LIVE PERFORMING ART MANAGEMENT: A COMPARISON BETWEEN ITALIAN AND AMERICAN MODEL

Fabiana Sciarelli, LUISS Management in Rome

ABSTRACT

This work comparing the US and Italian systems of performing art management reaches three conclusions: the first one is that the American system is very different from Italian system, for its environment, people, culture, legislation and live performing art enterprises; the second one is that it's possible to use the Italian model in the production area, the organisation area and others. To help American live performing art enterprises; the third is that it's possible to use American model in the fundraising area, marketing area and others. To help Italian live performing art enterprises.

INTRODUCTION

During most of the twentieth century, art and enterprise management were symbolised by the antinomy of aesthetics and utilitarianism. At the end of the eighties the economic side of cultural activities started to appear, as part of the new consciousness of the entrepreneurial nature of cultural-artist and industrial organisations, irrespective of their own purposes. During the last few years in Italy, the notion of business enterprise has affected all kinds of organisation, even those specifically related to the social field. The process of becoming a business enterprise, based mainly on the concept of effectiveness and efficiency, has developed so quickly that it has also reached areas which were thought to be unapproachable shrines. In Italy this process, even though with great difficulty, is progressing into the live performing arts sector, which is very particularised, where providing services answers high social needs, is culturally orientated and of considerable public interest.

Exemplary experience of the new system can be found in other countries. In the English-speaking world, culture is managed according to a very consolidated technique and in France even university courses in "cultural engineering" are given. The business enterprise process is slow and hard for the Italian live performing arts enterprises. The obstacles include mistrust of the artists, open to innovations but also sceptical about any revolution of settled habits, resistance of some workers, who are afraid of losing their privileges, as in Opera Organisations, and also of some operators promoting simply their own personal management. Nowadays providing live performing arts services, means serving the artistic invention and managing resources with the knowledge, ability and responsibility required of modern organisation. The cultural and live performing arts sectors play a very important role in contemporary Italian and world-wide society, because of the strong influence they exert on people. Its way of development is given by the idea of cultural artistic enterprise and, as a consequence, of a cultural manager combining artistic and economic needs. On the one hand he must follow traditional methods and techniques of management, on the other hand he has to reckon with inflexible peculiarities of such a sector, as its target, the nature of its products, public involvement, and so on.

The first objective of this work is to study what constitutes a successful model for world live performing art management. The second objective is to compare the Italian model of live performing art management and the American model. The third objective is to demonstrate that it is possible to use the American model to help Italian live performing art enterprises and vice versa.

The methodology used is very varied. In fact I have used almost all types of methodology. A first method is bibliographic and paper search. I have consulted Italian, American and Canadian libraries and art management department libraries in many university and business schools in this country. A second is a program of (about thirty) interviews to live performing arts enterprises in United States and Italy. A third is a program of, about fifteen, interviews to live performing arts management expert in United States, in Italy and in Canada. A fourth is the direct observation in live performing art enterprises, to study Italian and American audience and their purchasing behaviour.
THEATRE SECTOR

There is an important distinction between the businesses of cultural theatre and commercial theatre. This was brought to the attention of scholars in 1993 by Prof. François Colbert.

This is based on a primary criterion which concerns the mission of the business, which latter may be directed towards the market or towards the product. A business focusing on the product, like for example a festival of avant-garde theatre, will certainly have its mission directed at the growth of culture and is easily identifiable as a cultural business. On the other hand, a business focusing on the market, for example a pop concert or a musical, will certainly be looking towards mere entertainment of the public, that is simply an increase of turnover, for which it is easily identifiable as a commercial artistic business.

The second criterion applied is that of the production technology used. There are businesses which produce prototypes, really non-reproducible in a completely identical way, like the theatre, and businesses which produce series of products, like the cinema and home video theatre. Obviously for every production there must be an original. Thus, the real distinction is between businesses which create a single product, not for reproduction, and those which create a product and a large number of reproductions to put on the market all at the same time.

These two criteria are enough for a first reasoned sub-division of the artistic sector and, consequently, also of the theatre sector.

Colbert considers, therefore, technology and the function of use as fundamental dimensions for the definitions of artistic businesses. He does not, however, analyse the other fundamental dimension of Abell’s model (figure 1) the client typology.

