

WHAT MAKES THE THEATRE AUDIENCE RETURN? THE ROLE OF ENGAGEMENT IN PREDICTING FUTURE BEHAVIOR

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Received 5 April 2017
Revised 28 June 2017
Accepted 26 July 2017
<https://doi.org/10.20867/tosee.04.38>

Abstract

Purpose – The purpose of this research is to explore the factors that influence the future behaviour of theatre audience. The authors hypothesized that the audience engagement could be the key factor and the answer to the question: What makes the theatre audience return?

Methodology – The research was conducted on a sample of 537 respondents from Croatia that have visited either Croatian National Theatre in Osijek or in Rijeka in the past two years. This precondition was ensured through filter question on the beginning of the survey and 452 respondents have satisfied the precondition. The data was gathered through highly structured questionnaire designed based on scales and items adapted from previous research. Structural equation modelling (SEM) in LISREL was used to analyse the data.

Findings – Research results suggest that future behaviour of theatre audience is positively influenced by perceived value of theatre performances and customer engagement. Contradictory to previous findings, quality of performance has no influence on future behaviour. Also, mediator effects are explored. Managerial implications are discussed and suggestions for marketing managers in theatres offered.

Originality of the research – This research contributes to the development of the theory on customer engagement in general and in the context of non-profit marketing as well as theatre marketing. It provides the empirically based answers to research questions related to the predictive power of engagement as well as other suggested variables. The study also contributes to understanding the determinants of future behaviour of theatre audience in Croatia.

Keywords Theatre audience, customer engagement, future behaviour, SEM

INTRODUCTION

Marketing in cultural institutions has the potential to contribute not only to the well-being of the specific institution but also to the society as a whole by raising its general cultural level and fostering economic growth based on creative industries. Also there is a great potential for it to contribute to the cultural tourism in the specific city and in the region which implies a potential multiplicative effect on the economy. For that reason, the role of marketing and its potentials in creative industries has gained great attention in academia research as well as in modern marketing practice in recent years.

Boter (2005), Hill et al. (2003) and Heilbrun et al. (2001), claim that cultural institutions started using marketing in the 1970s with the aim to inform the public about upcoming events and to bring art closer to the audience. That was much simpler in those days because marketing was used only for one-way communication - to

transfer certain information. Art that was shown in theatres, museums and other cultural institutions was considered a better form of entertainment than the popular forms of entertainment (i.e. television) and it was implied for such art to be financially supported and attended by audience.

Since the beginning of the 1990s, implementation of marketing and management in cultural institutions and art has become increasingly important and more complex and there have been many examples of their quality and systematic practical implementation (Pavičić et al. 2006). Carls (2012) indicates that marketing in culture has to be concerned with both current and potential audience, and that this approach should be implemented constantly and strategically. According to Šešić-Dragičević et al. (2013), marketing in culture has one basic task and that is to create and expand the market because business development of cultural institutions is often faced with the obstacle of “non-existing market” i.e. the lack of audience.

In the field of marketing in culture, it is important to show and popularize cultural and artistic achievement and to encourage people’s contact with art and works of art. It means that it is necessary to explore “the distance between the producer and the consumer”. The market-based approach to culture imposes a requirement to encourage consumption in order to achieve higher economic profit of the institution whose product is being sold (exhibition, performance, etc.). Also, cultural institutions should not only think about how to attract more audience (selling tickets), but also about how to make the audience a constant audience of cultural events – one which is able to react and interact with the artwork (Šešić-Dragičević et al. 2013).

In the Republic of Croatia, many cultural institutions do not have special marketing departments or marketing programs. One of the recent studies (Buljubašić 2015) has shown that, for example, general managers of theatres have a certain “fear of marketing”, especially of unconventional marketing. Lack of experience and knowledge in the use of unconventional marketing was identified as the biggest barrier for implementing and using unconventional marketing in cultural institutions in Croatia (Buljubašić et al. 2016).

