
Available from Deakin Research Online:

http://hdl.handle.net/10536/DRO/DU:30005397

Reproduced with the specific permission of the copyright owner.

Copyright: 2004, ANZMAC
Pricing in the Museum Sector: The Need to Balance Social Responsibility and Organisational Viability

Ruth Rentschler, Deakin University, Australia
Anne-Marie Hede, Deakin University, Australia
Tabitha Ramsey, Deakin University, Australia

Abstract

An essential component of marketing strategy is pricing. Pricing in museums, however, is problematic as issues beyond cost recovery or surplus, such as social responsibilities, need to be considered. This area of marketing is under researched. The aim of this study is to address the research gap by synthesising the literature on pricing strategy in the museum sector. The study found that there are a number of strategies being advocated with regard to pricing in the museum sector in the literature, each representing various perspectives of museology. A research agenda was proposed to assist marketers in the museum sector to meet their organisational needs, whilst balancing their social responsibilities.

Keywords: Museum1, pricing2, Australia3.

Introduction

The level of marketing research undertaken on museums has increased during the past 10 years. Valuable information has been gained on their changing role in societies (Rentschler, 2002); the challenges they now face (Geursen and Rentschler, 2003); and the opportunities they have to contribute to learning communities (Griffin, 1998). Attracting audiences is an aggressive marketing activity as museums compete against a range of other organisations for their audiences (or customers), such as those in the leisure, educational, cultural and tourism domains. Museums adhere to social missions and are required to respond to public mandates. As nonprofit organisations, museums are charged with the social responsibility of maintaining, procuring and exhibiting elements of cultures for their public and private audiences. As such, museums are accountable to a range of stakeholders, including governments, their boards, the public, and their benefactors.

Marketing theory states that appropriate marketing management assists organisations to meet their objectives. For museums, one element of the marketing mix that is often problematic is pricing, as other issues beyond cost recovery or surpluses are considered such as social responsibility. The changing ‘face’ of the museum sector, however, requires it to assess its policies with regard to pricing. It is, therefore, imperative that rigorous research be undertaken within this context. The aim of this paper is to propose a research agenda based on what has been achieved with regard to pricing research in museums to identify the emerging needs of the museum sector and advance this aspect of museum marketing. In this conceptual paper, the concept of ‘museology’ is firstly introduced and discussed. Following this the concept of pricing, as a element of marketing strategy, is then described and the results presented. A research agenda for this area of marketing in museums is then proposed based on the findings of this study.
Literature Review

The concept of ‘museology’

A key element of ‘museology’, or the philosophy of museums, is a definition of the term ‘museums’. In the past, museums were defined as institutions that ‘collect, preserve and interpret material evidence and associated information for the public benefit’ (Anon, 1997). This definition highlights the perception that museums have been perceived within an edificatory model, promoting moral and intellectual well-being within communities. Prevailing social and philosophical values and attitudes have, however, influenced a reappraisal of the purpose and perceptions of museums in contemporary societies. Museums are now associated with experiences and ‘edutainment’ (Stead, 2002). In 2003, the definition of a museum used by the Museums Association, United Kingdom, reflects an interest in the audience: ‘museums enable people to explore collections, for inspiration, learning and enjoyment’ (Anon, 2003). This definition contrasts the ambivalent relationships that museums once had with their attendees and the reflective profile of museums (Leivrouw, 1996). Trotter (1998), for example, noted that within the new museology, management of museums now reflects upon why it does what it does rather than what it does. Managers of museums reflect upon why they service society and social development.

Price and pricing strategies

Price, or the amount of money charged for a good or service (Kotler, Bowen, and Makin, 2003), is an integral component of marketing strategy and generally relates to revenue. The museum sector generally obtains its revenue from three sources: audiences, governments and foundations. Research demonstrates, however, that although revenue from foundations appear to be stable, revenue from governments are vulnerable to being cut (Tufts and Milne, 1999). Hence, there is a need to look to other sources of revenue and suitable pricing strategies to assist in achieving organisational objectives.

Some museums have developed strong revenue streams from their merchandising, but increasing revenue from admissions has been a less often used option. Gaining revenue from admissions is a complex issue for nonprofit organisations in the arts sector, as decisions are determined not only by costs and profitability (Kotler and Scheff, 1997). Kotler and Scheff (1997) suggested that when arts marketers formulate their admissions pricing strategies, they take into account three factors: 1) organisational costs; 2) costs to customers relative to perceived values; and 3) pricing objectives based on social and edificatory missions. Marketers of museums, therefore, need to consider a diverse range of stakeholders when operationalising their organisational objectives through their pricing strategies for general and special exhibition entries.