During our study an element seen in America, as in Italy and Canada, is given by the recognisability of the users of the cultural artistic business, as will be outlined below. Many of these groups are users also of commercial artistic business, while only a very small part of the average public of the latter are among the consumers of cultural artistic businesses, which remain producers of specialist goods.

The Theatre System

The end of the 1990s was the time of the rebirth in the Italian theatre system: the public had come back to the theatres, the government had undertaken a "new" and constructive approach to the legislative regulation of the sector. Theatres had started to take the first steps towards the formation of a figure specialised in theatre business management. Playwrights had started to produce interesting texts again. International twinning arrangements were possible, giving greater voice to our theatre, etc.

The first distinction among the structures making up the Italian theatre system is given by the Public Theatres, Private Theatres, and today, Mixed Theatres. Going into more detail we can identify all the subjects which receive public support as:

(a) “Teatri stabili”, that is permanent theatres with production and performance by public initiative, directly from local bodies;

(b) “Teatri stabili privati”, with an identical activity to permanent theatres but run with private capital and for profits;

(c) Permanent promotion, production and research bodies and associations, in the field of experimentation and theatre for children and the young;

(d) “Compagnie di giro”, that is, private initiative theatre production companies, which programme artistic, continued and professional activity on the basis of tours;

(e) Businesses which manage theatres buildings, businesses of distribution and management, exclusively dedicated to putting on works created in other structures;

(f) Bodies and associations which promote reviews and festivals, that is, organisations which seek to contribute to the spread of and the improvement of Italian theatre, through integrating with distribution and through launching new products;
(g) "Teatri di tradizione", that is the organisations for the production and distribution of national products and therefore the perpetuation and growth of classical national theatre:

(h) Lyric theatres, that is, permanent legal foundations. with the activity of production and distribution of musical products like concertos and opera;

(i) Concert-orchestral institutes, that is, businesses producing the musical activity put on in many theatres.

All theatre in Italy, both public and private, possessing the requirements of the latest legislative circular and law, whenever it is enacted. benefit from the economic support from public bodies under the form of subventions and contributions.

In the USA the argument is much more simple. In fact the theatre businesses are divided into two groups, profit and non-profit. Only the latter, under the general regulations for non-profit organisations including all business non-profit of any type (hospitals, schools, universities etc), benefit from public financing, which is, in any case, most limited.

Theatre Demand

Considering the variables most generally used to characterize the market of reference one can claim that:

- The geographic situation, the city and climate, the population density, etc. in the case of theatres greatly characterise the market, in that most theatres, both in Italy and the US, are local or even restricted to the urban area alone.

- Demographic variables, that is, age, sex, family, etc. are particularly important for theatre, especially for some types of offer like children’s theatre. One of the main problems which is seen in the US comes from the elevated age of the public. The American consumers divide perfectly into two bands: the over-fifteen and the under-fourteens. Individuals aged between 14 and 45-50 are seldom spectators.

Identification and grouping by age, therefore, may be important for directing marketing policy. The family group is also important in considering the difference between clients and consumers and the consequent drag effect. In fact, often it is the parent to educate the child to appreciate the theatre.

- Socio-economic markers, that is, schooling, work, income, religion, race, social class, etc. are all variables considered crucial for the characterisation of the theatre market. The average theatre consumer, both in Italy and the US, has a middle-high level of schooling. Work can be a determining factor in that it determines the amount of free time of an individual. Very probably a pensioner, a part-time office worker and a student will have more chance of going to the theatre than an office manager. The income of the average theatre consumer is quite high, especially in Italy. Religion is a significant parameter only for certain types of offer like sacred or notably profane representations. In the US race is a very important variable. One clear result which emerged from the research was the very low multicultural or multi-ethnic use. In a city like Chicago, for example, in which Afro-Americans make up 35% of the population, the same group registers a presence of about 1% of the entire public for prose theatre and symphonic music and 5% for opera. In New York the presence is even lower. The social class may be an interesting parameter especially for theatres which offer of a high social content (status symbol), like opera.

- Psychological variables, like conservativeness, ambition, sociability, etc. present interesting ideas for the definition of the theatre market. In a special way, sociability is a discriminating factor for all the offer types, in that theatre in general is a social activity, while conservativeness is a significant element for determining what is offered, like experimental theatre rather than classical theatre.

