

# Understanding service experience in non-profit performing arts: Implications for operations and service management

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## Abstract

Recent research in the non-profit performing arts has shown that marketing efforts designed to increase revenue from ticket sales are not achieving the results required to sustain the performing arts. This paper applies operations management analytical techniques to the non-profit performing arts to increase understanding of operational issues and inform service management strategy. The paper takes a two-study idiographic approach. Implementing a modified version of service transaction analysis (STA), Study One describes a performing arts service from provider and customer perspectives, identifies service gaps and develops an elaborated service description incorporating both perspectives. In Study Two, building on the elaborated service description and extant research, in-depth interviews are conducted to gather thick descriptions of predictors of satisfaction, value and service quality as they relate to repurchase intention (RI). Technical, functional and critical factors required to improve organizational performance are identified. Implications for operational strategy, service design and service management theory for this context are discussed.

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**Keywords:** Service operations; Service quality; Marketing/operations interface; Process design; Operations strategy

## 1. Introduction

Decreased government financial support and increased competition for donors, grants and sponsor

support (Sullivan Mort et al., 2003) have increased the pressure on cultural arts organizations to raise funds from ticket sales to improve financial returns on show performances. Rentschler et al. (2002) suggest the primary objectives of cultural arts organizations must focus on audience development and increased ticket sales to achieve improved profitability and performance. It is evident however, that past and present marketing efforts focusing on subscriptions, venue management and attendance are not meeting organi-

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zational profit performance objectives and new strategies need to be identified (Cutts and Drozd, 1995; Rentschler et al., 2002).

Recent studies have profiled performing arts audiences and attendance motivations (Bouder-Pailier, 1999; Cuadrado and Molla, 2000) but these studies have focused primarily on social hedonism, intellectual enrichment, and arousal of emotions more relevant to the highly involved committed arts consumer (Broderick and Mueller, 1999), the culturally elite and experiential consumption. Highly involved arts consumers fall into two categories of involvement. The first are those who have an enduring level of personal relevance to the performing arts. These patrons are committed and attached (Jain and Srinivasan, 1990; Broderick and Mueller, 1999) to the performing arts. The second are those with a high level of hedonic involvement. These patrons are emotionally attached and demonstrate a strong need for emotional attainment (Laurent and Kapferer, 1985; Broderick and Mueller, 1999). As competition for patronage in the leisure and entertainment sector intensifies, the cultural arts might be threatened if it operates solely in these narrow elitist artistic and cultural domains. The cultural arts must adopt a broader market definition of potential consumers to compete for the same entertainment dollar as sport, movies, cuisine and other entertainment pursuits. Arts organizations no longer can define their service offering based solely on the subjective motivations of culturally aware theatre buffs and loyal arts enthusiasts (Cuadrado and Molla, 2000). They must understand how a broader market derives satisfaction and value and decides to re-consume. When this is understood, organizations can design and deliver a service offering which will assist in increasing performance through re-consumption.

This paper reports research guided by the question: how does the potential performing arts consumer market observe and evaluate the performing arts service experience and the process of service delivery within this sector and form the intention to reconsume/repurchase? A resolution of this question will improve our understanding of the relationship between technical (show) and functional delivery (Grönroos, 1990) service aspects and consumer satisfaction judgments that drive reconsumption. In order to resolve this question the service offering and exchange

must be examined. Service transaction analysis (STA) has been developed as a technique to achieve rigorous examination of service offerings by combining both information from the managerial voice and the customer view of the experience, both of which provide insight into shared perceptions and critical mismatches (Johnston, 1999). STA combines both the provider and customer perception of the front stage service offered (Grove and Fisk, 1988) highlighting gap one incidence (Berry et al., 1990). Berry et al. (1990) created the *conceptual model of service quality* to articulate the mismatched perceptions of *expected service*, delivery, quality and communication and *offered service*, design, delivery, quality and communication. This analysis focuses on identifying the misperceptions in the customer, service provider dyad.

The desired outcome of the initial stage of STA resembles this process and identifies gap one analysis. Gap one findings reflects the difference between the customer's expected service and the organizational perception of the customer's expected service. Once this is achieved, STA identifies the frontstage interactions and these are measured using a scale questionnaire gauging consumers' reactions to the performance of particular factors. This research uses a modified STA approach. First, it conducts provider and consumer consultant interviews (Johnston, 1999) to gain an understanding of the service offering as seen by the organization and the service experience as seen by the customer. It then deviates from the classic STA approach of scaled questionnaires by using in-depth consumer interviews to gather rich, thick descriptions of customer drivers of satisfaction and re-consumption. Using consumer interviews to gather thick descriptions of intangible issues and perceptions of performance reveals issues not easily disclosed using other research approaches (Patton, 1990).

This paper proceeds by first describing research on experiential consumption and the performing arts. Literature on service experience, customer satisfaction, service quality, repurchase intention (RI) and their interrelationships are then examined. Approaches to analysis appropriate to this context are reviewed. Next, the research method, analysis, results and discussion of two empirical studies are presented. The paper then provides managerial reflections for the performing arts and finally discusses areas for future research.

## 2. Experiential consumption and the performing arts

Performing arts research has positioned arts management and arts consumption as specialist fields of consumer behavior research (Bouder-Pailler, 1999). The performing arts have measured performance not only in ticket sales but also in overall artistic effectiveness and contribution to the arts (Bendixen, 2000). This research has focused on the experiential nature of the cultural arts and the emotional motives of consumers (Bouder-Pailler, 1999). These motives have included personal intrinsic goals such as emotional and intellectual developments (Bouder-Pailler, 1999) and social goals. Social goals are more extrinsic, such as social contact and membership (Garbarino and Johnson, 1999). This research does not recognize consumer goals outside the sphere of hedonism and focuses only on experiential service aspects (Bouder-Pailler, 1999; Bendixen, 2000; Cavenago et al., 2002).

Marketing approaches that seek to nurture greater contact between the audience and the core service (the show) have been introduced to this field (Bouder-Pailler, 1999), however these strategies have not addressed the entire service offering from pre-arrival to post-departure (Danaher and Mattsson, 1994) which includes contacts with all facilitating and supplementary services (Cooper-Martin, 1991; Lovelock et al., 2001). Motivations for attending the theatre have been explored (Scheff, 1999), but the judgments influencing re-consumption such as satisfaction and value have not been clarified. Artistic appreciation of the cultural arts seems to increase with consumption (Cavenago et al., 2002). Whether increased appreciation results in increased rates of re-consumption has not been explored. Research has suggested that increased customer familiarity does alter the drivers of re-consumption (Soderlund, 2002), but how this applies in this context has not been explored. Overall, this research stream focuses on artistic value and technical show quality and overlooks the utilitarian or more functional dimensions of service quality and process (Grönroos, 1990).

Until recently, it has been suggested that success of the performing arts service offering is dependent on the ability of the show/service to evoke emotion and arouse subjective reactions (Hirschman, 1982; Hol-

brook and Hirschman, 1982; Holbrook, 2000; Addis and Holbrook, 2001). Consequently, the primary intent and core of the service offering has been the delivery of these components to meet subjective needs. Under this paradigm, it is suggested that consumers do not use comparison standards to measure the encounter. Rather they look to risk-reducing strategies to avoid poor consumption experiences, such as attending movies featuring a favorite actor or receiving favorable reviews by critics.

More recently, it is suggested that the higher the experiential component and consumer involvement, the greater the emphasis not only on subjective or emotional aspects but also on objective aspects (Holbrook, 2000; Addis and Holbrook, 2001) of consumption. This suggests that the emphasis should not be on either experiential or utilitarian functional aspects but on how the consumer weighs these attributes in their overall judgments (Pine and Gilmore, 1999; Addis and Holbrook, 2001). Some researchers have suggested that experiential outcomes of the service offering are not the economic offering. They highlight the importance of subtleties, such as augmented service attributes and suggest it is these that drive value and satisfaction judgments (Johnston, 1999; Pine and Gilmore, 1999) and subsequently repurchase or re-consumption intention.