Research methodology

In order for the aim of this study to be achieved, a meta-analysis was conducted of research on the issue of admission pricing in museums in the broad fields of the marketing and management. Specific journals known to the researchers were included in the review as these had direct relevance to the museology, as were more general journals in the fields of
management and marketing. The articles sourced was then analysed using a systematic approach and focussed on the specific fields in which the research was undertaken and the issues discussed/addressed in relation to entry and exhibition pricing in museums. These were recorded, using Microsoft Excel, and the resulting database analysed so the underlying themes could be identified in them. Membership and subscription pricing were not examined in this review as these were considered to be different from general and exhibition admission pricing and, therefore, beyond the scope of this study.

**Results**

A total of 23 scholarly publications that focussed on the topic of pricing in museums was identified across nine journals published from 1985 to 2003. The research was conducted in the fields of arts marketing (6); general management (3); arts management (3); museum management (3); administration (3); economics (2); marketing (1); museums studies (1); and sociology (1). The publishing of academic research on this topic has increased since 1997 and since remained steady. The limited number of articles identified in this review indicates the embryonic state of research in this area. While the researchers recognise there is substantial interest and consequent literature on the general pricing and pricing strategy, it is beyond the scope of this study.

Three key issues emerged from this review, namely, pricing perspectives and the impact these have on admission prices and attendances; perceived and actual value of museum attendance; and the suitability of segmented pricing strategies for use in the museums sector. These issues appear to be encompassed in two broader issues of museology: financial gain and public access. The *Museum Pricing Strategy Matrix* (see Figure 1) synthesises these results and demonstrates that within this framework, four pricing strategies have emerged in the literature.

**Figure 1: Museum Pricing Strategy Matrix**

<table>
<thead>
<tr>
<th>Financial gain</th>
<th>Public Access</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>High</strong></td>
<td><strong>High</strong></td>
</tr>
<tr>
<td><strong>Utilitarian</strong></td>
<td><strong>Integrity</strong></td>
</tr>
<tr>
<td>Forces prices up based on demand; based on experience in commercial sector and with partial sense of broader community obligations.</td>
<td>Hybrid approach based on both access and opportunity perspectives.</td>
</tr>
<tr>
<td><strong>Idealist</strong></td>
<td><strong>Access</strong></td>
</tr>
<tr>
<td>Concerned with acquisition/conservation of collection with an edificatory purpose.</td>
<td>Free or minimal pricing strategies usually determined with little substantive research.</td>
</tr>
</tbody>
</table>
In the Museum Pricing Strategy Matrix, the Access Pricing Strategy, often promoted by those museologists who argue that charging admission at museums affects visitation and is at odds with the social mission of museums, seeks to maximise vitiation via minimal or cost free admission. Museologists with this approach to pricing assert that charging admission affects visitation and that charging admission at museums affects certain segments of society and consequently affects overall visitation. Anderson (1998) concluded that implementing a charge at the British Museum would likely cause a decline in attendances. Kirchberg (1998) asserted that decreases in visitation by low-income segments, caused by the introduction of admission charges add to overall decreases in visitation (Uprichard, 1985; Wiggins, 2003). It is also questioned amongst this group whether raising any revenue from general admission is part of the mission of museums at all. For example, McGregor (1997), Director of the National gallery in the United Kingdom, stated that ‘our museums were not set up to earn money or to pay taxes, but for education and lifelong learning’. The relationship between price and value emerged as being related to pricing strategy, with the perception, particularly within existing customer groups that low priced general and special exhibition admission fees equate with low quality (see Bailey and Falconer, 1998; Chamberlain, 1985; Kotler and Scheff, 1997; Sikes, 1985; Uprichard, 1985; Wiggins, 2003). Alternatively, there appears to be a perception that high prices perpetuate the idea that museums are for the ‘elite’, particularly with non-customers. Therefore, lowering prices can be viewed as a strategy for initiating future patronage among this later group (Colbert, Beauregard, and Vallee, 1998; Kirchberg, 1998; Wiggins, 2003). This area of focus for researchers appears to be one that is emerging as one of high interest, although few researchers have covered it as thoroughly as Wiggins (2003).