- Behavioural patterns, like the frequency of purchase, knowledge and use of the service, brand loyalty, are important, etc., but not always easy to identify. The typical theatre consumer is a habitual theatre-goer, very often tied to a theatre rather than to a theatrical company.

Competition for theatre businesses

To clearly define competition for a theatre businesses it is necessary to presuppose that:
competition develops on two fronts, or rather, concerning the user and concerning the human, financial and physical resources.

- the characteristics of the competition are strictly related to the structural characteristics of the theatre business, that is to its dimension, mission and product.

Competition to acquire consumer preference is the most immediate aspect of the action of theatre businesses, in that they enter into competition with other businesses which produce goods and services with the same function of use.

Considering the competitive area of the acquisition of resources, it is necessary to limit the analysis to economic and financing resources and to human resources. The former may be provided, in Italy, by the Ministry, by Local Government and by private structures. In the US they are provided only by private bodies and individuals. in that government, state, or town financing is always indirect, through tax-exemptions for private financing.

The latter are quite scarce resources, but subject to intangible elements, like taste, so that they are very difficult to analyse objectively.

Applying a Porter analysis to the enlarged competition of the theatre business, the actors in the sector emerge through the five competitive forces (figure 2).

Going into detail, one can say that the direct competitors are those which satisfy the same needs, the same clients with the same technologies, that is the halls or the theatrical companies.

The businesses which offer substitute products are those businesses which satisfy the same needs and the same clients with different technologies, like cinema, home video, musical concerts. In the American market shopping, baseball, restaurants, that is all entertainments products are also considered substitute products for a theatrical production. The potential entrants are all those businesses interested in the theatre market, with the capacity of overcoming the legislative and economic barriers which are usually found in the culture sector.

Businesses which operate at the base, the suppliers, in the theatre field do not have a relevant and exclusive role. The actors which operate at the top, the final consumers, the distributors, that is the theatres, influence the competitive behaviour of the theatre businesses to different extents. The theatres and the distribution chains like E.T.I. have a significative contractual power, so much as to run the negotiations, at times. The clients/consumers are able to generate the extremely important communication mechanism of word of mouth, and some users in particular, like some critics, can direct the mass of the public.

The influence of these operators may be described and interpreted in innumerable ways compared to the peculiarity of the theatre business itself.

**Strategy**

All the organisations are influenced both favourably and unfavourably by external factors, that is by political, institutional, economic, cultural and technological changes. To define a strategy which is later effective it is necessary to understand these changes have on the theatre business, in the form of opportunities or threats.

In the case of Italian theatres this is extremely important, especially for the study of the political and institutional aspects of the external environment. In Italy most of the theatre organisations suffer strong public interference, both because many are, either completely or in part, public businesses, and because all need ministerial financing to survive. For example, many of the posts on the Boards of permanent theatres, opera houses and communal theatres are covered by public figures, like the mayor, local government politicians, ministerial delegates etc. Therefore, a change in the political orientation of a geographical area often gives rise to a change at the top of the business, and even in the strategy.

The situation is markedly different in the US where all the theatre businesses are completely private, for which reason they are not influenced by political elections. The economic climate also influences cultural businesses greatly. The average users of the theatre productions have, in most cases, a medium-high economic level, with the availability of money to use for "leisure time". This means that a general improvement of the economic situation of the country, from an increase the average earnings to an increase in the public money available to be used in culture and heritage, could represent a great opportunity for the theatre. Likewise, a depressed economy represents a threat.
Obviously, the link with a cultural change in the country is even clearer. This is for two types of reason, one connected to the type of user, as has already been stated, the other connected to the traditions of the country. From the research it emerges that the underlying culture of the country is important especially in comparing theatre in Italy with that in the US. Italy has an extremely long and strong tradition of theatre, it is not irrelevant that Italy is the home of lyric opera, the home of Pirandello, de Filippo, Goldoni, Fo etc. while North America is a young continent which does not have such a long consolidated tradition, which in recent times has become an attentive producer of theatre, no longer limiting itself only to musicals and contemporary dance.