Previous research point out that audience in cultural institutions does behave as customers (Hand, 2011). In the focus of marketing managers of these institutions is keeping the present consumers, as attracting new audience members is much more difficult and expensive. The role of marketing research is therefore to provide empirically based answers to the question: What makes the consumers return (to the cultural institution)? The present research tries to address this issue and reveal the factors that influence the future behaviour of theatre audience. The authors hypothesized that the audience engagement could be the key factor as engaged customer is experiencing co-creative customer experiences with a focal object and in specific service relationships (Brodie et al. 2011). The research also examines the direction and strength of the influence of overall value and core service quality on the customer engagement. The data was gathered through highly structured questionnaire designed based on scales and items adapted from previous research i. e. Vivek et al. (2014), Danaher and Mattsson (1994), Kim et al. (2013).

This research contributes to the development of the theory on customer engagement in general and in the context of non-profit marketing as well as theatre marketing. The concept of the customer engagement has originally been developed and studied within the profit-marketing domain (Gambetti et al. 2013; Vivek et al. (2014). However, based on the notion that customer engagement is not necessarily related to purchasing process, rather than the interaction process (van Doorn et al. 2010), the applicability and explanatory ability of this concept is tested in a non-profit based research model. Also according to Vivek et al. (2014), most of the scholarly work done on customer engagement has been conceptual in nature, with empirical work as an exception. This study provides the empirically based answers to research questions related to the predictive power of engagement as well as other suggested variables. The study also contributes to understanding the determinants of future behaviour of theatre audience in Croatia thus giving useful information to the theatre (marketing) management and all other stakeholders interested in fostering this type of behaviour (education institutions, local government, NGO's etc.).

1. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

1.1. Service quality

The “service encounter” or “service experience” is the entire transaction received by the customer (Dwyer et al. 1987; Tseng et al. 1999). When measuring the performance of actual service versus perceived service, Zeithaml et al. (1988) suggests measuring service quality. Service quality receives attention in research as more firms realize that maintaining customers and maximizing customer satisfaction is key to long-term relationships (Jiang and Wang 2006; Palmer and O'Neill 2003). Hoskins and McFadyen (1991) suggest that more focus is required in understanding the roles of service quality and also overall perceived value in the cultural industry.

Service quality includes aspects of functional process and technical quality (Gronroos 1990) and the performance of both core and peripheral services. For the performing arts sector, the core services would be the display and performance of acts or skills in a public performance (Moses 2001) as well as the servicescape factors that support its display, i.e. the theatre and stage, stage setting, actors and actresses, lighting and audio (Hume 2008, 350). Some previous research has analysed the role of service quality for visitors' overall satisfaction in theatre (Hill et al 2003; Kotler and Scheff, 2007) and found that it has a significant influence in overall satisfaction. Hume (2008) conducted a research on re-purchase intention in performing arts industry and found that customers determine their re-purchase intention based on both core and peripheral service quality, mediated by perceived value and customer satisfaction.

Service quality is a well-established construct (Cronin et al. 2000; Zeithaml et al. 1988) yet the relationships of service quality to perceived value, satisfaction and customer engagement are continually receiving attention and debate in the literature (Bahia et al. 2000). Van Doorn et al. (2010) assert that if service quality is diminished over time, customers are less willing to be engaged. And opposite also stands. So, if service quality is at constant level or rising, hence, making customers getting what they expect

they will be more prone to engage in different forms of behaviour. According to aforementioned, the following hypothesis was developed:

H1: Core service quality has a positive influence on customer engagement.

1.2. Perceived value

According to Zeithaml et al. (1988, 14) perceived value is specifically defined “as the benefit received by customers for the price of the service exchanged or the overall utility of a product based on the perceptions of what is received and what is exchanged”. Researchers so far have identified four general dimensions of perceived value: low price, receiving what you want, quality for price and receiving what you have paid for (Caruana et al. 2000; Zeithaml et al. 1988) thus for different consumers, the components of perceived value might be differentially weighted.