## 3. Describing the service experience

A recent definition of service suggests it to be “a bundle of explicit and implicit attributes” perceived differently by customer segments (Driver and Johnston, 2001, p. 132). These attributes are perceived as either “search qualities,” (i.e. verifiable attributes), “experiential qualities” that cannot be evaluated until experienced, or “credence qualities”, those that the consumer finds difficult to evaluate due to limited expertise and understanding (Lovelock et al., 2001). Performing arts services are suggested to be high in experiential qualities (Harvey, 1998) and in some consumer segments high in credence qualities.

A service encounter is dyadic—it occurs between two parties (Shostack, 1982, 1984, 1987; Czepiel, 1990) is bounded, it has a beginning and an end or outcome, and some form of exchange takes place

(Dwyer et al., 1987). Most researchers would agree that the term, “service experience”, relates to a number of contributory events and a number of transactions or interactions between a customer and a provider in the exchange of the service (Berry, 1983; Solomon et al., 1985; Dwyer et al., 1987; Czepiel, 1990). These terms lack clarity. A service experience is not defined solely by any individual incident (Dwyer et al., 1987; Czepiel, 1990; Singh, 1991; Hume and McColl-Kennedy, 1999). It is the interpretation of the incidents and encounter points that defines the experience.

The provider creates an offering through the design of a series of encounters and interactions. The consumer interprets these encounters to construct an overall experience. The service description is the verbalization of the service offering from the provider by their design intent and from the consumer by experience. When describing and designing the overall service offering the provider must consider the customers’ responses to the encounter in order to align the service offering with the service experience. Constructs such as value, customer satisfaction and service quality are then related to how closely these encounters, within the offering, are consistent with the customers’ wants and needs. The challenge for researchers is to identify the important incidents within the experience and to understand their relationship to repurchase intention.

#### **4. Understanding the service experience: repurchase intention**

Repurchase intention has been examined in many contexts. However, the examination of the drivers in the performing arts context is limited. RI is defined as the customer’s decision to engage in future activity with a service provider and the form that this activity will take (Zeithaml et al., 1996). Zeithaml et al. (1996) suggested two dimensions to positive repurchase behavior. The first is the intent to re-buy, and the second is the intent to engage in positive word of mouth and to recommend. This study focuses on RI. RI, re-buy intent and re-consumption are terms used synonymously.

The constructs RI and loyalty are often confused. Loyalty is defined as the commitment and preference

to re-purchase a particular product or service over time, whereas RI is the intention to engage in the actual behavior of re-buying (Oliver, 1999). Loyalty and RI are currently considered more direct indicators of actual re-purchase than other commonly used indicators such as customer satisfaction (Oliver, 1999). Customer satisfaction has long been considered the main predictor of RI (Jones and Suh, 2000). However, several other drivers have recently been shown to be strong predictors of RI in certain contexts. Constructs such as value and convenience (Patterson and Spreng, 1997; Butcher et al., 2002), customer familiarity (Soderlund, 2002), service failure and recovery (Anderson and Sullivan, 1993), service quality (Slogland and Sigauw, 2004) and mood, affect and emotion, (Bagozzi et al., 1999; Liljander and Mattsson, 2002) have all received attention in recent research.

Each of these constructs has been shown to influence RI and therefore warrant brief discussion. Value has been positioned as a direct antecedent of both loyalty and RI and to act indirectly as a moderator of service quality and satisfaction (Caruana et al., 2000). A further study has shown value to be entirely mediated through satisfaction to RI (Patterson and Spreng, 1997). Pre-purchase customer familiarity has been shown to influence the degree of post-purchase response by affecting both satisfaction and RI. When the service was highly familiar and service performance was high, customers expressed a high level of satisfaction and desire to return whereas when service performance was low such as a service failure, in a highly familiar service, consumers expressed strong dissatisfaction and desire to not return (Soderlund, 2002). Therefore, customer familiarity influences the strength of the response. Furthermore, the type of service failure and the strategies to rectify the failure (i.e. service recovery) have also been shown to influence RI. Feelings of equity and justice have a strong positive direct relationship with RI (Palmer et al., 2000) with trust recently being identified in the literature as contributing to loyalty, customer satisfaction and RI (Morgan et al., 1994).

It has been established that customer satisfaction consists of both transaction specific satisfaction and cumulative satisfaction (Iacobucci et al., 1995). Cumulative satisfaction refers to overall satisfaction

with all transactions (Iacobucci et al., 1995). It refers to the way in which consumers rationalize failed and successful encounters, and how they decide whether to re-consume or not. In essence, it is the “Will I ever go back?” score. Transactional satisfaction is the result of a specific encounter, in this case, the single show or performance (Iacobucci et al., 1995). Jones and Suh (2000) found cumulative and transaction specific satisfaction influence RI in different ways. Cumulative satisfaction was found to have both a direct influence on RI and a moderating influence on transaction specific satisfaction. When cumulative satisfaction was high, transaction specific incidents did not influence overall evaluations, whereas when cumulative satisfaction was low, transaction specific incidents will influence overall satisfaction and will contribute to both positive and negative RI evaluations. It needs to be noted that low cumulative satisfaction does not indicate dissatisfaction. It can occur in several cases such as with customers who are lowly involved, who have low familiarity, are infrequent users, switchers or who are non-relational customers (Soderlund, 2002).

Examination of the extant literature reveals that service quality also plays a role in RI (Slogland and Siguaw, 2004). These authors argue that satisfaction plays only a small role in predicting loyalty in a hotel setting. In this setting, service quality factors such as human contact elements, design and amenities were stronger predictors of loyalty. Interestingly the exact nature of this relationship could be contextually dependent in a hospitality setting and warrants testing in other settings (Bahia et al., 2000). Service quality has also been shown to affect customer satisfaction (Harvey, 1998) and therefore is proposed to indirectly influence RI. This taxonomy of re-purchase drivers goes some way towards reflecting the complex set of drivers to re-purchase in any given context. The performing arts are further complicated by the experiential nature of the service and the need for the attainment of subjective emotional goals. With services that are more experiential in nature, like the performing arts, emotion and the attainment of desired emotional goals (Bagozzi et al., 1999) influences judgments leading to RI.

Satisfying the subjective emotional goals and provoking emotional reactions has been proposed as the most crucial element in determining customer

value in an experiential experience (Addis and Holbrook, 2001). Emotion has been suggested as the driver of consumption and re-purchase for many experiential services and researchers have identified a particular segment of customers who consume to satisfy affect (Maio and Esses, 2000). Recent emotions research (Nyer, 1997; Bagozzi et al., 1999) suggests the need to achieve goal-directed-emotion plays a significant role in satisfaction and post-consumption behavior, especially through word-of-mouth and complaint behavior. However, limited empirical evidence is available on the influence of emotion directly on re-purchase intention (Nyer, 1997; Bagozzi et al., 1999).

Pullman and Gross (2004) have recently examined the use of *experience design* and the impact of these design elements on loyalty outcome. Experience design is a technique that aims to use design strategies to stimulate an emotional connection with the customer and utilizes the experience to generate positive emotional outcomes (Pullman and Gross, 2004). This research was conducted in a hospitality setting. It was found that evoked emotions significantly influenced loyalty behavior with relational factors, those delivered from personnel, most strongly influencing emotions. Physical factors had a mixed impact on emotion and therefore a minimal indirect impact on loyalty. It is evident that the customers' responses to service encounters, the venue and to the overall service experience leading to re-purchase intention are complex and require a deeper understanding on the part of the service marketer in order to maximize the potential positive repurchase behavior of customers.

