

## **THE IMPACT OF MARKETING STRATEGIES TOWARDS THE PERFORMANCE OF MUSEUMS IN JAKARTA**

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### **ABSTRACT**

*Marketing activities in museum stores offer significant opportunities to evaluate distinct strategies and their related performance in a nonprofit setting. Whereas the museum store was originally intended to provide financial support for the institution with which it was associated, it now provides an educational or mission-related opportunity as well. This research identified variable of elaborate product orientation, customer orientation, competitor orientation and sales orientation toward social effectiveness and economic effectiveness. Total 18 museum in Jakarta was surveyed by researcher with interview technique to the museum management. The finding of this research, museum management should combining the variables of product orientation, customer orientation, competitor orientation and sales orientation in order to achieve social effectiveness and economic effectiveness.*

**Keywords:** *Competitor orientation and sales orientation, customer orientation, product orientation, social effectiveness and economic effectiveness.*

## INTRODUCTION

Based on the definition given by the International Council of Museums, the museum is a permanent nonprofit institution, serving the needs of the public, open for public, by collecting, conserving, researching, communicating and exhibiting tangible objects to the public to fulfill the need of study, education, and tourism. Application of the marketing model of social organization and art are very different, because it has a different perspective to the products or services that we usually consume daily. For example the Jakarta History Museum is a museum that displays the development of Jakarta from time to time, the museum is better known as the museum Fatahilah. Building which was founded in 1707 as construction begins at Batavia City Hall or the first time we call the VOC with STADHUIS. The concept of marketing done on nonprofit organizations that are fundamentally very different organizations that aim to make profits, making it required a very specific study for-profit organization that is about marketing strategy (Bennett and Sargeant, 2005).

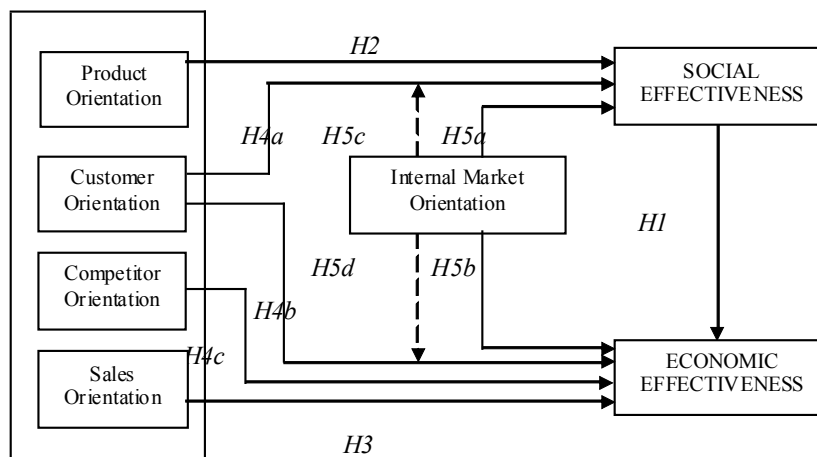
Application of marketing strategies for the museum is very problematic, on one side, the organization should be funded to continue and on the other side organizations (especially museums) have social mission which is useful for educational, social and cultural (Sargeant et al., 2002). Caldwell (2002) expressed his opinion that as far as the museum can provide benefits to its visitors, the museum is able to receive revenue from fees charged to its visitors, which means the museum and the business is a matter that can still be considered. As said by Bennet and Sargeant (2005) cultural values are very different from the values of profit and nonprofit organizational goals, because culture is very special mission. Furthermore, in the marketing world history objects hold a very unique collection and different from other products, depending on the decision makers and policies related to the existence of the museum whether it will be used for the purpose of profit or nonprofit, but so far in Indonesia, particularly the presence of museums still lack the attention of various circles of people.

In this situation, various parties may be invited to develop the museums, because museums belong to all of us and so we must guard their existence. There are 2 (two) style of management that we can identify about how to manage museum (Gilmore and Rentschler, 2002; Rentshler, 2001):

1. The custodial approach
2. The business approach

Kustodial approach is more directed to the center of activities related to education, research (research), arts and cultural aspects as well as other activities related to the relics of historical objects, in this study if we refer to the product orientation then it is very contrast. In a previous study noted that there are some things that are very related to the orientation of strategic marketing for a museum, among others, market orientation, product orientation, sales orientation and the orientation of social and economical performance of the museum, as we see in the picture below, where study conducted by Izquierdo & Samaniego, entitled *How Alternative Marketing Strategies Impact the Performance of Spanish Museum*:

Figure 1: Model of Effectiveness of Strategic Orientation in Museums



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This research previously conducted by Izquierdo & Samaniego (2006) which was called How Alternative Marketing Strategies Impact the Performance of Spanish Museum orientations strategic factors influencing the social effectiveness and economic effectiveness, because on the one side that has been mentioned above, museums must have a lot of missions for education, arts and culture. While on the other side of the museum can also be used as a business but not leaving its main function. Therefore in this study, the research problems are: (1) Is there an influence between Strategic Orientations (Product, Customer, Competitor) to Social Effectiveness?; (2) Is there an influence between Strategic Orientations (Competitor dan Sales) to Economic Effectiveness?; (3) Is there an influence between Social Effectiveness to Economic Effectiveness?

## THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT

According to the American Association of Advertising Agencies, IMC is a concept of marketing communication plans that recognize the value added of a comprehensive plan that evaluates the strategic roles of the various communication disciplines such as general advertising, personal selling, direct marketing, sales promotion, public relations, and incorporates a variety of disciplines is to provide clarity, consistency and maximum communications impact through comprehensive integration of different messages. By Terence A. Shimp, IMC is a process of development and implementation of various programs of the persuasive communication to customers and potential customers on an ongoing basis. There are several steps to develop an effective IMC program. The steps are: First, recognizing the target audience; marketing communicator must recognize and have a clear mind about the target audience. The most important part in this step is analyzing the benefits of the desired audience and measuring company image, product image, and image of its competitors.

Benefit criteria are factors that are considered important by consumers in choosing a particular brand, while the image or the image can be defined as a set of beliefs, ideas and impressions about an adopted person object. Second, the general objective of IMC is to influence or directly effect the behavior of the target audience. The last expected response from the audience is buying. However, the final response is the result of a long consumer decision-making process. The order of response “learn-feel-do” (hierarchy of effect model) is suitable for use if the customer is involved with a product category that is considered a high differentiation.

In the hierarchy of effects model made by the Robert J. Lavidge and Gary A. Steiner. The stages are as follows: (1) Awareness: Awareness must be built as the start of the communication process a product. If most of your target audience is not aware of the product, communicator task is to build awareness, which can be started with the introduction of the product name; (2) Knowledge: Target audience may already have an awareness of a product, but did not know it in depth. Companies need to know how many people in the target audience that has little, quite a lot, and a lot of knowledge about the product. Based on this information, the company then selects the knowledge about the product as a destination of communication.

1. *Liking*: When the target audience already liked or felt interested in the product, means the target audience has reached the third stage of the hierarchy. If the audience looks less like the product then the company should know the reasons and develop a marketing communications to promote feelings of love.
2. *Preference*: Audiences may love the product but did not choose it than other products. In this case, the company must seek to build its consumer preferences.
3. *Conviction*: It is possible that the target audience has made these products as a choice, but do not have the confidence that would be the product. The task is to build a firm belief among the audience who are interested that the product is best for them.
4. *Purchase*: Finally, some people from the audience may have a conviction but does not intend to make a purchase. They are probably waiting for more information or planning to act later. Communications should direct these consumers to take the final step, namely making a purchase.
5. Designing a message in principle, decided the product message as part of product concept development, but there are a number of possible messages. Over time, the communicator can make the turn to the concept of the message, especially if consumers are looking for new benefits or other benefits of the product. Must be considered in this step is the content / message appeal, message source, and for advertising is also important to know the style of the appropriate message. There are three types of message appeal, namely: (1) The appeal of rational: related to personal interests and the audience indicated that the product will produce the desired benefits, (2) Emotional appeal: aims to inspire positive or negative emotions that can motivate purchase, (3) Moral attraction: directed at the audience’s feelings about what is right and proper. Generally, the moral appeal is used to encourage people to support social movements.

IMC emphasizes the harmony that is achieved in the implementation of marketing communications programs. Marketing communication mix which is also known for its mix of promotion (promotion mix) consists of: (1) Advertising: all forms of non-personal presentation and promotion of ideas, goods or services paid for by a particular sponsor, (2) Promotion of sales: short-term incentives for encouraging the desire try or buy any goods or services, (3) Public relations: various programs for promoting and / or protect the image of the company or individual products, (4) Direct marketing (direct selling): the use of mail, telephone, facsimile, and other non-personal interfaces to communicate with customers or prospective customers.