Previous research has found perceived value to have a direct and encounter-specific relationship to satisfaction (Patterson et al. 1997; Sweeney et al. 1999; Zeithaml et al. 1988). Voss et al. (1998) have found that perceived value is the most important indicator of repurchase intent. Some previous research in service industry suggested that perceived value measurements should be associated with measures of satisfaction (Woodruff 1997; Ryu et al. 2008) and some research suggested that perceived value plays a moderating role between service quality and satisfaction (Caruana et al. 2000; Hume 2008). On the other side, according to Zeithaml (1988) perceived value associates the benefits received with the price paid and is distinguished from service quality and satisfaction. Cronin et al. (2000) in their research concluded that perceived value, service quality and satisfaction are all directly related to behavioural intentions when all of these variables are considered collectively. The results of their study further suggested that the indirect effects of the service quality and perceived value constructs enhanced their impact on behavioural intentions. Also, different influences based on consumer-level like perceived costs/benefits i.e. value and satisfaction, trust/commitment are perceived to be drivers of customer engagement behaviour (Van Doorn et al. 2011). Similarly to service quality, if customers perceive they are getting more value of a product or a service they are more willing to engage in different forms of behaviour related to that company. Also, adding value in communication with customers will enhance their engagement (Vivek, Beatty, Morgan, 2012). So, considering the importance of perceived value, the following hypothesis was developed:

H2: Perceived value has a positive influence on customer engagement.

1.3. Customer engagement

In modern marketing conditions, the problem of retaining customers and getting the customers engaged is gaining importance. Accordingly raising efforts of researchers to explain and understand the influential factors on customer engagement are evident.

Based on the dimensions and context observed, customer engagement appears in the literature under different terms, the most common being customer engagement and customer brand engagement. Customer engagement goes beyond purchase and is the level of the customer's (or potential customer's) interactions and connections with the brand or firm's offerings or activities, often involving others in the social network created around the brand/offering/activity. Engaged individuals include current as well as prospective customers (Vivek et al. 2014). According to Gambetti et al. (2012), customer engagement can be defined as a multidimensional concept that encompasses different elements such as: attention, dialog, emotions, interactions, sensorial pleasure and immediate activation aimed at creating a total brand experience with consumers. Van Doorn et al. (2010) in his model of customer engagement mentioned: buyers characteristics, economic entity's initiatives and surroundings as variables and/or moderators of customer engagement.

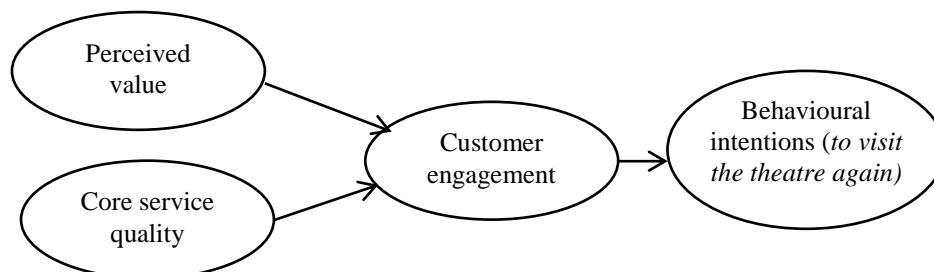
In the present research, the notion of customer engagement is grounded in the research of Vivek et al. (2014). Following the expanded relationship metaphor and service-dominant logic, a three-dimensional view of customer engagement is conceptualized, including conscious attention, enthused participation, and social connection. Conscious Attention is defined as the degree of interest the person has or wishes to have in interacting with the focus of their engagement. Enthused Participation refers to the zealous reactions and feelings of a person related to using or interacting with the focus of their engagement. And finally, social connection is defined as enhancement of the interaction based on the inclusion of others with the focus of engagement, indicating mutual or reciprocal action in the presence of others (Vivek et al. 2014).

Grégoire et al. (2009) point out that customer engagement often leads to increased loyalty, trust and commitment of consumers. We can say that loyalty implies the intention to purchase the product again or in this case, to revisit the cultural institution. Also the intention to revisit is strongly based in trust and commitment, and therefore we can hypothesize that customer engagement can influence the intention to visit the cultural institution again. Therefore it can be hypothesised that:

H3: Customer engagement has a positive influence on behavioural intentions (to visit the theatre again).

Based on previous literature review, following model is proposed.