## 5. Analyzing the service experience: approaches to analysis

Various approaches to service experience and service offering analysis have been proposed. Fitzsimmons and Maurer (1991) developed the operational management audit. This is a performance assessment tool designed to assess the customer's evaluation of the step-by-step process of service creation and delivery. Both Danaher and Mattsson (1994) and Fitzsimmons and Maurer (1991) used service blueprinting to breakdown the stages of



customer contact for evaluation. Blueprinting stages include pre-consultative, arrival, consultative/presentation, close and overall performance and focus analysis on a provider orientation of back and front stage (Grove and Fisk, 1988) interrelationships.

Service mapping, sequential incident analysis and the servuction system model adopted by Bateson (1995) also use this service blueprint approach. These techniques aim to map the service offering as a sequence of critical and non-critical service encounters as these are thought to interact with customers. Johnston (1999) has more recently developed the STA technique to amalgamate elements of the walk-through audit and sequential incident analysis combining both provider and customer views and perceptions of contact points throughout the service offering. This technique differs from service blueprinting. Blueprinting as a technique maps the delivery process of both backstage and front stage (Grove and Fisk, 1988) inter-relationships from the provider's perspective and has been a popular method of organizational service mapping. It does not consider customer interpretations of the encounter explicitly. Johnston (1999) argues that earlier techniques are limited because they are either biased by offering only the provider view or limit customers' recall to certain elements of the process and miss the more subtle issues and interactions the customer may perceive (Johnston, 1999).

## 6. Research method

The research method applied here is designed to examine the question: How does the potential performing arts consumer market observe and evaluate the performing arts service experience and the process of service delivery within this sector and form the intention to reconsume/repurchase? Moreover, it aims to understand the role of the antecedents of RI presented in the current literature. These are value, customer satisfaction, service quality and emotion. In order to establish the context of measurement, Study One establishes a standardized context for measurement. Providers and customers are asked, "How do performing arts service providers describe, deliver and perceive their offering is evaluated?" and "How does the performing arts

consumer observe, describe and evaluate the performing arts service experience and the process of service delivery?" We investigate the structure of several key constructs. These are:

- Context: service description of performing arts from the provider and customer perspectives to develop a general performing arts description;
- Context: service process and service design from the provider and customer perspectives to develop a general process flow that forms the foundation of examination;
- Service quality, value, emotion and satisfaction from the customer's perspective as the drivers of RI.

This research is in two studies: Study One uses STA to develop a service description for the performing arts from the perspectives of the service provider's defined offering and of consultant customers' experiences. This study then superimposes each description to develop an elaborated service description, thereby highlighting gap one incidents (Zeithaml et al., 1985) and achieving a baseline context for measurement. Study Two uses in-depth questioning to investigate the elaborated service description developed in Study One to draw out the drivers of repeat consumption/repurchase intention in a performing arts context.

## 7. Study One

### 7.1. Research design and sampling

Using a modified version of STA (Johnston, 1999) as the framework for Study One, a combination of organization and customer interviews with "walk-through audits" were conducted to gain description of a typical performing arts offering and the customer experience of such offerings. The aim of this process is to gain a clear understanding of the service context. The context of the service dictates the environment, servicescape, and the relational and physical cues (Pullman and Gross, 2004). Knowledge of these aspects is essential when examining the service to ensure a similar context is offered to each candidate for discussion. Interviews were conducted with the key decision-makers, such as the Chief Executive Officer (CEO). CEOs possess the most comprehensive

knowledge of the characteristics of the organization and its strategy (Snow and Hrebiniak, 1980).

Research was conducted at four major performing arts sites in a major metropolitan area. Each site offered a different mix and diverse range of performing arts genres. Consistent with the suggested range of case sampling of four to ten cases (Eisenhardt, 1989), four site interviews were adopted. Sampling proceeded until theoretical saturation was achieved. Theoretical saturation is a process whereby themes and constructs from one case or interview are substantiated by the evidence of another case, and sampling proceeds until no new issues are introduced (Eisenhardt, 1989).

The interviews were guided by open-ended questions such as “How do you describe the performing arts service that you offer?” “What steps do you go through to deliver the service?” “Do you think that your description differs from the customer’s description of the service?” “How do you think customers evaluate your service offering and decide to come again next time?” These interviews highlighted the steps and processes that currently receive emphasis in service description and service process design from the organization’s perspective. They also identified the arts organization’s focal performance areas and areas they considered particularly relevant in their service delivery. Findings informed the consultant customer interviews that followed.

Consultant consumers were identified on the basis that they were knowledgeable about the performing arts and were frequent attendees, consistent with the theatre buffs and enthusiasts groups identified by Cuadrado and Molla (2000). The consultant customers function as lead users (von Hippel, 1986) in this context. Beginning with one consultant customer identified by a performing arts CEO, a snowballing technique was used to identify further consultant customers. Sampling proceeded until theoretical saturation was achieved (Eisenhardt, 1989). In total, seven consultant customers were interviewed. The interviews were guided by open-ended questions including, “How do you describe the performing arts service that you experience?” “Can you ‘walk me through’ the experience and identify areas of importance?” “What interactions comprise the service process?” The objective of these interviews was to identify the service description and the

perceived systematic processes of a typical performing arts experience from the customer perspective to clarify the context for examination.

## 7.2. Analysis

Two sets of scripts were obtained; one set from the CEOs and the second set from the consultant customers. Consistent with the method outlined by Hubbert et al. (1995), the unit of analysis was the script that is comprised of the service encounters of a typical performing arts experience. The two sets of scripts were coded separately; each encounter mentioned and stage of delivery was recorded for each individual. These interpretations were returned to the interviewees for examination and comment and were adjusted accordingly. Once theoretical saturation was achieved and no new encounters were identified, a generic group script for the CEOs and then for the consultant customers was developed, comprised of all of the identified encounters. These were organized using sequential incident analysis in order to develop sub-classifications of stages of delivery (Danaher and Mattsson, 1994). Generic scripts from the CEO group and from the consultant customer group were superimposed to provide an elaborated service description of a typical performing arts experience and to identify Stage One Gaps (Zeithaml et al., 1988) and establish the context for examination.

## 7.3. Study One: results

### 7.3.1. Study One: service transaction analysis—managers’ views

The generic service description for managerial decision makers is depicted in Fig. 1. This consists of five encounter stages: arrival, show, intermission, show, depart theatre/exit venue. Note that there is limited emphasis and highlighted activities for pre-arrival and departure and for post-purchase evaluation. Moreover, the CEOs were not prompted for this information, as voluntary information was seen to be a more valuable understanding of their depiction of the service context. Fig. 1 includes the sub-processes identified at each stage during the CEO interviewees.

