, respectively reading books – 51 %); second, a category comprising four segments with an involvement between 21 and 40 % (visiting historical monuments and sites – 33 %, going to concerts – 25 %, visiting museums and galleries – 21 %, going to cinema – 20 %); and third, a category comprising three segments with involvement of less than 20 % (visiting public libraries – 17 %, going to theatres – 15 % and seeing ballet, dance and opera performances – 11 %). The comparison between the levels of involvement in 2007 and 2013 reveals: (a) a significant decrease of both the consumption of cultural goods and services and the participation in cultural activities (for eight out of the nine considered market segments); (b) a structural change of this involvement with a strong decrease of the second category (having as reference the levels of the year 2013) consisting in the reduction of the specific market segments from six to four by transferring two segments in the third category (visiting public libraries and going to theatres). Both these aspects explain to a reasonable extent the overall decline of the Romanian cultural market.

Figure 1. Level of involvement in cultural market segments (2013) and dynamics of the cultural market segments (2007-2013) in Romania



Applying the General Electric McKinsey framework at the level of the Romanian cultural market provides the following conclusions:

- The cultural market, seen as a whole, is positioned suggesting an option between selectivity and earnings. Public and/or private entities operating in this market should weigh and decide whether will implement a selective market strategy or will put into practice a strategy aiming to generate/capitalize earnings produced by the different market segments;
- There is only one market segment positioned in the area of invest and/or grow. Although at a less satisfactory level in terms of buying and reading books, the book publishing industry is in a favored position, at least by comparison to other segments of the Romanian cultural market. The relatively solid habit of reading at least one (or several) book(s) provides the industry members (publishing houses, book distributors, authors) not necessarily reasons but rather hopes that their market of interest will have the potential to grow sustainably on a longer term;
- There are three market segments positioned, as the entire cultural market, in the areas of selectivity or earnings: watching and listening cultural programmes on TV and on the radio, going to concerts and going to cinema. Television and radio provide good opportunities based on the relatively high level of involvement, while going to concerts and cinema compensate the lower involvement by a less accentuated decline. Cultural operators should decide whether will support these activities aiming to get the best possible result in terms of profit or will select one of these segments in which will invest resources in order to grow it and improve its marketing performances;
- Four market segments are positioned in the area of divest or harvest strategy. Visiting historical monuments and sites and visiting museums and galleries have a slight advantage by comparison to visiting public libraries and going to theatres backed by the relatively better involvement of the cultural consumers but all four segments are affected by the severe decline rates. The decision to be made depends mostly by the nature of the entity involved and its level of operation: a public institution with attribution in the field will have to find solutions to support all these segments while a private operator will be able to select the segments or activities to divest or harvest;
- Finally, the segment of ballet, dance and opera performances is positioned outside the classical framework of the General Electric McKinsey matrix due to its impressive growth dynamic. Still, the development potential of this segment is severely limited by its very low level of involvement and its peripheral position in the cultural market.

4. LIMITS OF THE RESEARCH, CONCLUSIONS AND FUTURE DIRECTIONS

The structure of the Romanian cultural market includes segments that differ significantly in terms of their market dynamics and involvement of consumers of their specific cultural goods, services and activities. The clear differentiation between the segments as well as the overall poor level of the market development require a creative and innovative approach in the design of marketing strategy, very close to that specific to an emergent market in terms of the marketing challenges and strategic options to be designed and implemented.

The present study represents just a preliminary exploration aiming to produce an overall picture of the positioning of the Romanian cultural market and its segments under a General Electric McKinsey framework and to prepare the basis for a future in-depth analysis and, later, drafting of a marketing strategy for the entire cultural industry and/or its segments. Employment of just a single variable in the assessment of the industry attractiveness and the competitive strengths represents an important limit of the research and identification of the factors capable to allow

an accurate and aggregate measurement of these dimensions represents a future direction of investigation.

Data selected, processed and analyzed were relatively old but there are not available more recent data as a new study of a similar scale with the Eurobarometer on cultural access and participation has not been conducted yet. Still, data available at national level, provided by the National Institute of Statistics and other specialized providers could be employed in order to assess both the industry attractiveness and competitive strength at the level of the entire market and its segments, thus representing another future direction of investigation.

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