The cultural difference between the two countries, today, is revealed, not only in the type and quality of production, but also in the use which representative theatre has. In the US there is a preponderant image of status symbols, something which, except for rare exceptions like La Scala in Milan, no longer exists in Italy. The strong cultural tradition may represent a threat, as well as an opportunity, for example it can reduce curiosity about a phenomenon which has always existed just as much as it can improve the capacity of judgement, it can make an expected theatrical production seem an exceptional event.

Technological changes have had a strong effect especially as an emerging threat. We see, in fact, that the invention of the cinema caused the loss of audiences in the theatres, the same is true for the success of home-video, of home-theatre etc. Technology may represent an opportunity when it allows a reduction of costs. It must always be borne in mind, though, that theatre is a labour intensive activity, and any reduction of costs is usually limited. To reach an adequate definition of strategy it is necessary to compare the external factors mentioned above with the roles, the capacity and the internal resources of the businesses themselves. The aim of the analysis is to identify a precise picture of the cultural artistic organisation. It should indicate the elements which make up the whole organisation, and how these have been used in the past, so as to better use these resources in the future. Through an internal analysis the management must evaluate all the components for their positive and negative aspects.

The problems encountered by theatre management in this phase are usually of an economic or financial nature. The costs are always much higher than the receipts. In Italy also the number of tickets sold is identified as a weak point, while in the US the undersales of tickets do not create any economic problems even if box-office income is insufficient to cover the costs.

The strong points instead, in both countries are seen in the production and are both quantitative and qualitative. Often, in large size public theatres in Italy the motivation and the competence of the personnel also represents a weak point, like the obvious bureaucratic rigidities. The result of this analysis should be an effective understanding of the situation of theatre businesses, and to show what it is necessary to develop, acquire or eliminate so as to reach objectives and especially for realisation of the mission of cultural artistic theatre.

All the efficient strategies for theatre businesses are identified with agreements with other artistic organisations. These may reach different objectives:

1) Construct an audience

This objective is reached in particular in the US market. In Italy despite being aware of the increase in audiences coming from policies of combined marketing the theatre businesses still concentrate on their own patch, fearful that someone will take something away from them.

2) Cutting costs and improving quality

An arts organisation can make savings of scale, so as to reduce unit costs of productions by sharing administrative functions and/or other functions. Also in this case such agreements are mainly used by American theatre businesses, at present to.

Collaboration with non-artistic non-profit organisations can also bring benefits to theatre organisations. A theatre, through collaboration with schools - for example co-producing student productions, programming matineé productions for children, conferences or real lessons on authors and on theatrical works, in agreement with teachers - can reach three objectives: enlarging the culture of the children, (and often also of all the adults who work with them), forming a prepared, attentive and impasioned audience for the future, reducing the costs of a single production by increasing the number of performances or increasing the profits through an increase in box-office income.

Theatres often collaborate with non-profit organisations, like prisons, reformatories, communities for disintoxication from drugs, with the precise scope of improving the civic sense of individuals, redirecting them to activities which
are not dangerous for the community, through the commitment of the body and mind in letting loose all the positive and negative potential of the individual.

Collaboration with profit making organisations in Italy is not yet frequent. The main form adopted in Italy is that of sponsorship. In the US, instead, this type of agreement exists and is widespread. The main objective that the theatre businesses wish to reach is the reduction of costs, for example of marketing, or an increase in financing, through co-productions, something which would never be accepted in Italy.

Another type of agreement, which does not exist in Italy, is that of the Multiple Organisations. In the US there is a sort of private “category association”, the Multiple Organisation, which works in consultancy and assistance to theatre businesses located in a certain geographical area. These structures, which are in continuous contact with numerous theatre businesses, are often the link between the latter, reducing their administration marketing and consultancy costs by using economies of scale and of experience.

MARKETING

Price policies

The most widespread methods for determining prices for theatre businesses are:

1) Consumer based method

The traditional theory of marketing claims that the best price is the price a consumer is prepared to pay. The best way to know the desires of the public is to ask, for example, through market research. In the US this is a commonly used procedure, in Italy, instead, it is extremely rare to carry out market surveys to know one’s own public, their needs and desires.

2) Competition based method

This method, widely used in Italy, comprises continually analysing the competition to adjust selling prices to those of direct competitors.

3) Cost based method

The price is determined on the basis of the unit cost with the addition of a mark up, which goes to generate profit. This method is not easy to use for theatre businesses, given the high level of production costs are hardly ever covered by box-office earnings.