The sub-processes identified by the managerial informants focused on activities delivered by staff under management control. The service descriptions

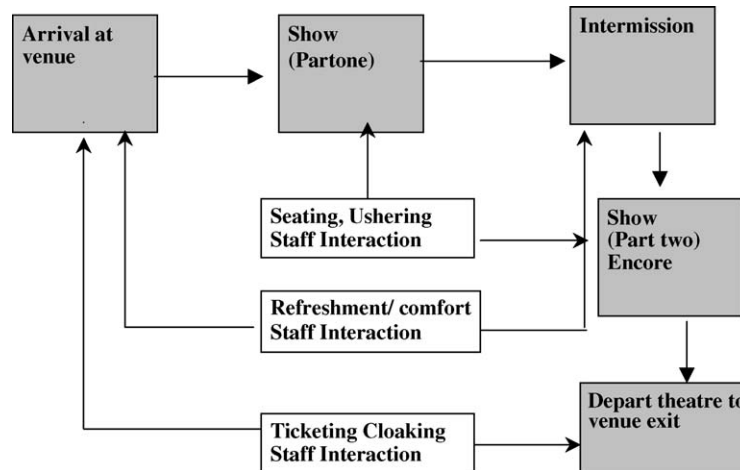


Fig. 1. Organizational service description.

appeared one-dimensional and focused on the “show performance”, including factors such as the show delivery and artistic elements, performance scheduling, artistic settings, lighting, intermission and theatre design. The service process commenced at the entrance into the venue and finished at the venue exit with limited discussion of any factors that occurred before and after these activities such as the delivery of supplementary or facilitating service (Lovelock et al., 2001). When prompted to identify the most important aspect/s of the service offering, it was evident that the focus was on the core service aspect of the “show”. *The show is the utmost important aspect of delivery ... we are nothing without the show ... (CEO3); “ticketing and the show ... first we have to sell the tickets ... fill the seats ... then we must deliver the show the customer expects ... it must promote “come back again” as well as “value for money” (CEO1).*

This suggested a strong technical quality orientation (Grönroos, 1990; Mittal and Lassar, 1998). CEOs perceived the technical delivery as the main driver of a customer’s satisfaction and placed more emphasis on this process than the delivery of augmented features such as supplementary or facilitating services. The CEOs did not voluntarily separate the concepts of satisfaction and RI and it was evident that the primary objective was to satisfy consumers and this subsequently created repurchase. It was very interesting that no CEO articulated in terms of repeat patronage, and value was seen as a derivative of satisfaction with the

show. Interestingly, Mittal and Lassar (1998) show that technical quality influences satisfaction consistent with these comments, however they found that functional quality is more strongly related to loyalty and positive re-buy, and this received limited discussion.

The CEOs offered limited discussion on the augmented features such as “pre-arrival factors” (Danaher and Mattsson, 1994) including parking and accessibility, cafes and restaurants and “peripheral delivery factors” including amenities, signposting, crowd traffic flow and venue accessibility, and believed that consumers had a high zone of tolerance for service failures related to these factors. The organizational experts were extremely conscious of the costs of these augmented and peripheral service aspects and saw these overheads as discretionary expenditures. *“You would realize we are always conscious of covering our costs. Nowadays, we barely break-even on some of the small shows so our focus has to be on the show and cutting ... or ... better still trimming costs from elsewhere” (CEO2).*

Furthermore, as many of the performing arts performances were operated by a combination of the production company, the promotional company and the venue, CEOs suggested that augmented features were often outside the scope of the general service offering and were often *“somebody else’s responsibility” (CEO4)*. Managers suggested that due to financial constraints non-core aspects were ratio-



nalized. The overall strategic spotlight was on core artistic contribution and production elements. *“Look ... the delivery of a show is a set of complex relationships ... couple that with our costs constraints ... and we have to focus on the core and do that well ... if the production company wants something special we can negotiate but it gets built into costs so ... it usually gets forgotten”*(CEO3).

Managers raised the complexity of the different types of performing arts offerings and the management structure of performing arts organizations as a constraint to operations and as a constraint to managing satisfaction responses to venues and shows. These organizations are made up of a combination of production companies, promotional companies and in-house sponsored productions. It was made evident that all organizations are constrained financially and operated strategically under rigid cost constraints. All managers suggested that many factors were inflexible, such as accessibility, and so they were ignored. These were seen to be the responsibility of the venue and venue management. *“It depends on who owns the venue ... if it is government owned, there is a whole set of regulations and issues. I can only deliver what the venue offers. I cannot change parking and other infrastructure so I look to what I can control ... and change that”* (CEO1). It was evident from the transcripts gathered that the CEOs assumed that if customers felt satisfied with the show then repurchase would naturally follow. Constructs such as value and service quality including functional quality aspects as drivers of repurchase received

limited attention in these discussions. This seemed evidence of an oversimplified understanding of the associated consumer behavior, but moreover, indicative of a sector with strong financial constraints and orientation.

### 7.3.2. Study One: service transaction analysis—consultant customers’ views

The process identified by consumers can be viewed in Fig. 2. Attention is drawn to the expansive service description in comparison to the CEOs’ views previously outlined. The customers’ service descriptions offered one clearly additional stage and an elaboration of the “post-show” phase. It was evident that consumers divided the offering into two distinct phases, the “cultural offering” and the “service offering”. The cultural offering focused on the core service and technical elements of the show and the service offering focused on the entire experience. Pre-arrival and departure stages were strongly emphasized as part of the overall service offering whereas these were not considered part of the overall cultural offering. No consultant customers separated the venue experience and the pre-/post-stages from the show when defining the service offering. In fact, the consultant customers described one as being embedded in the other: *“... the show is the basis of the offering, however ... we pay for more than just that ... only the true dedicates will put up with poor service and no facilities to see a show”* (CC3).

The consultant customers highlighted service aspects similar to those of the organizational representatives, such as cloakroom, seating and

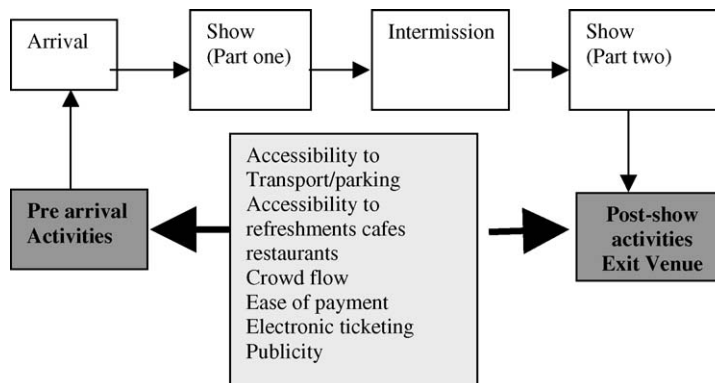


Fig. 2. Customer service/process definition.

seating comfort, venue guides and layout, ticketing and crowd management. It was evident in the consultant customer interviews that the perceived service offering was more complex and highly structured than identified by the organization, and the motivation for attending influenced the way in which the experience was defined. The consultant customers included discussion on the different type of customers and the different rituals that some customers observe, and suggested these rituals influence the process of the service offering and the way customers perceive the service offering and the service experience. *“It all depends on your rituals. If you are the type of customer that arrives late for everything, then you don’t care if there are pre drinks. You are there to see a show ... you see it and you leave .... On the other hand ... if you are the “true consumer” you will want the dinner, the drinks, the show, the coffee, the cake and so on” (CC5).*

Fig. 3 shows the overlay of the generic scripts of the CEO group and the consultant customer group that results in an elaborated service description. It is notable that the service description of the CEOs is truncated compared to that of the consultant customers. In fact, the CEO’s service description forms only a sub-set of the service description of the consultant customers, thus identifying a service gap (Zeithaml et al., 1988). CEOs give some insight into this service gap. The gap resulted because CEOs saw the service offering as constrained by external factors or forces that were *“out of our hands”* (CEO3) or *“not our responsibility”* (CEO4). Moreover, the managers

felt they were primarily in the cultural sector with a secondary focus on entertainment, whereas consumers placed cultural arts in the entertainment sector. The consultant customers, who were arts enthusiasts and theatre buffs, still saw the artistic experience embedded in a wider service description. This wider description was indicated by the customer’s distinction between the cultural offering and the entire experience. The overall service description found in Fig. 3 was used to inform and guide the in-depth interviews in Study Two.