Figure 1: **Conceptual model**



Source: Authors' work

2. METHODOLOGY

2.1. Sample and sampling procedure

Research included individuals that visited Croatian national theatre in Osijek and Croatian national theatre Ivan pl. Zajc in Rijeka. Theatres were selected based on population area they attract. As purposive sampling was used in order to distinguish between respondents relevant for research they were selected based on selection criteria. Selection criteria included a question at the beginning of the questionnaire stating “Have you visited a performance in national theatre in past two years?”

Sample was collected using online created questionnaire with Limesurvey using snow-ball sampling technique. Data was collected from February till October 2016. A total of 537 respondents were included in original sample, where 50.5% respondents are from Rijeka, and 49.5% of respondents are from Osijek. After applying selection criteria of visiting national theatre in past two years sample was 452 with 51.5% of respondents that visited Croatian national theatre in Osijek, and 48.5% of respondents that visited Croatian national theatre Ivan pl. Zajc in Rijeka. Sample structure is presented in Table 1.

Table 1: **Sample structure**

Characteristic	Respondents
Visitor of Croatian national theatre in:	Osijek = 233 (51.5%) Rijeka = 219 (48.5%)
Gender:	Male = 97 (21.5%) Female = 355 (78.5%)
Income	Below average = 44 (9.7%) On average = 298 (65.9%) Above average = 110 (24.3%)
Marital status:	Single = 219 (48.5%) Married = 205 (45.4%) Divorced = 22 (4.9%) Widowed = 6 (1.3%)
Employment status:	Employed = 305 (67.5%) Unemployed = 19 (4.2%) Student = 113 (25%) Retired = 9 (2%) Other (freelancer, internship) = 6 (1.3%)
Education level:	Elementary school = 3 (0.7%) High school = 86 (19%) Undergraduate = 89 (19.7%) Graduate = 194 (42.9%) Postgraduate and PhD = 80 (17.7%)

Source: Research results

Sample is consisted of predominantly females (78.5%) with average age of 33.44 years old. While age span is from 16 years till 68 years old. Respondents are employed (67.5%), with average income (65.9%) and have graduate level of education (42.9%) and single (48.5%).

2.2. Measures

In building a conceptual model, scales from previous research were used. The data was gathered through highly structured questionnaire designed based on scales and items adapted from previous research. Core service quality was measured based on Danaher and Mattsson (1994) research, overall value used Kim et al. (2013), customer engagement was based on Vivek et al. (2014) and future behavioural intentions borrowed item from Garbarino and Johnson (1999). Item measuring behavioural intentions is "In future I plan to attend shows at HNK". All the aforementioned measures used a 7-point Likert-type scale, anchored with 'strongly disagree' (1) and 'strongly agree' (7). The second part of the questionnaire presented respondents' demographic information.

3. RESEARCH RESULTS

In analyzing research results respondents attending different theatres were analyzed together. Following procedure for testing structural models (Anderson and Gerbing 1988) firstly confirmatory factor analysis (hereinafter, CFA) was done to check all measures that we could apply structural equation modelling. The maximum likelihood estimation procedure in LISREL 8.8 was used with covariance matrix as input.

Most of the fit indices for proposed theoretical model are of acceptable fit ($\chi^2=209.575$, $p=0.000$; $df=63$; $\chi^2/df=3.3$; $RMSEA=0.072$; $NNFI=0.970$; $CFI=0.970$; $SRMR=0.044$) according to Diamantopoulos and Siguaw's (2000) suggestions of acceptable fit. Only, χ^2/df index rises concern about model acceptable fit as this ratio is above threshold of 3 (Kline, 2005) but below threshold suggested by Wheaton et al (1977). The reliability and validity are also analyzed. Cronbach's alphas are above acceptable level of 0.7 (Nunnally 1978) for all constructs except for *Social connection* in Customer engagement construct ($\alpha=0.666$). But following Kline (2000) suggestion Cronbach's alphas below 0.7 are acceptable. Also, Construct reliability (CR) and Average variance extracted (AVE) were used as additional measures of reliability (Fornell and Larcker 1981). Lowest CR value is 0.724, and lowest AVE value is 0.585. Hence, also all CR and AVE values are at acceptable level (Table 2). Bagozzi and Yi (1988) suggest minimal value for CR to be 0.6, and Fornell and Larcker (1981) suggest threshold for AVE to be 0.5, hence, all CR and AVE's are above minimal threshold.