The Integrity Strategy emerges from the view that admission prices can affect specific groups of visitors. ‘Drop in’ visitors (such as local residents), young people, students, low-income earners, pensioners and children are, for example, affected by price due to both actual and perceived restraints. The literature reviewed for this study highlights the need to segment museum markets based on price. Such a segmentation approach includes options such as scaling pricing, low income concession rates, free days, local resident passes and group and school rates (see Colbert (2003); Dickenson (1993); Gombault (2003); Kirchberg (1998); Kotler and Kotler (1998); Nedzela and Lane (1990); Steiner (1997); Wiggins (2003) and that removing admission charges results in short term increase in visitation only (Gombault, 2003).

The Utilitarian Strategy is usually held by economists. They argue that admission charges result in increased revenue for museums and that the implementation of admission charges has little negative affect on museum visitation. Those who agree that visiting a museum should incur an admission charge do so based on the argument that cost is not a primary factor in visitors deciding to visit museums. They believe cost only plays a very minor role in attendance decisions (Bailey, et al, 1997) and that removing admission charges results in short-term increases in visitation only (Gombault, 2003).

The Idealist Strategy is usually held by curators with an edificatory purpose. The Idealist Strategist shows less interest in either the need for financial gain or public access, preferring to focus on care of objects, intellectual heritage, and traditions of society. The strategy emphasises continuity by suggesting the requirement to preserve what is valued from previous generations so that objects may be inherited by present and future generations (Rentschler 2002).
Research Agenda for Pricing Research in Museums

Six important areas for further research emerged from this study:

- To collect empirical data on admission pricing. Many of the studies published on pricing in museums are descriptive, rather than based on the findings of empirical research. There is, therefore, a need to gain empirical data on pricing for museums to make effective and efficient managerial decisions that can be justified.
- To identify and investigate price-based segments. By establishing market segments it allows organisations to tailor specific offerings to specific groups - to resource them, price them and service visitors in the segments accordingly.
- To identify price thresholds for price-based market segments. Effective pricing decisions are based on a clear understanding of what customers in each segment benefit and value. Research is required to assist museums to set prices.
- To develop policies for the various pricing strategies, discussed in this paper, to encourage access for diverse constituencies, whilst harnessing the commercial opportunities for those who can pay more.
- To identify the relationship between price and the perceived value within the context of museums and develop some parity between the two. The wider market, for example, generally associates value with an entry fee. Wiggins (2003) stated that the ‘perceptions of the value of participation’ (p.15) need to be changed to provide opportunities for museums to more effectively manipulate their pricing strategies.
- To develop models for pricing strategies for a diverse museum sector, taking into consideration their differences in location, size, current and prospective visitor demographic, history, mission and the ‘story’ the museum wants to tell.

Conclusions

A dearth of literature has been published on the pricing of general and exhibition entries to museums, considering the importance of pricing in the museum sector. This finding highlights that the topic is an under-researched area of museum marketing. A number of weaknesses in the bases for pricing strategies have been identified and this concurs with the findings of Chamberlain (1986), Bailey et al (1997) and Anderson (1998). Bailey et al (ibid.) stated that ‘many of the arguments for and against general admission charges are based largely on untested assertions and assumptions’ (p. 358), and that ‘the approach adopted by museums and galleries toward pricing is unsophisticated’(p. 359). Furthermore, Anderson (1998) stressed that there were ‘significant data weaknesses [in pricing strategies] which could only be overcome by conducting considerable research largely to do with uncertain visitor numbers especially for museums which do not charge’ (p. 185). Finally, Schindehutte and Morris (2001) note that conventional pricing theory is being turned on its head. They argue that deciding what prices to charge represents one of the more entrepreneurial strategies for organisations, which need multiple strategies, depending on the market context. For example, museums such as the Guggenheim, operating in different locations in the world and in different markets, may employ different pricing strategies, depending on the product context. Further, any museum may employ more than one pricing strategy, depending on the audience segment targeted. Many writers on museum pricing fail to recognise and capitalise on these pricing opportunities. The proposed research agenda provides a framework in which to undertake further research on museum pricing strategies, so that knowledge of this aspect of
marketing can optimise the organisational outcomes of museums whilst they consider their social responsibilities.
References