## 8. Study Two: in-depth interviews

### 8.1. Research design and sampling

Study Two uses in-depth interviews to investigate the drivers of repeat consumption/re-purchase intention in a performing art context. The overarching question of the interview aims to identify the role that value, emotion, service quality and satisfaction play in a customer’s decision and behavior to repurchase. At this stage, the investigation did not attempt to separate out other loyalty drivers such as genre loyalty, venue loyalty, critics’ review and performer loyalty. The investigation focuses on service encounter constructs only and general aspects of involvement such as personal relevance of the performing arts in general. A pool of questions and prompts were developed to understand each of the main driver constructs and these were applied to the context developed from the

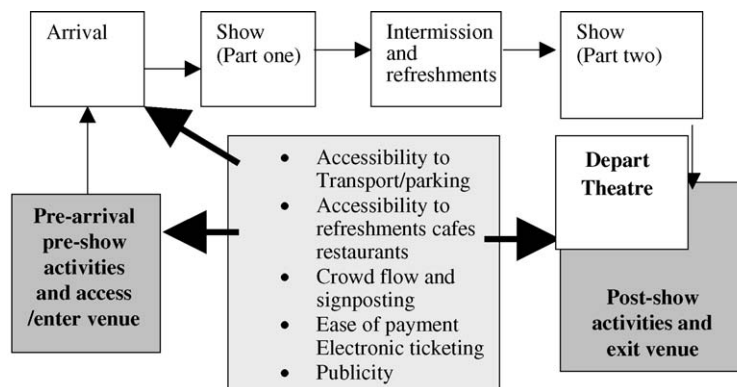


Fig. 3. Service experience description.

service description and process identified in Study One. A review of the extant literature in services marketing (Iacobucci et al., 1995; Bahia et al., 2000) including the areas of involvement (Liljander and Tore, 1997), emotions (Bagozzi et al., 1999), hedonic consumption (Hopkinson and Pujari, 1999) and performing arts (Bouder-Pailler, 1999; Garbarino and Johnson, 1999) also informed the questions and prompts used.

The main question asked of interviewees was: “How do you decide to go back to a performing arts experience?” This question was then followed by sub-questions and prompts focusing on the main antecedents of value, service quality and satisfaction. These question prompts included: “What makes you satisfied, and what do you think is service quality in this setting?” “What factors drive satisfaction and dissatisfaction?” “What factors are critical in a performing arts experience and what factors do not affect your overall perception of the experience?” “What role does emotion play in service delivery?” “How do you know if you have received value for money and what constitutes value for money?” The objective of the interviews was to disclose factors that influenced the formation of re-purchase intention for a performing arts experience. The factors explored included value, service quality, emotion, and satisfaction as the re-consumption drivers. Specifically, the interviews were used to gather thick description of the critical factors and non-critical factors (Johnston and Heineke, 1998), the interactions with contact employees, service scripts, and tangible and intangible service aspects that drive performance measures such as service quality both technical and functional, satisfaction, emotion and value in a performing arts experience.

A purposive sampling approach was adopted allowing the selection of information rich cases that could offer opinion on the issues and objectives of the study (Patton, 1990). In pursuit of information rich cases, a target population was selected of general performing arts attendees, as described by Australian Bureau of Statistics (ABS, 2003) and the CEOs who were interviewed. Initial candidates were recommended from a large Queensland performing arts organization. Using the principles of intensity sampling (Patton, 1990) and the snowballing technique (Patton, 1990), informants were asked to identify

others with a possible interest in the performing arts. These referrals were then screened for interest and attendance. Those candidates who showed no interest in the performing arts or no interest in ever attending the arts were rejected. As the objective is to examine the drivers of re-purchase intention, the candidates were required to have attended a performing arts experience at least once in the last three years. In total, twenty-six semi-structured, open-ended depth interviews (Minichiello et al., 1999) were conducted with professional, middle-to-high income earners, ranging in age from 21 to 60 years. Interviews were conducted until theoretical saturation was achieved and no new information was presented (Arnould and Price, 1993).

Each candidate was asked to offer a self-description of their demographic profile that assisted in the management and presentation of responses. These profiles can be found in Table 1. The data were organized using a conceptual map (Miles and Huberman, 1994) and analyzed based on an understanding of the extant literature of RI, service quality, value, emotion and customer satisfaction into categories and sub-categories. The scripts and responses were examined for frequency and strength of responses. These categories were then organized into themes. Interview data for Study Two were validated and analyzed using an approach similar to that of Study One. Question prompts and narrative have been used to reflect thick descriptions derived from the consumer interviews, consistent with Arnould and Price (1993).

## 9. Study Two: results and discussion

Overall, several key relationships were identified. Repurchase is driven by perceived value. Perceived value is driven by satisfaction with aspects of functional quality. General emotional satisfaction is derived from technical quality and has an influence on repurchase in only a limited segment of attendees. Moreover, it was evident that customers' overall definition of the service experience differed in customer segments and this perception of offering influenced the factors that drove repurchase. Some informants saw this service context as entertainment offering, some as a cultural offering and some as an emotional experiential offering.

Table 1  
Self-identified demographic profiles of candidates

|    |  |
|----|--|
| 1  | 44-year-old male public servant married with child and subscriber  |
| 2  | 35-year-old single mother of four frequent attendee part-time paralegal                                    |
| 3  | 51-year-old married mother of three children artist  |
| 4  | 36-year-old married father of two children professional financial controller fashionable epicurean         |
| 5  | 21-year-old male university student studying commerce  |
| 6  | 36-year-old mother of two part time solicitor in vogue   |
| 7  | 39-year-old mother of three teenage children full time school teacher                                      |
| 8  | 32-year-old youth social worker single modern metro sexual   |
| 9  | 44-year-old single female middle income professional regularly attends evening activities                  |
| 10 | 23-year-old male dancer inner city dweller socializer  |
| 11 | 42-year-old female married with one teenage child socializer image conscious part time yoga instructor     |
| 12 | 33-year-old female IT consultant high disposable income highly educated                                    |
| 13 | 37-year-old female IT system analyst highly educated high disposable income                                |
| 14 | 41-year-old male architect in vogue inner city dweller married no children                                 |
| 15 | 34-year-old female fashionable mother of four  |
| 16 | 57-year-old female professional with adult children and grandchildren                                      |
| 17 | 33-year-old professional single male self-confessed art obsessed   |
| 18 | 41-year-old single male inner city dweller in-vogue  |
| 19 | 55-year-old divorced but partnered male well educated adult children professional/professed music dedicate |
| 20 | 34-year-old female director of an advertising agency large disposable income married no children           |
| 21 | 46-year-old female public servant married two children with working professional husband                   |
| 22 | 29-year-old male engineer direct views and deep thinker  |
| 23 | Early thirties female mother of two solicitor fashionable large disposable income                          |
| 24 | 27-year-old single female image conscious public relations manager   |
| 25 | 49-year-old father of three (two children involved in performing arts) ex subscriber                       |
| 26 | 63-year-old male doctor attractive divorced epicurean self-confessed womanizer                             |

The findings of the in-depth interviews undertaken to investigate the drivers of re-consumption/re-purchase intention in this performing art context have been organized around these themes and findings. First, how the candidates saw the service experience and their relationship to the performing arts will be discussed; second, satisfaction both

cumulative and transactional and its influence on RI, and finally, the performance/perception relationships including the constructs of value and service quality will be discussed. All 26 customers agreed with the service definition offered by the consultant customers in Study One and did so irrespective of how they weighted service factors that drove their desire to repurchase.

### 9.1. Re-purchase intention and the service context

It was expected that a large number of informants would report that the hedonic elements of the product would likely drive perceived value, satisfaction and desire to re-purchase (Holbrook and Hirschman, 1982; Holbrook, 2000) and disclose achieving goal directed emotional outcomes as the key driver and defining feature of the performing arts. This was reported by the majority of candidates (19), recognizing that emotional outcomes of the show were important. However, of these candidates, few informants (7) identified the “need for emotion” and the experiential aspects of the arts as the most important driver motivating a return and regular consumption of the arts. Consumers who identified the main driver of repurchase as gaining satisfaction through the emotion generated by “the show success” tended to measure the cultural offering rather than service offering in determining repurchase.