Convergent validity is also met as all t-values of indicator loadings are statistically significant. This supports convergent validity in measures (Bagozzi and Yi 1988). Also, all AVE measures are greater than 0.5 also indication according to MacKenzie et al. (2011) convergent validity. For assessing discriminant validity we used Fornell and Larcker (1981) criterion that all AVE scores should be greater than the square of the correlations between constructs. Hence, discriminant validity is met for all constructs except for *Enthusied participation* in Customer engagement construct as squared correlations for this constructs are above AVE value (Table 3). Additionally, we performed χ^2 difference tests between all dimensions of Customer engagement according to MacKenzie, Podsakoff and Podsakoff (2011). When the unconstrained model achieves an χ^2 value lower than that of the constrained model, this means that

traits are not perfectly correlated and that discriminant validity is achieved (Bagozzi & Phillips, 1982, p. 476). Results of χ^2 difference tests are presented in Table 4. Results indicate that discriminant validity is present among constructs that are belonging to the same higher-order construct Customer engagement as difference among constrained and unconstrained model is statistically significant. So, it was decided to proceed with analysis.

Table 2: CFA Measurement model results

Factor	Items	St. loadings	T-value	CR	AVE	Alpha
Overall value	Audience on HNK* shows react positively.	0.730	-	0.876	0.705	0.860
	HNK is a theatre that everyone should visit.	0.856	16.926			
	Visiting HNK is a good experience.	0.940	17.835			
Core service quality	I was happy with the actors, stage and shows in HNK.	0.865	24.548	0.912	0.775	0.911
	The shows are what I expected.	0.874	-			
	The shows are entertaining and professional.	0.902	26.380			
Conscious attention (CE**)	Anything related to HNK grabs my attention.	0.873	-	0.754	0.609	0.741
	I like to learn more about HNK.	0.675	14.563			
Enthusied participation (CE)	I am heavily into HNK.	0.877	18.262	0.816	0.600	0.811
	I am passionate about HNK.	0.773	-			
	I would not be the same if I don't go to HNK.	0.657	13.779			
Social connection (CE)	I enjoy going to HNK more when I am with others.	0.939	-	0.724	0.585	0.666
	HNK is more fun when other people around me go too.	0.535	3.408			

Note: *For respondents that go to Croatian national theatre in Osijek abbreviation HNK Osijek was used; while for respondents that go to Croatian national theatre Ivan pl. Zajc in Rijeka abbreviation HNK Zajc was used.

** CE = Customer engagement

Source: Authors' work

Table 3: **Correlation matrix and discriminant validity**

Constructs	1	2	3	4	5	6
Conscious attention (CE)	0.609	0.745	0.004	0.333	0.255	0.340
Enthused participation (CE)	0.863	0.600	0.001	0.282	0.178	0.223
Social connection (CE)	0.066	-0.024	0.584	0.032	0.034	0.038
Behavioural intentions	0.577	0.531	0.179	1	0.281	0.339
Core service quality	0.505	0.422	0.185	0.530	0.775	0.696
Overall value	0.583	0.472	0.196	0.582	0.834	0.716

Note: Correlations are below diagonal, squared correlations are above the diagonal, and AVE estimates are presented on the diagonal.

Source: Authors' work

Table 4: **χ^2 difference tests between pairs of latent constructs in Customer engagement**

Pairs of latent constructs	χ^2 difference test (D^2)
Conscious attention (CE) - Enthused participation (CE)	$\Delta\chi^2_d(1) = 277.89 - 264.92 = 12.97^{**}$
Conscious attention (CE) - Social connection (CE)	$\Delta\chi^2_d(1) = 435.38 - 253.43 = 181.95^{**}$
Enthused participation (CE) - Social connection (CE)	$\Delta\chi^2_d(1) = 499.65 - 251.64 = 248.01^{**}$

Note: $^{**}p < 0.01$

Source: Authors' work

After testing measures in conceptual model, analysis was continued with testing structural relationships. Results are presented in Table 5.