In reality, in the US, the price of theatre productions is rarely defined by one of these methods. Frequent use is made of mixed methods.

Distribution policies

The choice between the various distribution alternatives is made on the basis of internal and external factors. Among the external factors are those depending on the characteristics of demand and of the potential intermediaries to be used. Among the internal there are factors of marketing, like the characteristics and positioning of the products, and factors like the financial resources, characteristic technologies of the processes, etc, which do not concern marketing. The choices of the businesses are represented by three possible strategies:

- intensive, concentrating on a capillary distribution of the product in the territory
- selective, directed to limiting the distribution to specific types of sales points on which to concentrate forces
- exclusive, this strategy concentrates the distribution at a limited number of sales points which in any case guarantee an exclusive level of service, image and prestige.

In Italy theatre businesses use only an exclusive distribution. The sales of tickets is, as stated previously, mainly directly in the theatre itself, only in a few cases is it possible to buy through alternative methods, like ticket offices in different locations, by internet or by telephone. In the US the selective strategy is adopted, in that it is possible to find tickets in all the box offices of the city, but new technologies are always making advances.
Communications policies

The communications processes of the businesses are aimed at different recipients, in particular it is possible to identify the intermediaries, the public institutions, public opinion, suppliers, dependent workers and the market. The latter can in turn be divided into consumers and potential clients, both those who are acquired and those acquired by the competition.

Naturally, the theatre businesses will give to its communications strategies objectives, and consequently, differing messages according to the type of recipient they are aimed at. Today, most Italian theatre businesses possess a press office which has always dealt with communication as part of their internal organisational structure. Often, therefore, the communication is specifically limited to relations with the press and small ads of daily papers. Posters, in most cases, are designed by the visiting theatre companies but affixed by the theatre itself. With the advance of technology, the use of internet is starting to become an important means of communication.

The situation in the US is very different. Most of the theatre businesses have a marketing office which gives particular attention to the communications policies, putting on promotional campaigns and publicity of a high quality, both for the planning of messages which and for exploiting the media.

Human Resource

All the activities which contribute to the creation of a theatrical product and of the connected services are presided over by organizational units and work posts, which in turn contribute in a fundamental way to the total value of the product, as in Porter’s “chain of values”. In this area the main differences are given by the presence of organs representing political factions on the Boards of most Italian theatre businesses while in most US theatre businesses there are rich private individuals on the Boards. Besides, in the US, theatre businesses benefit from an efficient system of volunteer work at all levels of the organizational structure, a situation which is completely absent in Italian organisations.

Fundraising

Public financing

The presence of public subsidies, often substantial, as a proportion of the balances of cultural institutions is a widespread fact in all western countries; the quantitative relevance depends mainly on historical and institutional factors, but the tradition of volunteer work present at a higher level in English-speaking countries appears to be important. There are few doubts about the fact that the current institutional nature of cultural production makes financial intervention of the state necessary, this, though, does not resolve the problem of the theoretical justification of state intervention or rather the financial intervention of all the citizens, including those who do not use cultural activities.

Public financing in Italy is divided into funds given by the Ministry for Culture and National Heritage and funds from the Local Government bodies. The extreme diversification of the national, regional and local politics of financing productions makes it impossible to conduct any homogenous reasoning on the subject in Italy. Central government financing, in any case, makes up the largest part of the finances received by theatre businesses. These may arrive at covering, in particular cases, even 70% of the total costs of the business. In the US direct public financing, which may be federal, state, or from the city, is absolutely irrelevant in the balances of theatre businesses. In fact, all together it rarely represents more than 1% of the total income.

Private financing

Without doubt one of the most innovative factors in the field of policies on culture has been the common tendency in all European countries, and the progressive growth in Italy during the 1980s, of the role of private businesses in the world of art and culture, both because of the entrance of new actors - the businesses and large financial groups - which in many cases have grown alongside the traditional public operators, and because of the multiple diversifications in the patterns of intervention.
The sector that is mainly committed into initiatives of sponsoring is the credit sector. This depends both on the norms imposed on the credit institutes, which determine that they must destine a part of their profits to works of public benefit and to their capillary diffusion on the country, with strong roots in local communities. The support is usually focused on cultural artistic institutions which are already consolidated by history and prestige, and besides, are more orientated towards conservation than to supporting creation and experimentation. However, intervention of private enterprise in the cultural sector is in part at the expense of the public operator, since it sets off an indirect public expenditure through the State renouncing tax receipts. The deduction from taxable income is only recognised for the assimilation of the expenditure sustained for sponsoring the publicity expenses, while in most cases an equivalent deduction for supporting production expenses is not permitted.