Question prompt: What is important to you about the performing arts?

019 *It is about feeling the music in your soul ...*

013 *It is a spiritual thing ... money can't buy that*

018 *You must be stimulated and moved and feel it otherwise there is no point ...*

The informants who felt other factors were more important to repurchase decisions measured the entire service offering and focused on facilitating and supplementary service aspects in their evaluation of the service. These consumers tended to be the more lowly involved, and classified themselves as “entertainment seekers” rather than “theatre/arts buffs”. These candidates (19) did not isolate performing arts experiences from other entertainment types and suggested that the decision to consume and return was dependent on the perception that the performing

arts was “the best value” alternative in a competitive entertainment market.

Question prompt: Are the arts any different to other leisure,

fun etc activities ... do you rate them differently?

014 *It is an Outing!! If you think cultural arts are hand on heart, tear in eye stuff ... you are kidding yourself ... I appreciate the skill and talent but it is still just an outing like any other and I look at it in the same way ... how I am treated*

016 *I will go because of the show ... but I won't return if I can't park and can't get a drink and don't feel looked after*

#### 9.1.1. Satisfaction and value: cumulative or transactional?

As discussed previously, it is important to distinguish between the influence of transactional and cumulative measures, as both short-term and long-term attitude development can drive re-purchase intention under different circumstances. First, candidates identified several issues relating to cumulative and ongoing interactions that influenced repurchase behavior. The most frequent and emphasized issue was the overall assessment of whether the cultural arts provided a value-for-money alternative compared to other entertainment choices suggesting value as a key driver of overall cumulative satisfaction and RI with the performing arts. Customers suggested that value was measured by the costs and availability associated with all of the activities in the service offering. It was seen as a measure of utility of what is received for the outlay of time and money and the ease with which the service is consumed and each interaction contributed to developing an overall attitude. This suggested a direct relationship of satisfaction with utility to RI with value playing either a mediating role or and an indirect role. This issue warrants further attention in future research.

Question prompt: What makes you go back to see another show? What makes you see shows more often?

03 *I love live shows and performances but I only have so much money and time and make my decision based on the best alternative. I sometimes find the arts venues all too hard and going to the footy or movies much easier*

04 *... they all compete for the same dollar and all have to provide what the patron is looking for. A bad game of cricket, footy ..., a badly performed play or ballet are simply all the same-they just don't cut it ... However, due to my bias I might be more forgiving of Rugby!*

Functional factors (Grönroos, 1990; Mittal and Lassar, 1998) were shown to have a strong relationship with value for money evaluation. Candidates who were highly involved had a higher degree of tolerance for failure, a stronger positive cumulative satisfaction and expected less for their outlay. These consumers also tended to be more driven by their transactional assessment of the “cultural or show offering”. However, the more cumulative satisfaction they felt with the overall performing arts, the less impact this transactional assessment also seemed to have on their degree of repurchase; “*You win a few you lose a few*” (013). This group of candidates tended to be driven by emotional attainment as the primary driver of repurchase. These candidates did however suggest that if there were long-standing service failures and no effort shown to rectify them they would not continue “*consuming blindly because of their loyalty for the art ... I am not stupid*” (013). In contrast, the lowly involved consumers required many successful experiences before they would commit to the performing arts. The emphasis on transaction satisfaction with both technical elements, such as the show and the functional service quality aspects, especially contact personnel, was highlighted. This suggests service quality to be a driver of value for the lowly involved, and value as a direct driver of RI. With respect to the highly involved, the main deterrent to positive repurchase was the lack of service recovery for long standing failures.

Question prompt: What is important to you about the P/arts?

01 *Sure I want to get a good laugh but it is more than that ...*

018 *It's about the overall experience being out and amongst it ... how much you paid and what you got in return ...*

02 *I like to be swept away and relax but I also like to have money left in my wallet!*



Overall service failure of any element of the entire service could quickly translate into cumulative dissatisfaction and detachment from the sector especially for the customer who saw little differentiation from other entertainment sectors: *“I will go because of the show, the fun the popularity. . . . but I won't return if I can't park and can't get a drink and don't feel looked after”* (016).

#### 9.1.2. RI: performance/perception relationships

It has been reflected in the review of extant literature that re-purchase intention is driven by a consumer's perception of value, satisfaction, service failure and achieving emotional outcomes, and this has been reiterated in the findings of the in-depth interviews. The customers' perceptions are the defining element of any service experience (Johnston and Heineke, 1998). In order to design cost efficient systems of delivery and maximize returns through increasing re-consumption rates, it is essential to understand customer service perceptions (Cook et al., 2002). One method of identifying and classifying performance perceptions is by using the quality perception performance relationships offered by Johnston (1995) and Silvestro and Johnston (1990). These include the use of “satisfiers”, “dissatisfiers”, “critical factors” and “neutrals” to categorize customer perceptions and these terms have been used here to organize the responses of the in-depth interviews. Using this system identifies the precise issues and the specific design and delivery elements that influenced the customer's service evaluation and these can be directly integrated into design strategy.

This process is an effective method to begin to disclose the real issues of the broader constructs such as service quality, value, satisfaction and emotion, as each of these has many dimensions that compose their construction. This technique assumes a direct relationship of satisfaction with performance of interactions to post-purchase behavior. The satisfiers are seen as factors that when improved have a positive effect on performance perception and repurchase. These factors are related to customer delight (Iacobucci et al., 1995; Ermer and Kniper, 1998). The dissatisfiers are factors that when poorly performed increase dissatisfaction and negative post-consumption behavior. Critical factors are those that exist on a dual level.

These factors are those the consumer perceives as positive or negative depending on performance. Depending on the perception, they will influence either satisfaction or dissatisfaction. Neutral factors have no real effect on evaluations.

It is evident from the interviews that highly involved customers and consumers with a high “need for affect” focused primarily on satisfiers. The general entertainment consumers emphasized avoiding the dissatisfiers. Both segments emphasized certain critical factors, however the highly involved consumers were more emphatic about emotional goal attainment (Bagozzi et al., 1999) and being delighted by the “show”. It was evident the critical factors focused on higher attainment of cognitive emotional and appraisal (Bagozzi et al., 1999); that is, how the customer reacted to the factor and what emotions were stimulated. The following section presents the findings of each perception relationship, satisfiers, dissatisfiers, critical factors and neutral factors, raising issues related to factors identified as driving repurchase: functional and technical quality, value and satisfaction. Rich narrative will be offered to complement these categorizations (Arnould and Price, 1993).

#### 9.1.3. Satisfiers

The prominent satisfiers can be found at Table 2. The satisfiers have been ranked in order of frequency and strength of response. In conjunction with achieving emotional outcomes, informants identified other factors from which they gained increased positive perception relating to performance.

Consumer responses (7) supported Maio and Esses' (2001) proposition that some consumers seek out affect and emotion and this drives their consumption patterns and evaluation, and other customer segments do not. Their goal was to be “delighted” and “surprised” by the show.

Table 2  
Performing arts experience satisfiers

| Satisfier “an increase in performance increases satisfaction” |  |
|---|--|
| 1   | Complimentary extras e.g., refreshments/programs |
| 2   | Show experience                                  |
| 3   | Preferential or upgraded seating and ticketing   |
| 4   | Exceptional personal treatment                   |

Question prompt: What drives satisfaction for you at the

performing arts?

017 *The show*

018 *If it's on I am there for the experience especially my kind of stuff ...*

019 *The art, the thrill, the pleasure*

Interestingly, this group also identified preferential seating and upgraded seating as a factor that made them feel rewarded and satisfied: *"I like them to look after me and reward me for being a good patron"* (019). Consumers (19) also identified complimentary and value-added functional extras as factors contributing to increased positive performance measures: *"Freebies ... glass of wine and a peanut!!!"* (01). It was evident that making the customer feel they received something extra drove satisfiers, increasing their value-for-money equation. It is evident that the highly involved customers derive further positive perception from preferential and special treatment whereas the entertainment seekers are looking for value.