In the economic dimension, nowadays a museum should be more intense in thinking about its survival, and therefore the business aspect is also necessary for the survival of the museum, but do not overlook that the museum still remains as a non-profit organization. Several studies have been conducted concerning the problem of how to measure economic performance for nonprofit organizations (eg, Agarwal, Erramilli and Dev, 2003), which is to see how the consequences of a non-profit organizations that have resources and are allocated for specific purposes that can generate additional revenue in order to make ends meet his life for the long term. Agarwal et al, considered that a non-profit organization must also pay attention to customer satisfaction, to create customer satisfaction and aligning corporate goals in the long term, what must be prioritized is how an organization is be able to increase good service to its customers. Marketing theory says the organization that is always oriented to the market in the long term will always be able to survive than organizations that do not apply (Alvarez, Santos and Vazquez, 2002; Deshpande, Farley and Webster, 1993; Kotler, 2000; Voss and Voss, 2000). Shoham et al. (2007) argues that organizations are always doing orientation to the market specifically for nonprofit organizations will increasingly provide a distinguished significance impact on the organization's ability to maintain its performance in a relatively stable. Theoretically, it is said that oriented organization always strives to meet all the needs of consumers (Pelham and Wilson, 1996; Gainer and Padanyi, 2005; Woodside, 2005).

Some experts say that there is a strong relationship between social and economic development, several studies conducted by experts showed that non-economic factors sometimes influenced the things that are economical or that have economic value (Rust, Zahorik and Keinigham, 1995; Gainer and Padanyi, 2002). Bryson, Gibbons and Shaye (2001) said that nonprofit organizations can bring together social needs and the ability to maintain performance in the long term. Olson, Belohlav and Boyer (2005) said there is a significant correlation between non-profit organization that has a business purpose and can also apply its social mission.

The orientation of the product has the assumption that the main reason consumers are very interested in consuming these products because it is based on the quality of that they got, because consumers pay for something because of the quality they receive, so many companies try to produce a quality product (Kotler, 2000; Kotler and Andersen, 1996). Orientation is when the company's products must be able to create a product that can have value, to be consumed by their customers and are therefore non-profit organizations in particular museum must be able to provide and offer a product that has value in the form of history or historical value and has a high cultural value that can provide information to the visitors.

More customer orientation leads to how much of value that can be enjoyed by visitors from the museum. Kotler and Andreasen (1996) define that customer orientation is a philosophical claim that the organization will be successful if these organizations can provide the best value for consumers, to create a long-term relationships process to their customers as what is needed and desired by consumers through a creation process of appropriate product design, pricing and delivery of appropriate process through which messages can be perceived with the same perceptions and are competitive compared with other competitors. Customer orientation is also a representation of organizational culture in which leadership of the company attempts to collect and use various kinds of information from customers (Kohli and Jaworski, 1990; Ruekert, 1992; Shapiro, 1998). In this case it is said that corporate culture is a matter that must be considered in order to provide superior value or value to its customers (Narver and Slater, 1990). Marketing principles in this present time have been applied to nonprofit organizations like museums in the context of detecting what is wanted and needed by the customer against the museum in order to create satisfaction for visitors who came (Kotler, 1998).

In the analysis of competitors, a lot of museums are located in one area but offering similar products, so that visitors see there are other alternatives that could be an option. Competitor orientation has a definition of how far the museum's management to understand the strength and weaknesses organization in the short term and long-term strategies capability as a step to maintain the organization in the long term (Narver and Slater, 1990). According to Kotler and Kotler (1998), the management of the museum must pay attention and consider the 4 types of competitors, among others:

1. Preferential competitors – the general level of competition that occurs between one museum with other museums.
2. Generic competitors – level of competition in which potential customers to visit the museum to see the context based on their needs.
3. Formal competitors – level of competition where for a similar museum, where visitors have many options.
4. Business competitors – level of competition in which all museums have the same attraction for the visitors, in the same city.

In the orientation of the sale, the museum must see that the museum's management must also consider the viability of the museum for an extended period. Therefore, ticket sales and working together with various parties who can bring profit are a necessity that must be done by management. The orientation of the sale is a program that must be done by the museum to increase its revenue, the management of the museum also have to be creative to create innovative products that can generate added value for its visitors. Therefore, an identification mark and the symbolic which is a consideration for the management of museums to increase their income (Ewing and Napoli, 2005).