Private financing in Italy makes up, however, only a modest proportion compared to the public intervention, having a higher incidence only in sectors and activities which better lend themselves to the needs of communication of the private businesses, like festivals. In the US any form of donation to the non-profit sector is deducted entirely from the taxes to be paid. Therefore, the sum of the donation is not deducted from the taxable income, but is deducted directly from the tax to be paid to the government. A very common practice in the US is financing the construction of a dressing room, an office, or seating. This form of donation consists of the contribution of a sum to the theatre by a private individual for the construction of some element of the theatre or simply for its annual management costs, and to the publicity of the donation by the theatre. In fact, as a sign of thanks the theatre applies a plaque with the name of the donor on the door of the office, on the house seats, or in preestablished areas inside the buildings and then mentions the donor in the newsmills of the theatre, together with other donors, showing the value of their donation. In this way the donor also contributes to his own image in society.

It is important to remember that the Board of a theatre in the US is composed entirely of its major financial backers, to whom no payment is given. It is possible, besides, to invest in a theatre, giving it the responsibility for managing a sum of money behind the payment of interest depending on the success or not of the theatre. Direct private financing, like that in the US, creates strong competition between the cultural artistic organisations and non-profit organisations in general, and this determines a growing orientation towards the consumer in theatre businesses. In conclusion in the US there are numerous forms of "private" financing of the cultural artistic institutions, determining the survival of the same.

**CONCLUSIONS**

The great problem which the theatre manager meets every day in Italy is represented by the considerable obstructionism shown by the workforce in the theatre sector itself. In the US the theatre was born with the business sector, and they have grown together. We should not forget that the main form of American theatre is that of Broadway, which is nothing other than commercial theatre, that is, real and true business. All of which obviously brings a greater ease of approach between management and art.

Italian and European theatre, instead, was born well before modern business structures and they have been opposing expressions of culture for years. Another thing not to undervalue is that in Italy for many years theatre art was carried ahead by the cultural left, which, in principle, considered business as an ill of capitalism. In other words, the different approach to business is founded on the enormous difference of culture and history between the two countries.

This element permeates all theatre management. The differences are already highlighted in the definition of the sector in Porter models. In the US non-profit theatre competes with matches of American football, with shopping etc., in as much as the reference sector is generally considered that of entertainment and not that of culture.

Having, therefore, to different sectors of reference the US and Italian theatre businesses will also have different marketing models. The first in fact, has a system almost completely orientated towards the consumer while the second remains orientated towards the product, except for secondary services. Considering the organisation of human resources the difference is mainly based on function of use.

In the US the social function is still very alive, seen above all in the sign of status symbol, borne by theatrical productions. This attracts greater attention of the higher social classes to the organisational management of the theatre. As we have seen the phenomenon of volunteer work is completely absent in Italy. This phenomenon determines a considerable reduction of costs and, especially, substantial involvement of the community. The participation in theatre as a status symbol also brings along a notable attention in private individuals to financing theatres and to the private publicity which derives from this. This function of use, much in vogue in Italy in the
past, has become progressively lost leaving space for the main function of cultural growth, and this clearly promotes greater attention to the theatrical product.

The elements so far highlighted, that is the cultural and historical differences, the consequent differences in the function of use of the theatrical product and the extended competition have, as has already been stressed, repercussions in all the business material, not least in the financing. In connection with this, in fact, it is clear that in the US private individuals are more directly interested in the conservation of the theatres than they are in Italy, where the Ministry is occupied in safeguarding the national theatre heritage.

In conclusion, it is evident that a universally acceptable model of theatre business management cannot exist, given the consistent, and often determinant peculiarities present in various countries. At the same time, it is more than correct to make use of the experience gained with other management models to be able to grow and create a management model for theatres in Italy which better corresponds to the real situation in the country.

REFERENCE


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