#### 9.1.4. Dissatisfiers

The dissatisfiers were predominantly functional quality factors. These are ranked and summarized at Table 3. Informants identified various reasons why, irrespective of a strong interest in the performing arts, they elected not to attend. It was evident that over time, the "dissatisfiers" weighed heavily with these customers and overall cumulative dissatisfaction and negative performance perceptions had developed. The

Table 3

Performing arts experience dissatisfiers

| Dissatisfiers "an inadequate performance increases dissatisfaction" |  |
|---|--|
| 1   | Wait line time and queuing   |
| 2   | Pricing of augmented services such as refreshments, parking and cloakroom                  |
| 3   | Venue directions, venue mapping signposting and instructions                               |
| 4   | Pre arrival parking and accessibility and traffic flow and departure                       |
| 5   | Quality refreshments   |
| 6   | Informative personal interactions including usher staff, ticketing and refreshment service |
| 7   | Availability of post-show services   |
| 8   | The delivery of the show "tangibles" costumes, lighting etc                                |
| 9   | Position and comfort of seating and ticketing  |

main factors cited were consistent service failure, poor accessibility and excessive pricing. These issues suggested a direct relationship of service failure to negative repurchase.

These findings suggested that service process and functional quality factors such as assurance, accessibility, trust and reliability (Zeithaml et al., 1985) warrant attention. Some candidates emphatically discussed dissatisfiers and suggested that these factors were the most important measure of value and repurchase decisions. Poor service translated to poor entertainment choice and a negative desire to reconsume. *"I have been attending the performing arts for 20 years ... my daughter plays the flute ... I have never been able to get a park and I have had enough ... I don't go anymore!!!"* (016).

#### 9.1.5. Critical factors

Table 4 identifies and ranks the frequency and strength of the critical factors highlighted by the informants. The critical factors are dual factors that can be viewed as positive or negative and critical to success or failure. The factors identified focus on a mixture of experiential or technical quality of the cultural offering and utilitarian or functional aspects of the service offering. One of the key findings identified that critical factors stimulated emotional reactions and often these emotions influenced the positive and negative reaction to the factor.

Consistent with the previous findings, a small group of respondents focused primarily on the show experience, suggesting that crowding, crowd management and long queue times influenced the overall

Table 4

Critical factors

| Critical factors: must include in service offering |   |
|--|---|
| 1  | Value-for-money   |
| 2  | Timeliness: long queues times, parking accessibility                          |
| 3  | Responsiveness: courteous friendly staff behavior                             |
| 4  | Accessibility: venue mapping and signposting                                  |
| 5  | Empathy: service recovery and attention by staff in service failure situation |
| 6  | Assurance and reliability: show publicity and critic reflects the production  |
| 7  | Safety: overcrowding and crowd behavior                                       |
| 8  | Emotional exhilaration/show quality   |

impression of the performance of service. These informants liked to feel they received preferential treatment for their patronage and did not like to feel inconvenienced or delayed. *“I have been going to the performing arts for years and nothing irritates me more than waiting ... regulars should be in a loyalty program ... ushered quickly ... good seats”* (013). Perceived efficient delivery contributed to the overall level of satisfaction and positive performance, whilst being delayed increased levels of dissatisfaction with the venue and management. Alternatively, other informants suggested functional quality, assurance and reliability as the most critical of factors and an indifference toward the show delivery. Informants attributed this indifference to an inability to rationally assess the artistic quality or credence quality (Love-lock et al., 2001) of a performance and suggested a level of tolerance for the artistic content if they perceived value-for-money and if they felt they “had a good time”.

Question prompt: What factors influence how often you go back to the P/A

016 ... *What makes an outing to a show a failure or not so successful experience is the whole thing ... everything from parking to play ... Its about a good time with friends even if the show is not what you are looking for you can still have a good time if everything else goes well.*

#### 9.1.6. Neutrals

Table 5 highlights the two neutral factors identified by the informants. These factors have little influence in consumer performance perceptions judgments and are of low priority to the consumer. The neutral factors identified were both tangible aspects of the service. Candidates felt that marketing collateral, especially

the sales promotional materials, did not influence their perceived level of performance. There was some exception with respect to message content and consistency with the show, and ease of access to schedules and ticket availability. Informants identified these factors previously as dissatisfiers. These findings were consistent with the research of Wakefield and Blodgett (1999) who propose that intangible service aspects are weighted more heavily in service satisfaction than tangible factors. In fact, it is suggested that it is the affective response to the physical surroundings that influences judgments when physical surrounding affects judgments at all.

### 10. Managerial reflections for service management for the performing arts

The findings of this research highlight several areas of reflection for managers of performing arts organizations. Importantly, these findings are not only unique to the performing arts but to all non-profit service organizations that must make a greater effort to understand their markets and customers (current and potential), and the necessary engagement that must occur with their respective organizations and their service offerings to survive in the current competitive landscape, characterized by constrained finances. Without sounding clichéd, the lessons to be re-learned are the “basics” of strategic planning and business management but ones that in the non-profit sector have often received lesser attention. The need for professional managers in these industries, who possess the requisite graduate management training and experience, cannot be overstated. Loyalty, “a love of the arts” and/or longevity of involvement, whilst desirable credentials, should be secondary attributes to engaging and/or employing management professionals to guide the performing arts industries through the increasing competitive entertainment landscape of the future. Moreover, focusing the design and delivery of this service from a paradigm of culture-based exclusivity is an approach that must be transformed to ensure future survival. The following reflections highlight some of the fundamental strategic service management planning elements that need increased management attention and consideration.

Table 5  
Neutral factors

Neutral factors: no emphasis should be placed on these factors in service design

- |   |   |
|---|---|
| 1 | Physical surroundings and venue décor excluding accessibility and amenities                   |
| 2 | Program and promotional collateral excluding critic review and show description and schedules |

### 10.1. Segmentation and targeting the service

These research findings suggest that the cultural arts managers studied focus primarily on a small segment of their potential customers. They neglect profiling other segments to analyze more potential targets. They overlook service design elements other than those required for the cultural offering and for the culturally committed. It is evident that the targeted customer segment, i.e., theatre “buffs”, is well-matched to the current truncated managerial description of service, and the potential of this segment has been maximized through the current design and delivery. However, it is further evident that other distinct segments exist, each with differing needs and measures of performance that are not currently being maximized.

First, there are the “entertainment seekers” who primarily measure the functional aspects and the value offered by the performing arts by measuring the utility of this experience with entertainment alternatives such as sporting fixtures, movies and community events. This group consists principally of those customers with low involvement in the performing arts and entertainment switchers. Interestingly, the findings indicate that RI could be increased in these patrons if the broader performance criteria are met: “A good value night out!” Second are the “emotion seekers” who measure the performance based on the ability of the core cultural offering and the delivery process to stimulate their desired emotions. The findings indicate that management considers the show-driven emotion to some extent but has little insight into appraisal emotion resulting from the entire consumption. It is evident that managers need to identify and consider process elements that elicit emotion that could subsequently influence repurchase and then they need to incorporate these into design.

The importance of profiling market potential to understand the market and achieve optimal design is not new in service research (Verma et al., 2001), but it is evident in this sector that it is not widely practiced. It is imperative that the performing arts sector elaborates their target market definition. Managers must explore other segments, identify the potential, understand the dimensions and requirements required by each potential segment and then target a wider audience. It is evident that more focus needs to be given to the deeper complexities of these

target segments and the segmentation and targeting process.