The orientation of the product has the notion that consumers are interested with the existence of the offered products, where consumers buy them because the quality of the product. If consumers demand high quality products, the company must also significantly improve the quality of the product (Kotler, 2000; Kotler and Andersen, 1996). Voss and Voss (2000) said that when viewed from the

quality of products offered by the museum, referring to the extent that product give value to its customers, which means that museum products must have high historical and artistic value. Product orientation is closely related with the quality of the product. Lai and Cheng (in 2005) said that there are indirect effects between quality management and performance, in his opinion organization that is focused on quality will also be market oriented. Product orientation of museum objects is highly dependent of its historical value. In this orientation influence the effectiveness of the social product of education, interest in objects of history and research, so that the hypothesis is:

*H1a = There is influence from Product Orientation to Social Effectiveness.*

The philosophy of customer orientation is the organization must provide the best value to its customers in accordance with the perceptions, needs and desires of the intended target market. Products offered must also be able to satisfy customers by creating an attractive product design, communication with consumers who maintained, appropriate pricing and other added niali provided to consumers (Kotler and Andersen, 1996). Customer orientation is a manifestation of organizational culture, where its orientation must be able to create a good value to its customers (Narver and Slater, 1990). Marketing principle to detect what the customer wants and efforts to give satisfaction to its customers can now be applied in the context of the museum (Kotler and Kotler, 1998). Customer orientation conducted by the museum emphasizes how to get information from visitors to improve service to its visitors, for the museum can be used as a means of leisure, education, cultural activities and places of social interaction. Thus the hypothesis obtained:

*H1b = There is influence from Customer Orientation to Social Effectiveness.*

Referring to economic effectiveness, in marketing theory there is a debate which is very long and complex. Companies that can implement the marketing concept tailored to customer orientation and market, these companies in the long run will be able to be more successful than those not applying it at all (Deshpande et al., 1993; Kotler, 2000; Voss and Voss, 2000). Several empirical studies say that market orientation has a positive correlation to economic performance (Appiah-Adu, 1993; Narver et al., 1998, Pelham and Wilson, 1996; Slater and Narver, 1994; Woodside, 2005). Therefore there is the same thing between market orientation and competition on economic performance for nonprofit organizations (Balbanis et al., 1997; Caruana et al., 1998a, b; Gainer and Padanyi, 2001; Siu and Wilson, 1998), in order to get hypothesis:

*H1c = There is influence between Customer Orientation to Economic Effectiveness.*

*H2a = There is influence between Competitor Orientation to Economic Effectiveness.*

This orientation depends on the needs of consumers that encourage them to overcome their reluctance to buy products or services offered by the company (Kotler, 2000). Sales conducted by the museum are always focused on how to offer a product that has value to the visitor, in other words products that have historical value, cultural and others. By using marketing intelligence, then the management can determinewhat is desired by visitors about the museum (Lees-Marshment, 2001; Marchand and Lavoie, 1998). Marketing principles are also needed for non-profit organizations,

because they refer to how to deliver the best to visitors. Noble et al. (2002) and Mottner and Ford's (2004) state that the sales orientation is generally highly positively correlated to performance. The company is emphasizing on how to increase sales to increase revenue for the museum, so hypothesis is as follow:

*H2b = There is influence between Sales Orientation to Economic Effectiveness.*

Some experts have considered there is relationship between dimensions of performance, although an understanding of the activities of marketing strategies affecting financial performance is very difficult to do (Srivastava et al., 1998). Several empirical studies say that there is a positive relationship between something that is non-financial to financial issues for an organization (Homburg et al., 2002; Rust et al., 1995). Bryson et al. (2001) state that for nonprofit organizations can perform social values and fulfill the wishes of the stakeholders, despite the things that are contrary to the business mission. Gainer and Padanyi (2001) state that if the consumer get high satisfaction and reputation for their artistic then organsiasi can gain profitability and growth, the hypothesis is as follow:

*H3 = There is influence between Social Effectiveness to Economic Effectiveness.*

## RESULTS AND DISCUSSION

Analysis of data was obtained from the testing of hypotheses. The purpose of hypothesis testing is to reject the null hypothesis ( $H_0$ ) so that the alternative hypothesis ( $H_a$ ) can be accepted. This is done by looking at the significance of each relationship. The error tolerance limit ( $\alpha$ ) used was 5%. If  $p < \alpha$  or  $p < 0.05$  is a significant difference between the variable X to variable Y:

From the regression equation resulted 61.23% Social Effectiveness variable is affected by Product Orientation. ANOVA or F test, F Calculate obtained is 86.80 with significance level because of the probability .00 (0.00) is much smaller than 0.05, the regression model can be used to predict the Social Effectiveness. Obtained regression equation  $Y = 8.47 + 0.76X$ . Thus it can be taken a conclusion that  $H_a$  is accepted and  $H_0$  is rejected, so that there is influence between Product Orientation towards Social Effectiveness.