Table 5: **Hypotheses assessment**

Relationships	St. path coefficients	t-value
Perceived value \rightarrow Customer engagement (H1)	0.113	1.162
Core service quality \rightarrow Customer engagement (H2)	0.565	5.736 **
Customer engagement \rightarrow Behavioural intentions (H3)	0.687	13.725 **

$^{**}p < 0.01$ $^*p < 0.005$ critical t-values are 1.645 and 2.325 for $\alpha=0.05$ and $\alpha=0.01$ respectively 1-tail test

Source: Authors' work

In assessing these relationships the first step was inspection of fit indices. Fit indices for proposed theoretical model are of a low fit ($\chi^2=196.270$, $p=0.000$; $df=33$; $\chi^2/df=5.9$; $RMSEA=0.108$; $NNFI=0.955$; $CFI=0.967$; $SRMR=0.069$). Especially χ^2/df and $RMSEA$ index indicate low goodness of fit. So, conclusions regarding our conceptualized model should be taken with cautions as model failed to achieve acceptable fit. Nonetheless we just point out results related to our stated hypotheses not

forming their acceptance or refusal. Following the results obtained through SEM assessment, H1 results are statistically not significant ($\gamma = 0.113$; $t = 1.162$; $p > 0.05$). Hence, no relationship between *Perceived value* and *Customer engagement* is established. H2 results indicate a statistically significant relationship among researched constructs ($\gamma = 0.565$; $t = 5.736$; $p < 0.01$) implying a positive influence of *Core service quality* on *Customer engagement*. In addition, H3 (i.e. positive relationship between *Customer engagement* and *Behavioural intentions (to visit the theatre again)*) results also indicate a statistically significant relationship among researched constructs ($\beta = 0.687$; $t = 2.95$; $p < 0.01$).

CONCLUSION

This research applies the theory on customer engagement in the context of non-profit marketing, or more specifically, theatre marketing. It provides the empirically based answers to research questions related to the predictive power of engagement as well as other suggested variables. The study also contributes to understanding the determinants of future behaviour of theatre audience in Croatia. Firstly, it pointed out that core service quality is contributing to customers i.e. audience to be and feel more engaged. With having this in mind, managers of cultural institutions should emphasise quality of shows, actors and performances in order to positively affect customer engagement, and consequently to have loyal customers. Secondly, it confirms that engaged theatre audience contributes to increasing audience willingness to visit theatre again, hence, reinforcing their loyalty. This is in line with previous results pointing out (Vivek et al. 2014), but it emphasizes this relationship in cultural institutions. Therefore the focus of marketing in cultural institutions should be on various engagement strategies. Marketing managers should strive to provide platforms and venues (i.e. online) for customers to share experiences and views and to enhance advocacy and positive word-of-mouth. In this way cultural institutions will drive more attention from audiences and more participation of consumers in different events is also possible to happen. At the same time this can contribute to the engagement per se. This would lead to a more credible communication as well as to greater involvement of customers (audience) in the value creation process.

This research, as all research, is not without limitations. They are noticed in sample structure, predominant number of females, and focusing just on two theatres in one country. Also the research captured rather general attitudes and perceptions of visitors on the theater offer which means that the attitudes on specific elements of that offer were not measured. Since different elements, different types of shows and types of production (shows produced by home theatre or guest shows) can be differently evaluated, it would be beneficial in future research to capture these attitudes with more specific approach and more detail.

For further research it would be interesting to explore if there is really a difference between males and females regarding customer engagement in cultural institutions, and to explore if personality traits can influence customer engagement. Also, some cultural institutions are using unconventional advertising, while others are focused on traditional advertising media. It would be interesting to explore if this influences

customer engagement. Furthermore, future research in the field could strive to investigate the contribution to the cultural tourism. It would be beneficial to consider the possible multiplicative positive effect on the local economy through analysing the specific groups within the audience that live elsewhere in Croatia or abroad and have visited the specific theatre as a part of their visit to one of these cities. Another interesting notion in this regard is to determine the primary attraction factor (theatre or something else) and how the theatre can strengthen its position in the cultural tourism context. And finally, one more recommendation for future research could be to analyse the relationship between core service quality and perceived value.

ACKNOWLEDGEMENTS

This paper has been financially supported by the University of Rijeka for project ZP UNIRI 2/16.

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