### 10.2. Re-positioning the service

It is apparent from the research that the performing arts needs to elaborate the positioning statement of the service from a cultural offering to include at least the entertainment offering and to reposition the service. The entertainment sector has grown in recent years to include sport consumption, movies and cultural pursuits. To capitalize on the potential of this expanded market definition, the communication of the service position needs greater breadth and depth. It is evident that there is a need to include communication of the primary performance requirements, such as that of value or culture or entertainment in this repositioning process, and segment potential targets identified in this research. The objective of this repositioning should be to attract new target segments through communication of an expanded service positioning, maximizing the potential return whilst minimizing operation and innovation costs. It must be highlighted that repositioning of the performing arts service will also influence many other strategic and service management areas such as pricing, promotion and delivery and these should not be overlooked during this process.

### 10.3. Operations management and strategic direction

A basic premise of strategic planning is that an organization must first determine its objectives before determining competitive strategies and organizing its operational resources and capabilities to deliver them. Identifying, defining and quantifying the “goal posts” (strategic objectives) are often a very difficult process for many organizations, including mature industry players such as the performing arts. Complicating the strategic planning process is the next phase of determining the appropriate competitive strategies (such as price leadership, differentiation and market focus) that will then cascade down to the next phase of determining the functional operational strategies such as marketing, human resources, finance and the more intricate functions of design, delivery and fulfillment developed to achieve its strategic objectives. Study

Two of this program disclosed key service attributes of importance for the performing arts by identifying value and satisfaction drivers of re-purchase and highlighting specific satisfiers, dissatisfiers, critical and neutral factors significant to customers. These attributes are a combination of technical and functional quality aspects of service delivery.

Underpinning this method of enquiry was an identification of the customer-desired aspects of operations that can be aligned to competitive strategy. The degree of integration of these factors into service design depends on the competitive strategy and the operational strategies the performing arts organization elects to follow, and the positioning of the service. Should a “differentiation” strategy be selected focusing on satisfaction, the design focus must be given to provide additional service *satisfiers* such as designing preferential packages, expedited customer service and personalized ushering. These consumers are looking for value-added attributes that are not normally available for many entertainment competitors. For a “market focus” or quality strategy, the *dissatisfiers* must be given particular attention. The service process must be expanded to contend with accessibility and service reliability issues to ensure customers equate the service with value, and that the defection rate resulting from the dissatisfiers is minimized. Moreover, the *critical factors* are elements of standardized design. These aspects must be incorporated into design of all service experiences and constitute the standardized components of the experience. *Neutral factors* should receive minimal attention in the improvements program and should receive little emphasis in service design (Johnston and Heineke, 1998).

This is only a subset of the many strategic issues requiring consideration for the performing arts. Decisions including the depth and breadth of service offering such as specific genres to be presented, the diversity of genre offering, and subsets offered within genres will also influence the diversity of the market segments targeted and the strategic direction selected and managed. Moreover, the organizational capability to meet the desired breadth and depth decisions and the complexities of design and delivery will further influence the strategic direction adopted. The performing arts sector and many of the diverse organizations it houses would undoubtedly benefit

from a greater comprehension of the strategic planning process and its dynamic components through increased management education and training and consultant-led facilitation during its planning cycles.

#### 10.4. Service design

The service design process needs to integrate not only the core technical quality factors of the performing arts and their delivery but also the functional quality, supplementary and facilitating services customer segments suggested as important performance measures. It is evident that the differing segments did emphasize different elements of service design bestowing a level of complexity to the design process. For example, the theatre buffs focus primarily of the delivery of technical show aspects and added extras while the entertainment seekers focus on value. Currently performing arts service design has tended to offer a standardized experience differentiating only through technical quality aspects specific to genres of cultural display. Functional quality aspects have been demonstrated in this research to be more important measures to the broader potential segments such as the entertainment seekers and need to be incorporated into service design to the same depth. It is evident there will be cost considerations to innovate and implement changes to functional aspects of delivery and these changes need to achieve positive returns through positive behavior of the potential segments.

Performing arts organizations would gain by implementing well-practiced design techniques such as effective service design modeling (ESDM) (Verma et al., 2001) to identify customer performance measures and behaviors and cross-reference these with the organization’s ability to meet operating difficulties and costs. This technique specifically aims to integrate operations and marketing strategy and directly link it to design function. Adoption of techniques such as this will move the performing arts from a process of just identifying and considering the performance measurements to one of incorporating them into design. This process complements the use of the service transaction analysis technique (Johnston, 1999) and will assist in identifying key inputs for designing some form of mass customization of delivery.

The use of a mass customization strategy is suggested to provide a well-designed system of



delivery that caters for many customer profiles. However, in this circumstance the costs of implementing such as strategy may outweigh the benefits obtained. A suggested approach to implementing mass customization in this setting is to offer multiple quality-standardized processes that can be *self-customized* according to the segment profile of consumption desires and judgment processes. This standardized mass customization is proposed as a cost effective alternative to pure mass customization and is suggested as the most appropriate for the performing arts. Under this paradigm, the critical factors desired by customers are identified as the essential elements of design and must be provided. This strategy allows the performing arts to cater to high volumes of diverse customers allowing for variety in consumption patterns (Stevenson, 2002) while controlling costs.

## 11. Future research

This research was limited to investigation of large performing arts organizations offering a diversified show portfolio. Small, specialist performing arts organizations were not researched. Dedicated investigation of these organizations is needed to determine whether, for example, patrons of these highly differentiated and niche performing arts organizations react in a similar way to the larger arts organizations. It is possible that these niche organizations have a significant segment of “avant garde” consumers who require highly innovative service offerings. Moreover, customers were not explicitly asked to separate their preference for the venue, the show or the performers as drivers of repurchase. The notion that loyalty to each of these phenomena differs and that each influences RI in different ways warrants further specific research and investigation.

The findings of this research have elucidated the need to broaden service descriptions, targeted segments, refine service design and align strategies and operations to achieve organizational goals. However, this research did not address the degree of indifference or zone of tolerance (Johnston and Heineke, 1998) and the influence this has on RI. This area would benefit from research in the future. It is also recommended that a large-scale nomological study be undertaken focusing particularly on the

consumer perceptions identified in the current research. In sum, application of operations management research and service analysis in non-profit performing arts has been limited, at best, and this research shows that this sector would benefit from further investigation to extend and deepen the findings of this exploratory study. Indeed, as the sector struggles to maintain and grow markets, further investigation into the focal area of the drivers of RI is warranted.

## 12. Conclusion

This research has advanced operations research in the area of non-profit performing arts in a number of ways. The first contribution lies in the development of an extended and modified STA analysis, verifying its applicability and usefulness in this sector. Using the technique, the second contribution lies in the identification of an important mismatch between non-profits performing arts managers’ perceptions and design of performing arts offerings, and the experience of their customers with these offerings, highlighting gap one service incidence. Customers identified the complete experience as including pre- and post-performance aspects as well as the core show performance experience, whereas arts managers did not. Thus, this research highlighted that current service design is prematurely truncated. Consequently, there is a deleterious impact on other strategic areas such as promotion, positioning, targeting and overall ability to meet customers’ needs.

The extended STA analysis involving in-depth consumer interviews allowed further contributions to be made. This method identified that comparison standards variables such as service quality, venue quality and personal interactions were extremely important to customer service judgments in predicting repurchase intent. These functional factors have traditionally been given less weight by performing arts organizations in strategic development. The role of emotion is also evidenced to be an important driver of consumption for the performing arts. Overall, this research has identified key areas where strategy and operations can be aligned in this non-profit experiential service context. Through the adapted STA, it has also identified an efficient and practical method to improve service design and pointed to practical ways in which

performing arts managers can implement initiatives to attract a wider audience and encourage them to return.

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