From the regression equation resulted 77.90% Social Effectiveness variable is influenced by the Customer Orientation. ANOVA or F test, the obtained calculated F is 194.20 with 0.00 significance because of the probability (0.00) is much smaller than 0.05, the regression model can be used to predict the Social Effectiveness. Obtained regression equation  $Y = 2.76 + 0.80X$ . Thus it can be taken a conclusion that  $H_a$  is accepted and  $H_0$  is rejected, so there is the influence of Customer Orientation towards Social Effectiveness.

From the regression equation resulted 61.20% Economic Effectiveness variable is influenced by the Customer Orientation. ANOVA or F test, the obtained calculated F is 703.32 with 0.00 significance because of the probability (0.00) is much smaller than 0.05, the regression model can be used to predict the Economic Effectiveness. Obtained regression equation  $Y = 0.83 + 0.85X$ . Thus it can be



taken a conclusion that  $H_a$  is accepted and  $H_0$  is rejected, so there is influence between the Customer Orientation towards Economic Effectiveness.

From the regression equation resulted 69.30% Economic Effectiveness variable is influenced by the Competitor Orientation. ANOVA or F test, the obtained F tinfnkat Count is 124.00 with 0.00 significance because of the probability (0.00) is much smaller than 0.05, the regression model can be used to predict the Economic Effectiveness. Obtained regression equation  $Y = 6.93 + 0.95X$ . Thus it can be taken a conclusion that  $H_a$  received  $H_0$  is rejected, so that there is influence between Competitor Orientation of Economic Effectiveness..

From the regression equation resulted 29.90% Economic Effectiveness variable is influenced by Sales Orientation. From ANOVA or F test, the calculated F is 86.00 with significance level of 0.00 because probability (0.00) is much smaller than 0.05, the regression model can be used to predict the Economic Effectiveness. Obtained regression equation  $Y = 7:16 + 0.53X$ . Thus it can be taken a conclusion that  $H_a$  is accepted and  $H_0$  is rejected, so that there is influence between the Sales Orientation to the Economic Effectiveness.

Regression equation resulted 80.40% Social Effectiveness variable is influenced by Economic Effectiveness. From ANOVA or F test, calculated F is 225.81 with a significance level of 0.00 because of probability (0.00) was much smaller than 0.05, the regression model can be used to predict the Economic Effectiveness. Obtained regression equation  $Y = 0480 + 0.879X$ . Thus it can be taken a conclusion that  $H_a$  is accepted and  $H_0$  is rejected, so there is influence between the Social Effectiveness to Economic Effectiveness.

## CONCLUSION

Based on the research result, the conclusion they are: (1) Statistical analysis of the result calculation showed that Product Orientation influences Social Effectiveness, which means the museum's management can offer artistic products that have historical value; (2) Statistical analysis, it is found that Customer Orientation influences Social Effectiveness, which means the management of the museum is able to find out the desire of visitors and can quickly respond every visitor's desire. The statistical analysis concluded that Customer Orientation influences Economic Effectiveness, which means every visitor visits the museum due to his/her curiosity to the knowledge that the museum can offer; (3) Statistical analysis concluded that Competitor Orientation influences Economic Effectiveness, which means that museum's income is highly influenced by other museums around the area; (4) Statistical analysis concluded that Sales Orientation influences Economic Effectiveness, which means that museum management can increase income from ticket sales strategy that is done with program promotion etc; (4) Statistical analysis concluded that Social Effectiveness influences Economic Effectiveness, which means that the increase of museum income is due to other factors other than ticket sales to visitors.

Referring to what is described above, the museum's management should always pay attention to both the Strategic Orientation of the products offered to visitors of the museum, the value for visitors,

offering products with artistic and historical value to its visitors, and looking at competitors in the vicinity as well as cooperation with various parties to improve the performance of the museum. This study only examined the influence of the Strategic Orientation of Social and Economic Effectiveness effectiveness, further research should include variables of cultural factors, government policy and added a few variables that significantly affect the Social Effectiveness and Economic Effectiveness.

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